### School FIRST
2012 Financial Integrity Rating System of Texas
Hurst-Euless-Bedford ISD
for Fiscal Year 2010-2011

<table>
<thead>
<tr>
<th>State Indicator</th>
<th>Indicator Background</th>
<th>State Expected Result</th>
<th>HEB 10-11 Result</th>
<th>HEB 09-10 Result</th>
<th>HEB 08-09 Result</th>
<th>HEB 07-08 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Was The Total Fund Balance Less Nonspendable and Restricted Fund Balance Greater Than Zero In The General Fund?</td>
<td>School districts must have a fund balance to ensure adequate funding for operations. This indicator is designed to ensure that your district has a positive amount of fund balance (savings) that is not reserved for a specific purpose. In other words, &quot;Does your district have funds set aside for a rainy day?&quot;</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Additional HEB ISD Information:
The Total Fund Balance less the Non-spendable and Restricted Fund Balance is referred to as the Unassigned Fund Balance. Fund Balance is intended to serve as a measure of the financial resources available to meet a school district's operational needs. The Unassigned Fund Balance is the amount available for spending. The adequacy of Unassigned Fund Balance in the General Fund should be assessed based upon a school district's own specific circumstances.

| 2. 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.) | This indicator seeks to ascertain the district's financial position based on current assets and liabilities. Fast growing districts (those having a 10% increase in students over the past 5 years) are exempt from this indicator | Yes | Yes | Yes | Yes | Yes |

| 3. Were There No Disclosures In The Annual Financial Report And/Or Other Sources of Information Concerning Default on Bonded Indebtedness Obligations? | This indicator seeks to make certain that your district has paid its obligations on bonds issued to pay for school construction, etc. | Yes | Yes | Yes | Yes | Yes |

Additional HEB ISD Information:
The Hurst-Euless-Bedford ISD has never defaulted on any of its bond indebtedness obligations.
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<tbody>
<tr>
<td>4. 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)?</td>
<td>A simple indicator. Was your Annual Financial Report filed by the deadline?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Additional HEB ISD Information:**
HEB's Fiscal Year end date is August 31; therefore, the January 28 deadline is applicable. The Annual Financial Report was approved by the Board of Trustees on January 17, 2012, and electronically submitted to the Texas Education Agency on January 20, 2012.

| 5. Was There An Unqualified Opinion in Annual Financial Report?      | A "qualification" on your financial report means that you need to correct some of your reporting or financial controls. A district's goal, therefore, is to receive an "unqualified opinion" on its Annual Financial Report. This is a simple "Yes" or "No" indicator.                                                                 | Yes                    | Yes             | Yes             | Yes             | Yes             |

**Additional HEB ISD Information:**
Weaver and Tidwell, the District's external auditors, issued an unqualified opinion for Fiscal Year Ending August 31, 2011.

| 6. Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses in Internal Controls? | A clean audit of your Annual Financial Report would state your district has no material weaknesses in internal controls. Any internal control weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed. | Yes                    | Yes             | Yes             | Yes             | Yes             |

**Additional HEB ISD Information:**
Weaver and Tidwell, the District’s external auditors, reported no material weaknesses in the 2010-2011 audit.
7. **Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%**

This indicator measures your district’s success in collecting property taxes owed by your community’s businesses and homeowners, placing a 98 percent three-year average minimum collections standard. The district must collect at least 98 percent of taxes due, including any delinquent taxes owed from past years.

**Additional HEB ISD Information:**

HEB's three-year average tax collection rate for the prior three years was 100.81%. The history is depicted in the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Tax Collections as % of current year levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-2002</td>
<td>100.54%</td>
</tr>
<tr>
<td>2002-2003</td>
<td>99.43%</td>
</tr>
<tr>
<td>2003-2004</td>
<td>98.37%</td>
</tr>
<tr>
<td>2004-2005</td>
<td>101.26%</td>
</tr>
<tr>
<td>2005-2006</td>
<td>101.01%</td>
</tr>
<tr>
<td>2006-2007</td>
<td>100.00%</td>
</tr>
<tr>
<td>2007-2008</td>
<td>98.30%</td>
</tr>
<tr>
<td>2008-2009</td>
<td>102.80%</td>
</tr>
<tr>
<td>2009-2010</td>
<td>100.79%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>98.83%</td>
</tr>
</tbody>
</table>

8. **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)?**

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.
## School FIRST
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<tr>
<td>9. 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 &gt; 7%, Or If Property Taxes Collected Per Penny Of Tax Effort &gt; $200,000 Per Student)</td>
<td>This indicator determines if your debt load per student is more than you can afford. If your district's debt expense is above $350 per student, it must prove that it can collect more than $200,000 per penny of tax effort in order to cover the debt. The Legislature did allow for fast-growth schools to exceed this cap.</td>
<td>5 points max</td>
<td>5 points $916 per student</td>
<td>5 points $1,034 per student</td>
<td>5 points $1,001 per student</td>
<td>5 points $1,009 per student</td>
</tr>
</tbody>
</table>

Additional HEB ISD Information:
*The District’s debt related expense per student was $916, or $566 more than the state standard. The 1997 Bond authorization of $179 million is the driving force behind the $916 debt per student. Due to HEB’s strong tax base, the District was able to collect approximately $817,488 per penny of tax, which well exceeds the state standard of $200,000 per penny. This level of tax revenue allows the District to meet the state expected result.*

| 10. Was There NO Disclosure In The Annual Audit Report Of Material Noncompliance? | NO disclosure means the Annual Audit Report includes no disclosure indicating that the school district failed to comply with laws, rules, and regulations for a government entity. | 5 points max          | 5 points          | 5 points          | 5 points          | 5 points          |

Additional HEB ISD Information:
*Weaver and Tidwell, the District’s external auditors, noted no material non-compliance in the 2010-2011 audit.*

| 11. Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned) | Did TEA take over control of your district due to financial issues such as fraud or having a negative fund balance? If not, you pass this indicator. | 5 points max          | 5 points          | 5 points          | 5 points          | 5 points          |

| 12. Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund? | If the district planned to keep spending until a negative fund balance resulted, then the lowest School FIRST rating would have been assigned. | 5 points max          | 5 points          | 5 points          | 5 points          | 5 points          |
### School FIRST
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<tbody>
<tr>
<td><strong>13. 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)</strong></td>
<td>Did you overspend on school buildings or other capital projects? This indicator measures your district's ability to construct facilities without damaging your Fund Balance.</td>
<td>5 points max</td>
<td>5 points</td>
<td>5 points</td>
<td>5 points</td>
<td>5 points</td>
</tr>
<tr>
<td><strong>Additional HEB ISD Information:</strong></td>
<td>The District has issued bonds to cover all construction projects. As of August 31, 2011 the district had $141,758,381 in capital projects to be completed due to May 2011 bonds being sold in August of 2011.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>14. 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)</strong></td>
<td>This indicator measures whether or not your district has sufficient cash and investments to balance items such as TEA overpayments (deferred revenues). In other words, your District should have fund balance monies of its own that are at least equal to those dollars that are there due to overpayments from TEA, and you should not be spending &quot;next year’s&quot; monies this year.</td>
<td>5 points max</td>
<td>5 points</td>
<td>5 points</td>
<td>5 points</td>
<td>5 points</td>
</tr>
<tr>
<td><strong>Additional HEB ISD Information:</strong></td>
<td>The District General Fund had cash and investments of approximately $85.1 million at August 31, 2011. The Texas Education Agency (TEA) pays districts on estimated student attendance during the school year. Any overpayments or underpayments are &quot;settled up&quot; in the following year based on actual student attendance. The District appropriately records any estimated receivable or liability at fiscal year end.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 15. Was The Administrative Cost Ratio Less Than The Threshold Ratio?

TEA sets a threshold percentage that school districts should spend on administration. This threshold is determined based on the size of the district. Did HEB exceed the maximum for districts of its size?

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<tbody>
<tr>
<td>5 points max 11.05%</td>
<td>5 points 5.65%</td>
<td>5 points 5.59%</td>
<td>5 points 5.80%</td>
<td>5 points 5.57%</td>
</tr>
</tbody>
</table>

**Additional HEB ISD Information:**

The TEA established thresholds on the amount of money school districts should spend on administrative costs. The "Administrative Cost Ratio" limit is set as a ratio of administrative costs to instructional costs. Administrative costs are defined as Instructional Leadership (function 21) and General Administration (function 41). Instructional Leadership includes costs to provide leadership for staff and all instructional services. This excludes campus leadership. General Administration includes costs for managing the school district as an overall entity. HEB’s administrative cost ratio for 2010-2011 was 5.65%, well below the state limit of 11.05%.

### 16. Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?

This indicator measures your student-teacher ratio to ensure that it is within TEA recommended ranges for districts of your student population range.

<table>
<thead>
<tr>
<th>District Size - No. of Students =&gt; 10,000</th>
<th>Ranges for Ratios: Low 13.5 - High 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 points max 13.5 - 22</td>
<td>5 points 15.8</td>
</tr>
</tbody>
</table>

**Additional HEB ISD Information:**

HEB’s ratio of students per teacher was 15.8 for fiscal year 2010-2011. Any ratio between 13.5 and 22 students per teacher receives the maximum 5 points.
<table>
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<tbody>
<tr>
<td>17. Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</td>
<td>This indicator measures student-staff ratio to ensure that it is within TEA recommended ranges for districts of your student population range.</td>
<td>5 points max</td>
<td>5 points</td>
<td>5 points</td>
<td>5 points</td>
<td>5 points</td>
</tr>
<tr>
<td>District Size - No. of Students =&gt; 10,000</td>
<td>Ranges for Ratios: Low 7 - High 14</td>
<td>7 - 14</td>
<td>8.4</td>
<td>8.4</td>
<td>8.4</td>
<td>8.4</td>
</tr>
</tbody>
</table>

Additional HEB ISD Information:
HEB's ratio of students to total staff was 8.4 for fiscal year 2010-2011. Any ratio between 7 and 14 students to total staff receives the maximum 5 points.

18. Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years? (If Total Revenues > Operating Expenditures In The General Fund, Then District Receives 5 Points) | This indicator measures rapid decrease in fund balance. Unless Total Revenues exceed Operating Expenditures, Undesignated, Unreserved Fund Balance or Unassigned Fund Balance cannot decrease by more than 20% over a two year timeframe. | 5 points max | 5 points | 5 points | 5 points | 5 points |

Additional HEB ISD Information:
The District's Undesignated, Unreserved/Unassigned Fund Balance did decrease by 18.63% over the prior two fiscal years. This is within the 20% threshold set by TEA.

19. Was The Aggregate Total Of Cash And Investments In The General Fund More Than $0? | Does your district have cash in the bank, and/or investments? | 5 points max | 5 points | 5 points | 5 points | 5 points |

Additional HEB ISD Information:
The District's General Fund had cash and investments of $85.1 million as of August 31, 2011.
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</thead>
<tbody>
<tr>
<td>20. Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) Meet or Exceed the 3-Month Treasury Bill Rate?</td>
<td>Are you investing your cash or reserve fund balance (savings) monies wisely?</td>
<td>5 points max &gt;=0.095%</td>
<td>5 points 0.6232%</td>
<td>5 points</td>
<td>5 points</td>
<td>4 points</td>
</tr>
</tbody>
</table>

Additional HEB ISD Information:
3-Month Treasury Bill Rate      HEB ISD Average Return
2010-2011 = 0.095%            0.6232%
School FIRST
Financial Integrity Rating System of Texas

Disclosures
## HEB ISD
### REIMBURSEMENTS RECEIVED BY SUPERINTENDENT AND BOARD MEMBERS
#### FISCAL YEAR 2010-2011

<table>
<thead>
<tr>
<th></th>
<th>Gene Buinger</th>
<th>Faye Beaulieu</th>
<th>Kay Miller</th>
<th>Ellen Jones</th>
<th>Jeff Burnett</th>
<th>Jim Schooler</th>
<th>Mark Cyrier</th>
<th>Andy Cargile</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Superintendent</td>
<td>President</td>
<td>Vice-President</td>
<td>Secretary</td>
<td>Member</td>
<td>Member</td>
<td>Member</td>
<td>Member</td>
<td>TOTAL</td>
</tr>
<tr>
<td>Meals</td>
<td>$ 364.06</td>
<td>$ 216.37</td>
<td>$ 244.91</td>
<td>$ 369.14</td>
<td>$ 32.89</td>
<td>$ 305.98</td>
<td>$ 125.47</td>
<td>$ 32.89</td>
<td>$ 1,691.71</td>
</tr>
<tr>
<td>Lodging</td>
<td>$ 737.36</td>
<td>-</td>
<td>977.19</td>
<td>1,316.31</td>
<td>-</td>
<td>1,181.02</td>
<td>793.50</td>
<td>-</td>
<td>$ 5,005.38</td>
</tr>
<tr>
<td>Transportation</td>
<td>$ 2,883.57</td>
<td>137.70</td>
<td>337.39</td>
<td>827.12</td>
<td>-</td>
<td>380.10</td>
<td>422.40</td>
<td>-</td>
<td>$ 4,988.28</td>
</tr>
<tr>
<td>Motor Fuel</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13.26</td>
<td>287.52</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 300.78</td>
</tr>
<tr>
<td>Other</td>
<td>$ 1,008.86</td>
<td>945.77</td>
<td>1,726.16</td>
<td>970.00</td>
<td>1,015.00</td>
<td>1,369.00</td>
<td>909.00</td>
<td>150.00</td>
<td>$ 8,093.79</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 4,993.85</strong></td>
<td><strong>$ 1,299.84</strong></td>
<td><strong>$ 3,285.65</strong></td>
<td><strong>$ 3,482.57</strong></td>
<td><strong>$ 1,061.15</strong></td>
<td><strong>$ 3,523.62</strong></td>
<td><strong>$ 2,250.37</strong></td>
<td><strong>$ 182.89</strong></td>
<td><strong>$ 20,079.94</strong></td>
</tr>
</tbody>
</table>

Note: Other includes Internet Fees and Registrations.
Dr. Gene Buinger, Superintendent of HEB ISD, received no compensation for consulting and/or other services during fiscal year 2010-2011.
Dr. Gene Buinger, Superintendent of HEB ISD, received no gifts that had an economic value of $250 or more in the aggregate during fiscal year 2010-2011.

No HEB ISD Board Member (including their immediate family as describe in Govt Code, Chapter 573, Subchapter B) received a gift with an economic value of $250 or more in the aggregate during fiscal year 2010-2011.
Mark Cyrier / Mr. C's Hardware:

**DISBURSEMENTS:**

$ 1,921.30  HEB ISD purchased $1,921.30 of Maintenance supplies and hardware items from Mr. C's Hardware during the 2010-2011 school year.
General Fund - First-Quarter Expenditures By Object Code

Payroll-
Expenditures for payroll costs object codes 6110-6149 $ 29,064,051

Contract Costs-
Expenditures for services rendered by firms, individuals, and other organizations object code series 6200 $ 1,963,570

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 $ 1,452,137

Other Operating-
Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay object code series 6400 $ 592,621

Debt Service-
Expenditures for debt service object code series 6500 $ -

Capital Outlay-
Expenditures for land, buildings, and equipment object code series 6600 $ 5,596

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
      _____ X
   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?
      _____ X

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

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.

Mean Enroll-to-Teacher Ratio 85% of Mean Enroll-to-Teacher Ratio School District Size
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

N/A

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
EMPLOYMENT CONTRACT - SUPERINTENDENT

THIS CONTRACT is made and entered into by and between the Board of Trustees (the "Board") of the HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT (the "District") and DR. GENE ALAN BUINGER (the "Superintendent").

THE BOARD AND THE SUPERINTENDENT, in consideration of the terms herein, agree as follows:

1. TERM

1.1 Employment. The Board, by and on behalf of the District, employs the Superintendent, and the Superintendent accepts employment as Superintendent for the District on a twelve month basis per school year, and for a term of three (3) years, commencing on July 1, 2010, and ending June 30, 2013.

1.2 Extension of Contract. With the Superintendent's consent, at any time during the contract term, the Board may reissue the Contract for an extended term. Failure to so extend shall not constitute nonrenewal.

2. EMPLOYMENT

2.1 Authority. The Superintendent shall be the educational leader and chief executive officer of the District. He shall faithfully perform the duties and have the powers of the Superintendent of Schools for the District as prescribed in statute, in the job description and as may be assigned by the Board.

2.2 Standard of Performance. The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, skill, and diligence. The Superintendent shall comply with Board directives, state and federal law, and District policy and regulations as they exist or may hereafter be adopted or amended.

2.3 Professional Certification and Records. This Contract is conditioned on the Superintendent providing the necessary certification and experience records, oath of office, and other records required for personnel files or payroll purposes. If the Superintendent's certification expires, is cancelled or revoked, then this contract is void. Any misrepresentation by the Superintendent in any record may be grounds for mid-contract termination.

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

2.5 Notification to Board. The Superintendent agrees that during the term of this Contract, he will notify the Board of any arrest or any non-traffic-related indictment, conviction, no contest or guilty plea, or other criminal adjudication, within the time specified in Board policy.
2.6 **Professional Growth.** The Superintendent shall devote the Superintendent's time, attention, and energy to the direction, administration, and supervision of the District. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's reasonable attendance and participation in appropriate professional meetings.

2.7 **Civic Activities.** The Superintendent is encouraged to participate in community and civic affairs in accordance with the Board's policies.

3. **COMPENSATION**

3.1 **Salary.** The District shall provide the Superintendent with an annual salary in the sum of TWO HUNDRED TWELVE THOUSAND SEVEN HUNDRED THIRTY AND 36/100 DOLLARS ($212,730.36). The annual salary shall be paid to the Superintendent in installments, consistent with the Board's policies.

3.2 **Salary Adjustments.** At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary set forth in Section 3.1 of this Contract. Provided, however, the Board hereby agrees to automatically increase the Superintendent's salary on an annual basis by the same percentage increase, if any, awarded annually by the Board to other District professional employees, unless separate Board action is taken regarding the Superintendent's salary. The Superintendent's automatic salary adjustment, if any, shall take effect on the same day as the salary increase shall take effect for other District professional employees.

3.3 **Business Expenses.** The Board shall not reimburse the Superintendent for the expenses he incurs associated with civic, entertainment, and community affairs not covered by other provisions of this Contract or Board policy.

3.4 **Life Insurance.** The Board shall pay the annual premiums necessary to provide to the Superintendent with whole life insurance coverage in the face amount of TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS ($250,000.00).

3.5 **Medical and Dental Insurance.** The District shall pay the total premiums for hospitalization and major medical insurance coverage for the Superintendent. The Superintendent shall be allowed to purchase hospitalization and medical insurance coverage for his family by paying the necessary premiums at the appropriate times. The District shall pay the total premiums for dental insurance coverage for the Superintendent, as long as all District administrative employees may obtain group dental insurance. The Superintendent shall be allowed to purchase dental insurance for his family, as long as all District administrative employees may obtain such insurance.

3.6 **Disability Insurance.** The District shall pay the premiums for a disability income policy for the Superintendent covering sixty percent (60%) of the Superintendent's base salary,
with a ninety (90) day waiting period, with benefits to be paid for life for accident, and to age 65 for illness, and with all other terms and conditions as mutually agreed upon by the parties.

3.7 Long-Term Care Insurance. To assist the Superintendent in obtaining and maintaining long-term care insurance, the District shall make contributions of $25,000 at the end of each contract year to a qualified annuity of the Superintendent's choice, for the benefit of the Superintendent. The Superintendent shall become fully vested in each annual contribution at the time the contribution is made. The parties intend for the qualified annuity to qualify as a nonelective 403(b) plan, and it will be governed by a written plan document and this Section 3.7. In addition, the parties agree that the District shall make a one-time catch-up contribution of $50,000 to the qualified annuity which may be contributed in appropriate increments so that the annual maximum contribution limit is not exceeded. The one-time catch-up contribution shall be completed by February 1, 2010.

3.8 Out-of-District Travel Expenses. The District shall reimburse the Superintendent for out-of-district travel expenses incurred by the Superintendent in the performance of his duties under this Contract. Such expenses may include, but are not limited to, gasoline, hotels and accommodations, meals, rental car, airline tickets, and other expenses incurred in the performance of the business of the District.

3.9 Vacations, Sick Leave, Holidays. The Superintendent shall receive the same vacation time, sick leave and holidays as provided for all administrative employees on twelve-month contracts.

3.10 Indemnification. The Board agrees, as further consideration for the employment of Superintendent, that it shall defend, hold harmless, and indemnify the Superintendent from any and all demands, claims, suits, actions, judgments, expenses, attorney's fees and legal proceedings brought against the Superintendent in his individual capacity, or in his official capacity as agent and employee of the District, regardless of whether the claims arise during or after the Superintendent's employment with the District, if damages are based on an act or omission by the Superintendent in the course and scope of his employment with the District, except where it is determined that the Superintendent committed a willful or wrongful act or omission, an act or omission constituting gross negligence, an act of bad faith, or official misconduct. This indemnification also excludes any costs, fees, expenses, or damages recoverable or payable by insurance, and further excludes criminal investigations or proceedings. The District and the Superintendent shall select the Superintendent's legal counsel for any Covered Claim by agreement if such legal counsel is not also the District's legal counsel. If legal defense is provided through insurance coverage, then the Superintendent's right to agree to legal counsel will depend on the terms of the applicable insurance contract. This indemnity provision shall survive the termination of this Contract. The Superintendent agrees to fully cooperate with the District in the defense of any and all demands, claims, suits, actions, and legal proceedings brought against the District, regardless of whether the Superintendent is named as a party. Contingent on the Superintendent's providing such full cooperation, the District shall reimburse the Superintendent's reasonable, related expenses, including travel and lodging expenses. The Parties' obligations under this paragraph shall continue after the termination of this Contract.
4. RESIDENCE

4.1 Residence. The Superintendent shall maintain a residence within the geographical boundaries of the District.

5. REVIEW OF PERFORMANCE

5.1 Time and Basis of Evaluation. The Board shall, at least once each year, evaluate in writing the performance of the Superintendent during the term of this Contract. The Board may, pursuant to Section 1.2 of this Contract, consider contract extension at the same time.

5.2 Evaluation Format and Procedure. The evaluation format and procedure shall be in accordance with Board policy and state and federal law.

6. RENEWAL/NONRENEWAL/TERMINATION OF CONTRACT

6.1 Suspension. In accordance with Texas Education Code Chapter 21, the Board may suspend the Superintendent without pay for good cause.

6.2 Renewal/Nonrenewal. Renewal, nonrenewal, resignation, or termination of this Contract shall be in accordance with Texas Education Code Chapter 21 and Board policy.

7. MISCELLANEOUS

7.1 Controlling Law. This Contract shall be governed by the laws of the State of Texas, and is fully performable in Tarrant County, Texas.

7.2 Amendment. This Contract embodies the entire agreement between the parties and cannot be amended except by written agreement of the parties.

7.3 Savings Clause. In the event any one or more of the provisions contained in this Contract shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

7.4 Entire Agreement. All existing agreements and contracts, both verbal and written, between the parties hereto regarding the employment of the Superintendent have been superseded by this Contract, and this Contract constitutes the entire agreement between the parties unless amended pursuant to the terms of this Contract.

7.5 Legal Representation. Both parties have had the opportunity to consult with legal counsel in the negotiation and execution of this contract.
7.6 Notice. The Superintendent agrees to keep a current address on file with the District's Human Resources Department and the Board president. Any written notice to the Superintendent may be sent by hand-delivery, certified mail, regular mail, or express mail to the Superintendent's address of record. Any written notice from the Superintendent must be provided to the President and Secretary of the Board to their addresses of record, by hand delivery, certified mail, regular mail or express mail.

7.7 Acceptance of Contract. The delivery of this Contract to the Superintendent shall constitute Board's offer of this Contract. The filing of this Contract, signed by the Superintendent, with the Board shall be deemed as acceptance of the offer of this Contract. Failure of the Superintendent to accept the offer of the Contract within thirty (30) days by execution of the Contract and the return of it to the Board shall be considered a refusal on the part of the Superintendent to accept the Board's offer of this Contract.

EXECUTED in duplicate originals this 27th day of July, 2010.

SUPERINTENDENT:

Dr. Gene Alan Buinger
Address: 1512 Forest Meadows Court
Bedford, Texas 76021

HURST-EULESS-BEDFORD INDEPENDENT SCHOOL DISTRICT

Dr. Jeff Burnett, President
Hurst-Euless-Bedford Independent
School District Board of Trustees
Address: 1849 Central Drive
Bedford, Texas 76022

ATTEST:

Mrs. Ellen Jones, Secretary
Hurst-Euless-Bedford Independent
School District Board of Trustees
Academic Excellence Indicator System (AEIS):  
The Texas Education Agency pulls together a wide range of information on the performance of students in each school and district in Texas every year. This information is put into the annual AEIS reports, which are available each year in November.  
The performance indicators include:

* TAKS passing rate by grade, by subject, and by all grades tested
* SDDA performance
* Attendance rate for the full year
* Dropout rate (by year)
* Completion and dropout rates (4-year longitudinal)
* Percent of high school students completing an advanced course
* Percent of graduates completing the Recommended High School Program
* AP an IB examination results
* SAT and ACT examination - participation and results

Accountability Rating:  
The rating assigned by the Academic Excellence Indicator System (AEIS) to a school district or campus. The three indicators used to determine the accountability rating for a campus or district are their (1) performance on the TAKS reading, mathematics, and writing exams; (2) Dropout Rate; and (3) Attendance Rate. Based on these indicators every campus and district is assigned one of the following:

**District Ratings:** Exemplary, Recognized, Academically Acceptable, Academically Unacceptable, Unacceptable  
(Special Accreditation Investigation) or Charter

**Campus Ratings:** Exemplary, Recognized, Acceptable, Low Performing, or Not Rated. Alternative Schools are rated differently.

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

All Funds:  
A school districts 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, Share State/Local Services, Local Programs)  
* Debt Service Funds  
* Capital Projects Funds  
* Enterprise Funds for the National School Breakfast and Lunch Program

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

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

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

Budget:  
The projected financial data for the current school year. Budget data are collected for the general fund, food service fund, and debt service fund.
Budgeting:
Not later than August 20 of each year, the superintendent (or designee) must prepare a budget for the school district if the fiscal year begins on September 1. (For 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.

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

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.
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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 that 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.

Designated Fund Balance:
The designated fund balance represents tentative plans for the future use of financial resources. Designations require board action to earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time.

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

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

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

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

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
* Ancillary Services
* Debt Services
* Capital Outlay
* 90 Intergovernmental Charges

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

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

General Fund:
This fund finances the fundamental operations of the district in partnership with the community. All revenues and expenditures not accounted for by other funds are included. This is a budgeted fund and any fund balances are considered resources available for current operations.
Interest & Sinking Rate (I&S):
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 student 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 on school district pays another school district to educate transfer students. Expenditures associated with this functional area are reported under Function 90.

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

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

Local Tax:
This is all revenues from local real and personal property taxes, including recaptured funds from
  1) Contracted Instructional Services Between Public Schools (Function 91) and
  2) Incremental Costs associated with Chapter 41 of the Texas Education Code (Function 92).
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Maintenance & Operations Tax Rate (M&O):  
The tax rate calculated to provide the revenues needed to cover Maintenance and Operations (M&O). M&O includes such things as salaries, utilities, and day-to-day operations.

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

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

Operating 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 include:
- 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.
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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 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.
Qualified Opinion:
Term used in connection with financial auditing. A modification of the independent auditor’s report on the fair presentation of the financial statements indicating that there exists one or more specific exceptions to the auditor’s general assertion that the financial statements are fairly presented.

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.

Reserve Fund Balance:
This is that portion of fund equity which is not available for appropriation or has been legally separated for a specific purpose.

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

Robin Hood Funds:
See Wealth Equalization Transfer.

Rollback Tax Rate:
Provides 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.

Undesignated Fund Balance:
This is that portion of fund equity that is currently available to finance expenditures not already approved by the Board of Trustees.

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

Unqualified Opinion:
An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

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