



Pasadena Independent School District Annual Financial Accountability Management Report

For the Year Ending August 31, 2010



Kirk Lewis, Superintendent of Schools
John M. Piscacek, Associate Superintendent for Finance

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Pasadena Independent School District Annual Financial Accountability Management Report

Introduction

During the 77th regular session of the Texas legislature (2001), Senate Bill 218 was passed and Governor Perry signed it into law shortly thereafter. This new law authorized the implementation of a financial accountability rating system, which is officially referred to as FIRST (Financial Integrity Rating System of Texas). The FIRST rating is based upon an analysis of staff and student data reported for the 2009-2010 school year, and budgetary and actual financial data for the 2010 fiscal year ending August 31, 2010.

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 our PEIMS submission each year. PEIMS data has always been critical on the student side of the submission, and this project will add a great degree of importance to our finance submission each year.

The worksheet consists of 22 criteria with individual weights with the exception of the Critical Indicators. A “No” response in criteria #1, #2, #3, or #4 or to both #5 and #6 automatically result in a rating of Substandard Achievement, so these first six criteria are of utmost importance.

Currently, Pasadena ISD enjoys a rating of “*Superior Achievement*” for the ninth consecutive year, scoring 21 out of a possible 22 on the financial accountability worksheet for a score of 75. The worksheet itself and a discussion of its significant points follow.



**Financial Integrity Rating System of Texas
2009-2010 DISTRICT STATUS DETAIL**

Name: PASADENA ISD(101917)	Publication Level 1: 6/17/2011 9:03:31 AM
Status: Passed	Publication Level 2: None
Rating: Superior Achievement	Last Updated: 6/17/2011 9:03:31 AM
District Score: 75	Passing Score: 56

#	Indicator Description	Updated	Score
1	<u>Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?</u>	4/25/2011 7:47:54 PM	Yes
2	<u>Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) In the Governmental Activities Column in the Statement of Net Assets Greater than Zero? (If the District's 5 Year % Change in Students was 10% more)</u>	4/25/2011 7:47:54 PM	Yes
3	<u>Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?</u>	4/25/2011 7:47:54 PM	Yes
4	<u>Was The Annual Financial Report Filed Within One Month After November 27th or January 28th Deadline Depending Upon The District's Fiscal Year End Date (June 30th or August 31st)?</u>	4/29/2011 3:43:23 PM	Yes
5	<u>Was There An Unqualified Opinion in Annual Financial Report?</u>	4/25/2011 7:47:55 PM	Yes
6	<u>Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?</u>	4/25/2011 7:47:55 PM	Yes
7	<u>Did the Districts Academic Rating Exceed Academically Unacceptable?</u>	4/25/2011 7:47:55 PM	5

8	<u>Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?</u>	4/25/2011 7:47:55 PM	5
9	<u>Did The Comparison Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 3 Percent Of Expenditures Per Fund Type (Data Quality Measure)?</u>	5/10/2011 10:02:11 PM	5
10	<u>Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < \$350.00 Per Student? (If The District's Five-Year Percent Change In Students = Or > 7%, Or If Property Taxes Collected Per Penny Of Tax Effort > \$200,000 Per Student)</u>	4/25/2011 7:47:56 PM	5
11	<u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u>	4/25/2011 7:47:56 PM	5
12	<u>Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)</u>	4/25/2011 7:47:56 PM	5
13	<u>Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?</u>	4/25/2011 7:47:57 PM	5
14	<u>If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating Or Adding To The Fund Balance Deficit Situation)</u>	5/10/2011 4:05:51 PM	5
15	<u>Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent Taxes Receivable) In The General Fund Greater Than Or Equal To 1:1? (If Deferred Revenues Are Less Than Net Delinquent Taxes Receivable)</u>	4/25/2011 7:47:57 PM	5
16	<u>Was The Administrative Cost Ratio Less Than The Threshold Ratio?</u>	4/25/2011 7:47:57 PM	5
17	<u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u>	4/25/2011 7:47:58 PM	5
18	<u>Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</u>	4/25/2011 7:47:58 PM	5

19	<u>Was The Total Fund Balance In The General Fund More Than 50% And Less Than 150% Of Optimum According To The Fund Balance And Cash Flow Calculation Worksheet In The Annual Financial Report?</u>	4/25/2011 7:47:58 PM	5
20	<u>Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years?(If 1.5 Times Optimum Fund Balance < Total Fund Balance In General Fund Or If Total Revenues > Operating Expenditures In The General Fund,Then District Receives 5 Points)</u>	4/25/2011 7:47:59 PM	5
21	<u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u>	4/25/2011 7:47:59 PM	5
22	<u>Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than \$20 Per Student?</u>	4/25/2011 7:47:59 PM	0
			75 Weighted Sum
			1 Multiplier Sum
			75 Score

DETERMINATION OF RATING

A.	Did The District Answer ' No ' To Indicators 1, 2, 3 Or 4? OR Did The District Answer ' No ' To Both 5 and 6? If So, The District's Rating Is Substandard Achievement .		
B.	Determine Rating By Applicable Range For summation of the indicator scores (Indicators 7-22)		
	Superior Achievement	72-80 and Yes to indicator 7	
	Above Standard Achievement	64-71 or ≥ 72 and No to indicator 7	
	Standard Achievement	56-63	
	Substandard Achievement	< 56 or No to one default indicator	

INDICATOR 17 & 18 RATIOS

Indicator 17	Ranges for Ratios		Indicator 18	Ranges for Ratios	
	Low	High		Low	High
District Size - Number of Students Between	Low	High	District Size - Number of Students Between	Low	High
< 500	7	22	< 500	5	14
500-999	10	22	500-999	5.8	14
1000-4999	11.5	22	1000-4999	6.3	14
5000-9999	13	22	5000-9999	6.8	14
≥ 10000	13.5	22	≥ 10000	7.0	14

Overview of the Worksheet

Critical Indicators

Criteria #1 through #7 are the critical indicators. Any “No” response in this category is a signal indicator of fiscal distress. These seven criteria revolve around the audit report, fund balance, the auditor’s findings and the academic rating of the District. If General Fund Balance is greater than zero, the auditors issue a “clean” opinion, and the academic rating exceeds Academic Unacceptable, a District will pass the critical indicators. For the 2009-10 fiscal year, Pasadena ISD had an Unreserved, Undesignated ending General Fund Balance of \$63.4 million and passed all other critical indicator criteria.

Fiscal Responsibility

Criteria #8 through #12 concern fiscal responsibility. Pasadena ISD’s percentage of tax collections exceeds the minimum standard of 98%. For the year under review, taxes were collected at a rate of 99.64%. This rate includes both current and delinquent taxes. Criterion #9 compares the accuracy of the District’s PEIMS data submission to the audit report prepared by our external auditor. The variance between the two reports, \$505 was not material compared to the \$506,671,599 total expenditures and was caused by the rounding of various numbers. For criterion #10 the debt related expenditures were \$436 per student compared to the standard of \$350. However, since our student growth over the past five years exceeded 7% and our collection of property taxes per penny of \$1,006,916 exceeds \$200,000, we earn the maximum of five points for this indicator. This standard relates to the debt capacity of the District. Criteria #11 and #12 are very similar to the Critical Indicators and Pasadena easily passed these two on audit and full financial accreditation status.

Budgeting Indicators

Items #13 through #15 pertain to budgeting, cash management and cash flow practices. During the 2009-10 fiscal year the District spent 60% of its operating expenditures for direct classroom instruction compared to the standard of 60% set by the National Center for Education Statistics (NCES). The District also spent 65% of its operation expenditures for instruction compared to the TEA standard of 65%. However, these two standards were removed from the Financial Integrity Rating System effective with the 2008-09 fiscal year. The District adequately funds its budget and capital projects. Most importantly, as addressed in Criterion #15, the District does not spend cash it cannot afford to spend or recognize as revenue.

Personnel Indicators

Items #16 through #18 address staffing patterns. For the 2009-10 year, the District's administrative cost ratio was well below that of the State standard of 11.05% at 5.10%. This item is addressed in more detail later in the report. Items #17 and #18 deal with staffing patterns, specifically students to classroom teachers and students to total staff. A District must fall into a certain range to meet these criteria, which means understaffing or overstaffing can trigger a "No" response. The District falls safely within the prescribed ranges for each criterion at 15.0842 students per classroom teacher and 7.2652 students per staff member.

Cash Management Indicators

The final four criteria deal with cash management practices. Criterion #19 concerns the fund balance figure and whether it is too high or low (Variance of +150% or -50%). Pasadena's Total General Fund Balance for the 2009-10 year of \$87.2 million was 87% of the Optimum Fund Balance as calculated by TEA. Item #20 deals with any decrease in General Fund Balance over two years. Since our fund balance has not decreased over the past two year period, we meet this criterion. Cash and Investments were greater than \$0, so Criterion #21 was easily surpassed. For Criterion #22, investment earnings, excluding debt service and bond funds, were approximately \$4 per student. The standard of \$16 to \$20 per student was not met due to the falling interest rates in the 2009-2010 school year.

Summary

The Pasadena ISD School Board, administration and the community have worked hard to improve the financial position and condition of the District over the past number of years. This report demonstrates this improvement to all concerned.

Other Data Concerning the District's Operations

The purpose of this section of the report is to discuss other aspects of our business operations not covered by the worksheet, but suggested by law as items of significance meriting discussion. We should view the worksheet as a good basic tool with which to assess our primary business practices. However, we should not stop there! We should always be working towards improvement in all aspects of our operation 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 we discuss financial strength 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 one is the best measure. For Pasadena ISD, we believe the most significant financial indicator of strength is our ability to meet our cash flow needs from September to December each year without borrowing money. This is due partially to the increased cash flow from TEA to low wealth districts such as Pasadena Independent School District but more to the fact that our Board of Trustees has a commitment to maintaining a minimal fund balance equal to 12½ percent of the prior year's operating expenses. Our Aa3 underlying bond rating by Moody's further evidences our financial strength. Moody's believes that our increases in assessed valuation, coupled with significant financial flexibility are characteristics consistent with the Aa3 rating. The District's long-term trend of conservative budgeting and prudent financial practices continue to rate highly in maintaining our excellent credit rating.

Operating Cost Management

Only a small portion of our total General Fund expenditures are flexible or variable in nature. Salaries and benefits comprise the biggest expenditure each year, over 85%. Utility payments fluctuate greatly from year to year, but still make up our second largest single expenditure at 5% closely followed by property insurance at 2%. Once you remove those large expenditures from the equation, you are left with a small portion of our budget that retains some semblance of control for us. Supplies, materials, travel and training and a few contracted services comprise this remaining balance. We consider these costs to be our controllable operating costs. One measure the state of Texas uses to measure operating cost efficiency is the administrative cost ratio. Texas has a formula that is mandated by law, and of course, it is arguable in nature. Simply, it takes administrative costs and divides them by instructional costs to arrive at a percentage. A district's size determines their administrative cost limitation. Based on Pasadena ISD's size, our administrative cost limit has been 11.05%. This criterion is covered in the worksheet for last year only, but since it deals with the sensitive issue of administrative costs, we felt it prudent to demonstrate how our ratio has consistently remained low over the past several years.

Administrative Cost Comparison			
<u>Year</u>	<u>State Limit</u>	<u>District Actual</u>	<u>Amount Under Limit</u>
2000-01	11.05%	6.21%	\$6,891,979
2001-02	11.05%	6.97%	\$5,972,789
2002-03	11.05%	6.71%	\$6,940,006
2003-04	11.05%	6.83%	\$7,073,331
2004-05	11.05%	6.90%	\$7,610,638
2005-06	11.05%	6.59%	\$8,407,523
2006-07	11.05%	6.92%	\$7,860,819
2007-08	11.05%	5.79%	\$11,392,714
2008-09	11.05%	4.73%	\$14,715,474
2009-10	11.05%	5.10%	\$11,581,621

In a time of rising salaries and increased costs, Pasadena ISD has maintained low administrative costs as a percentage of instructional costs. We have done so via a conscious and concerted effort to bring administrative costs down while funneling every possible dollar to the campuses to serve the needs of the students first. This chart, more than any other indicator, clearly demonstrates that we are putting our money where our students are, and getting by as best we can elsewhere.

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. We have offered a highly competitive total compensation package to our teaching staff and a comparable increase to all support personnel. It hasn't always been easy to do so, but each year we have managed to find the funding to fit this total benefit package into our budget. Attracting and retaining a quality teaching staff has been a priority with Pasadena ISD in the past decade second only to our students' welfare and education.

Cash Management

The worksheet addresses a couple of cash / investment issues, but only in a very basic manner. The worksheet criteria essentially require that a District have cash available, and that a minimal rate of return is earned. In truth, our investment and cash management program is much more complex.

First, we have a state and local board policy that requires us to invest funds with six objectives in mind. In order of importance, they are: suitability, safety, liquidity, marketability, diversity and yield.

Suitability, safety and liquidity are almost redundant. If a security is suitable and safe, it's probably pretty liquid. If it's liquid and suitable, it's safe. State and local policy specify what types of securities we can purchase, and virtually all of them fall within these restrictions. We don't purchase ones that do not fall within our interpretation of these policy restrictions. Certificates of Deposit are legal investments, but they cannot be readily converted to cash without a penalty, so we have not purchased any CD's in quite a few years.

There are a few investments that are legal for us to purchase, but they aren't very marketable. Consequently, we don't buy them. Bonds of the state of Israel are a good example. We strive to maintain diversity in our portfolio, balancing cash in money market pools and directly owned securities such as Treasury Bills and other government agency issues.

Lastly, we perform a quarterly and annual review of investment activity and performance, submitting these quarterly reports to the Board of Trustees for review, as required by law.

Tax Collections

Criterion #8 discusses tax collections for the year under review. As important as this criterion is from year to year, we felt additional discussion was warranted. The minimum criterion is 98%, which our District has exceeded for many years.

<u>For Year Ended</u>	<u>Total Tax Collections</u>
1992	102.9%
1993	101.1%
1994	98.1%
1995	98.2%
1996	100.5%
1997	100.5%
1998	99.5%
1999	99.7%
2000	98.3%
2001	97.6%
2002	97.8%
2003	99.2%
2004	99.7%
2005	99.7%
2006	99.3%
2007	99.5%
2008	99.7%
2009	99.8%
2010	99.64%

Budgetary Planning & Financial Allocations

The District's budget process begins usually in December each year. During the first month of planning, preliminary revenue estimates are developed and shortly thereafter followed by budget allocations for each campus. Next, the department budgets are prepared and a budget preparation guide is updated for the new year and distributed to all budget managers. Most school districts have some rational basis for allocating funds to campuses and operating departments. In Pasadena ISD, we allocate funds to campuses based on a number of criteria. They include number of students, types 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 March, we begin budget consolidation and attempt to calculate state and local tax revenues. At this time, the budget starts to take on some form. April is usually spent reviewing the budget with the Superintendent's cabinet. May is the month we are first able to give the Board and the public a preliminary view of how the next year's budget looks. In odd-numbered years, the legislature is in session, and that complicates and delays our budgeting process. The optimal time for making a public salary decision is

May. However, due to the legislature or the Harris County Appraisal District, salary decisions are usually not made until June or July. June and July are busy months budget-wise with special Board workshops. Decisions are made on special project requests, revenue data is fine-tuned and a final budget is submitted to the Board of Trustees for approval in August.

Our 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 is required by the state of Texas to a certain degree. We call it site-based decision making. It's our version of campus empowerment. Most importantly, it is a system that works best in the long run for all of us by allocating resources where they are needed, even when those needs change.

Awards and Recognitions

Pasadena ISD has received the Meritorious Budget Award from the Association of School Business Officials, International (ASBO) for nine consecutive years. This association has stringent requirements for their award, and it is a credit to the District and its taxpayers to be recognized nationally in such a manner.

PASADENA INDEPENDENT SCHOOL DISTRICT

SUPERINTENDENT’S CONTRACT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

It is hereby agreed by and between the Board of Trustees of the Pasadena Independent School District (hereinafter the “Board”) and Mr. Kirk Lewis (hereinafter the “Superintendent”) that the Board, in accordance with Texas Education Code, §11.201, and as recorded in the official minutes of the meeting of the Board held on the 25 day of April, 2006, has and does hereby enter into this agreement to employ Mr. Kirk Lewis as Superintendent of Schools of the Pasadena Independent School District (hereinafter the “District”), under the following terms:

1. This Contract shall supersede all prior contracts or agreements relating to the employment of the Superintendent, including, specifically, the “Three Year Administrative Term” Contract entered into on April 9, 2003, and the Amendment to Administrator’s Contract dated October 10, 2005, relating to service as Acting Superintendent.

2. The Superintendent shall be employed for twelve months per year for a term commencing on April 26, 2006, and ending on June 30, 2009. The Board may, at its sole discretion, extend the term of this Contract annually, for an additional year, with the consent of the Superintendent.

3. The Superintendent shall faithfully perform the duties of Superintendent of

Schools for the District, as prescribed by Board policy and as may be assigned by the Board, and shall comply with all Board policies and directives, state and federal law, and District rules and regulations as they exist or may hereafter be amended. It shall be the duty of the Superintendent to direct, assign, reassign, and evaluate all of the employees of the District consistent with Board policies and federal and state law. It shall be the further duty of the Superintendent to organize, reorganize, and arrange the staff of the District, and to develop and establish administrative regulations, rules, and procedures which the Superintendent deems necessary for the efficient and effective operation of the District, consistent with the Board's lawful directives, the Board's policies, and state and federal law. The Superintendent cannot be reassigned from the position of Superintendent to another position without the Superintendent's written consent.

4. The Superintendent shall be paid a salary of \$199,000.00 per year, payable in equal installments in accordance with Board policy governing payment to other professional staff members in the District. The Board shall have the right to further adjust the annual salary of the Superintendent at any time during the term of this Contract, provided that no such adjustment shall reduce the annual salary herein set forth. Any such further adjustment in the Superintendent's salary made during the term of this Contract shall be in the form of an amendment and shall become part of the Contract. The annual salary shall be predicated on 240 work days each year.

5. (a) The District shall pay or reimburse the Superintendent for reasonable and necessary expenses incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract, except expenses pertaining to in-District travel, which shall be the Superintendent's responsibility. The Superintendent shall comply with all policies, procedures, and documentation requirements established by the Board, the District's independent auditors, and state and federal laws regarding such business expenses.

(b) During the term of this Contract, the District shall also pay or reimburse the Superintendent for tuition, fees and books required in connection with enrollment and attendance in a doctoral program leading to an advanced degree in educational administration, up to a maximum of \$6,000.00 per year, based on attendance in the fall, spring, and summer semesters. The Superintendent shall comply with the same reporting and accounting standards referred to in paragraph 5(a), above.

(c) The District shall also pay for hospitalization, major medical and life insurance coverage for the Superintendent under the same program or policy as provided to other administrative employees of the District, and shall also provide Superintendent with all portable electronic equipment necessary to maintain effective communication with the Board and staff.

(d) The Superintendent shall observe the same legal holidays and receive the

same local sick leave and state personal leave benefits as authorized by Board policy for administrative employees who serve 240 duty days each year. In addition, the Superintendent shall receive a vacation allowance of fifteen (15) work days per year, which shall be accrued and used in accordance with Board policy applicable to the use of vacation days by twelve month employees, generally.

6. The Superintendent shall meet all requirements imposed by the Commissioner of Education for service as Superintendent of Schools of the District. The Superintendent hereby agrees to devote his time, skill, labor and attention exclusively to said employment during the term of this Contract. The Superintendent may, with prior notice to the Board, undertake consulting work, speaking engagements, writing, lecturing, or other professional duties and obligations that do not conflict or interfere with the Superintendent's professional services to the District or result in any financial cost to the District. Such outside endeavors are distinguishable from participation in professional meetings and/or seminars as referenced in paragraph 9, below.

7. The Board and the Superintendent shall maintain a working relationship that is in the best interests of the District. To that end, all criticisms, complaints or suggestions received by the Board, or any individual Board member(s) shall, prior to any action being taken as to same, be referred to the Superintendent for appropriate resolution, study or recommendation; and the Superintendent shall be permitted to attend all meetings of the

Board, both open and closed, and participate in all deliberations of the Board, except those closed meetings dealing with action (or lack of action) on the Superintendent's Contract, the Superintendent's evaluation, conflicts between individual Board members, or as due process may require.

8. The Board shall provide the Superintendent with periodic opportunities to discuss the Superintendent-Board relationship. The Board shall evaluate the Superintendent annually in writing.

9. The Superintendent may attend and participate in appropriate professional meetings and/or seminars at the local, state and national level, with notice to the Board. The District shall pay the annual dues of the Superintendent for membership in relevant professional organizations. The District shall also pay the reasonable and customary dues for the Superintendent's membership in local civic and community organizations of the Superintendent's choice, as approved by the Board.

10. The Superintendent shall have a comprehensive medical examination performed each year by a licensed physician, at District expense (to the extent not covered by medical insurance), and shall annually obtain and file with the Board, as a confidential matter, a statement from such physician certifying that he is physically able to perform his duties.

11. The District shall, at its expense, provide to the Superintendent such personal

protection or security as the Board may deem necessary. In the event the life or safety of the Superintendent or the Superintendent's family is threatened or otherwise appears in danger due to the performance of the Superintendent's professional duties, the District shall pay the reasonable and necessary costs incident to the protection of the Superintendent and the Superintendent's family, provided, however, that such protection will initially be sought from the police/sheriff's department of the appropriate governmental authority having jurisdiction in the District.

12. This Contract can be terminated at anytime with mutual consent of the Board and the Superintendent, or for good cause under applicable law and Board policy. Renewal or non-renewal of this Contract shall be in accordance with Board policy and applicable state law.

13. The Board agrees that the District shall defend, hold harmless, and indemnify Superintendent from any and all demands, claims, suits, actions, judgments, expenses, and attorney's fees incurred in any legal proceedings brought against Superintendent in his individual capacity or in his official capacity provided the incident(s) which is (are) the basis of any claim or lawsuit arose while Superintendent was acting in good faith within the course and scope of his employment with the District. The District may provide insurance coverage to protect the Superintendent under this paragraph. The District's obligation to indemnify, defend and hold harmless Superintendent under this paragraph shall survive the

of this Contract.

14. This Contract combines all prior agreements and resolutions concerning employment of the Superintendent into one document. This Contract may only be amended by written instrument, executed by both parties.


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

16. 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.

EXECUTED this the 25th day of April, 2006.



President, Board of Trustees



Superintendent

AMENDMENT TO
SUPERINTENDENT'S CONTRACT OF EMPLOYMENT

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

WHEREAS, the Board of Trustees ("Board") of the Pasadena Independent School District, met on May 25, 2010;

WHEREAS, at the meeting on May 25, 2010, the District, pursuant to his Contract of Employment ("Contract"), offered Dr. Kirk Lewis an amendment to his Contract;

WHEREAS, Dr. Kirk Lewis accepted the amendment to the Contract;

NOW, THEREFORE, pursuant to the authority of § 11.201 of the Texas Education Code, the general laws of the state of Texas and Paragraph 14 of the Contract, the Board and Dr. Lewis agree as follows:

I.

Paragraph 2 of the Superintendent's Contract of Employment originally executed on April 25, 2006 is amended as follows:

2. The Board, by and on behalf of the District, employs the Superintendent on a twelve (12)-month basis, and the Superintendent accepts employment as Superintendent of Schools from May 25, 2010 through June 30, 2013. Each contract year shall begin July 1st and end June 30th of each respective year. The District may, by action of the Board, and with consent and approval of the Superintendent, extend the term of this Contract as permitted by state law.

Paragraph 4 of the Superintendent's Contract of Employment executed on April 25, 2006 is amended as follows:

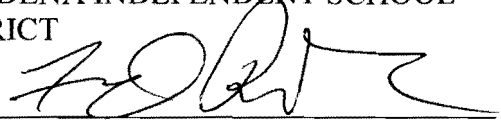
4. Salary. Effective July 1, 2010, the Board agrees to pay the Superintendent an annual salary in the amount of \$250,000.00 (Two Hundred Fifty Thousand, and No/100 Dollars). This annual salary rate shall be paid to the Superintendent in installments consistent with the Board's policies.

This Amendment is effective May 25, 2010 upon final execution of the signatures listed below.

EXECUTED this 25 day of May 2010.

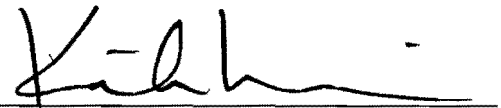
BOARD OF TRUSTEES
PASADENA INDEPENDENT SCHOOL
DISTRICT

By: _____



Mr. Fred Roberts
President, Board of Trustees

By: _____



Dr. Kirk Lewis
Superintendent of Schools

AMENDMENT TO
SUPERINTENDENT'S CONTRACT OF EMPLOYMENT

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

WHEREAS, the Board of Trustees ("Board") of the Pasadena Independent School District, met on May 24, 2011;

WHEREAS, at the meeting on May 24, 2011, the District, pursuant to his Contract of Employment ("Contract"), offered Dr. Kirk Lewis a amendment to his Contract;

WHEREAS, Dr. Kirk Lewis accepted the amendment to the Contract;

NOW, THEREFORE, pursuant to the authority of § 11.201 of the Texas Education Code, the general laws of the state of Texas and Paragraph 14 of the Contract, the Board and Dr. Lewis agree as follows:

I.

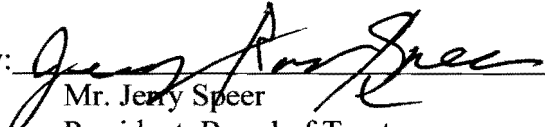
Paragraph 2 of the Superintendent's Contract of Employment originally executed on April 25, 2006 is amended as follows:


2. The Board, by and on behalf of the District, employs the Superintendent on a twelve (12)-month basis, and the Superintendent accepts employment as Superintendent of Schools from May 24, 2011 through June 30, 2014. Each contract year shall begin July 1st and end June 30th of each respective year. The District may, by action of the Board, and with consent and approval of the Superintendent, extend the term of this Contract as permitted by state law.

This Amendment is effective May 24, 2011 upon final execution of the signatures listed below.

EXECUTED this 24th day of May 2011.

BOARD OF TRUSTEES
PASADENA INDEPENDENT SCHOOL
DISTRICT

By: 
Mr. Jerry Speer
President, Board of Trustees

By: 
Dr. Kirk Lewis
Superintendent of Schools

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period Ended August 31, 2010

	Kirk Lewis Superintendent	Nelda Sullivan Board Member	Marshall Kendrick Board Member	Frank Braden Board Member	Vicki Morgan Board Member	Fred Roberts Board Member	Jerry Speer Board Member	Mariselle Quijano-Lerma Board Member	Jack Bailey Board Member
<u>Reimbursements</u>									
Meals	\$539.00	\$130.00	\$205.00	\$164.00	\$153.00	\$192.00	\$69.38	\$211.54	\$57.00
Lodging	\$1,363.82	\$546.09	\$600.09	\$0.00	\$746.12	\$772.81	\$349.47	\$546.09	\$600.09
Transportation	\$646.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$47.97	\$0.00	\$0.00
Motor Fuel	\$413.59	\$0.00	\$282.00	\$161.25	\$330.85	\$33.00	\$0.00	\$354.35	\$283.50
Other	\$715.17	\$721.50	\$361.84	\$370.00	\$745.47	\$831.95	\$464.90	\$445.00	\$347.00
Total	\$3,678.48	\$1,397.59	\$1,448.93	\$695.25	\$1,975.44	\$1,829.76	\$931.72	\$1,556.98	\$1,287.59

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

For the Twelve-Month Period Ended August 31, 2010

<u>Name(s) of Entity(ies)</u>	<u>Amount Received</u>
N/A	\$0.00
Total	\$0.00

**Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any)
(gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)**

For the Twelve-Month Period Ended August 31, 2010

	Kirk Lewis Superintendent	Nelda Sullivan Board Member	Marshall Kendrick Board Member	Frank Braden Board Member	Vicki Morgan Board Member	Fred Roberts Board Member	Jerry Speer Board Member	Mariselle Quijano-Lerma Board Member	Jack Bailey Board Member
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Business Transactions Between School District and Board Members

For the Twelve-Month Period Ended August 31, 2010

	Kirk Lewis Superintendent	Nelda Sullivan Board Member	Marshall Kendrick Board Member	Frank Braden Board Member	Vicki Morgan Board Member	Fred Roberts Board Member	Jerry Speer Board Member	Mariselle Quijano-Lerma Board Member	Jack Bailey Board Member
Amounts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Summary Schedule of Data Submitted under the Financial Solvency Provisions of TEC §39.0822

General Fund - First-Quarter Expenditures By Object Code

Report **2010-2011 first-quarter (first three months)** of fiscal year 2010-2011) GENERAL FUND expenditures by object code using whole numbers.

Payroll- Expenditures for payroll costs	object codes 6110-6149	\$ 88,203,093
Contract Costs- Expenditures for services rendered by firms, individuals, and other organizations	object code series 6200	<u>\$ 4,719,897</u>
Supplies and Materials- Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	object code series 6300	<u>\$ 3,720,293</u>
Other Operating- Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	object code series 6400	<u>\$ 593,689</u>
Debt Service- Expenditures for debt service	object code series 6500	<u>\$ -</u>
Capital Outlay- Expenditures for land, buildings, and equipment	object code series 6600	<u>\$ 2,360,112</u>

Additional Financial Solvency Questions

1) Districts with a September 1- August 31 fiscal year:

Within the last two years, did the school district

- 1) draw funds from a short-term financing note (term less than 12 months) between the months of September and December, inclusive, and
- 2) for the prior fiscal year, have a total General Fund balance of less than 2 percent of total expenditures for General Fund function codes 11-61?

Yes	No
	<u>X</u>
	<u>X</u>

2) Has the school district declared financial exigency within the past two years?

X

3) Provide comments or explanations for student-to-staff ratios significantly (more than 15%) below the norm, rapid depletion of General Fund balances, or any significant discrepancies between actual budget figures and projected revenues and expenditures, or any other information that may be helpful in evaluating the school district's financial solvency.

<u>Mean Enroll-to-Teacher Ratio</u>	<u>85% of Mean Enroll-to-Teacher Ratio</u>	<u>School District Size</u>
8.39	7.13	Under 100
9.48	8.06	100 to 249
10.73	9.12	250 to 499
11.48	9.76	500 to 999
12.45	10.58	1,000 to 1,599
13.52	11.50	1,600 to 2,999
14.29	12.15	3,000 to 4,999
14.80	12.58	5,000 to 9,999
14.88	12.65	10,000 to 24,999
15.01	12.76	25,000 to 49,999
15.06	12.80	50,000 and Over

Based on the Fall PEIMS submission, the enrollment to teacher ratio was 15.04. This amount is only slightly below the Mean Enroll-to-Teacher Ratio and by far exceeds the 85% ratio. There has not been a rapid depletion of Fund Balance. Fund Balance has slightly increased and the Board of Trustees has a goal to maintain an unassigned Fund Balance of at least 12.5% of the prior year General Fund expenditures.

4) How many superintendents has your school district had in the last five years? 1

5) How many business managers has your school district had in the last five years? 1