



SMSD

Stafford Municipal School District

"The Best Little School District in Texas"



FISCAL YEAR 2017 - 2018
ANNUAL FINANCIAL
MANAGEMENT REPORT

INTRODUCTION

Senate Bill (SB) 218 of the 77th Legislature (2001) authorized the implementation of a financial accountability rating system, officially referred to as Schools FIRST (Financial Integrity Rating System of Texas) for Texas public school districts. The primary goal of Schools FIRST is to improve the management of school districts' financial resources.

Beginning with fiscal year 2006-2007, the financial accountability rating of a school district was based on its overall performance on certain financial measurements, ratios, and other indicators established by the commissioner of education in the financial accountability rating form provided in the subsection entitled School FIRST Rating.

The disclosure worksheets used in this report were developed by representatives of the Texas Education Agency, the Texas Business & Education Coalition, and the Texas Association of School Business Officials. Other information regarding the District's financial accountability is also included.

CONTENTS

2 Introduction

3 Mission, Goals, Core Beliefs
and Board of Trustees

4-6 Required Disclosures Financial

7 Indicators # 1 -14

The SMUSD Business Office continues to meet the indicators and standards set by the Texas Education Agency in an effort to provide accountability and transparency of all public funds in the most efficient manner.

ANNUAL FINANCIAL MANAGEMENT REPORT

FISCAL YEAR 2017-18



MISSION STATEMENT

For Every Student to graduate college or career ready, without remediation.

GOALS

Stafford Municipals School District will:

Strategy 1: Develop and implement a program that will address college and career readiness.

Strategy 2: Implement innovative, engaging, nonconventional, instructional, and enrichment activities to achieve the mission and objectives.

Strategy 3: Energize and integrate all aspects of our diverse community, businesses and parents into full support and implementation of the mission and objectives.

Strategy 4: Identify, attract, train and retain highly-qualified professionals who expand their jobs beyond official boundaries to accomplish the mission and objectives.

Strategy 5: Supplement existing school funding by developing and fostering a financially supportive relationship with the SMSD business community while using creative approaches to research alternative funding sources to accomplish the mission and objectives.

Strategy 6: Continuously adapt our infrastructure to create an engaging learning environment.

Strategy 7: Make technology a priority and make sure it is flexible and reflective of current trends.

SMSD SHARED BELIEFS . . . everyone can learn. . . . morality and integrity are important. . . . everyone is worthy of respect. . . . applied knowledge creates opportunities. . . . everyone has the responsibility to use resources efficiently. . . . work ethic is a key to success. . . . optimism fuels momentum. . . . individuals have the potential to become leaders. . . . fun is a positive component for life-long learning. . . . creativity flourishes in a safe environment that promotes innovation and self- expression. . . . trust is vital. . . . understanding diversity strengthens a community. . . . service to others promotes community and builds character. . . . everyone deserves fair and equal access to education. . . . each individual has a responsibility to themselves and to their local and global communities. . . . positive reinforcement and encouragement nurture self-confidence.

TRUSTEES



Christopher
Caldwell
President



Xavier
Herrera
Vice President



Alicia
Lacy Castille
Trustee



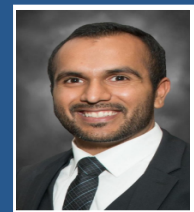
Jacqueline
Baptiste
Trustee



Manuel
Hinojosa
Trustee



Greg
Holsapple
Trustee



Ash
Hamirani
Trustee

ANNUAL FINANCIAL MANAGEMENT REPORT

FISCAL YEAR 2017-18



PURPOSE OF THE ANNUAL FINANCIAL MANAGEMENT REPORT-AFMR

- Ensures that entities:
 - Will be held accountable for the quality of their financial management practices.
 - Will achieve improved performance in the management of their financial resources.
- Discloses the quality of local management and decision-making processes that impact the allocation of their financial resources.
- Encourages local management to better manage their financial resources.

REQUIRED DISCLOSURES—BASIS IN LAW

According to Section 109.1005 of the Texas Administrative Code:

- a. Each school district is required to report information and financial accountability ratings to parents and taxpayers by implementing the following reporting procedures.
 1. Each school district is required to prepare and distribute an annual financial management report in accordance with subsection (b) of this section.
 2. The public must be provided an opportunity to comment on the report at a public hearing in accordance with subsection (c) of this section.
- b. The annual financial management report prepared by the school district must include:
 1. A description of the district's financial management performance based on a comparison, provided by the Texas Education Agency (TEA), of the district's performance on the indicators established by the commissioner of education and reflected in §109.1002 of this title (relating to Financial Accountability Ratings). The report will contain information that discloses:
 - A) State-established standards.
 - B) The district's financial management performance under each indicator for the current and previous years' financial accountability ratings.
 2. Any descriptive information required by the commissioner of education, including:
 - A) A copy of the superintendent's current employment contract.
 - B) A summary schedule for the fiscal year (12-month period) of total reimbursements received by the superintendent and each board member, including transactions resulting from use of the Department's credit card(s) to cover expenses incurred by the superintendent and each board member.
 - C) A summary schedule for the fiscal year of the dollar amount of compensation and/or fees received by the superintendent from another school district or any other outside entity in exchange for professional consulting and/or other personal services.
 - D) A summary schedule for the fiscal year of the total dollar amount by the executive officers and board members of gifts that had an economic value of \$100 or more in the aggregate in the fiscal year.
 - E) A summary schedule for the fiscal year of the dollar amount by board members for the aggregate amount of business transactions with the school district.
 - F) A summary schedule of the data submitting using the electronic-based program developed under the financial solvency provisions of Texas Education Code, §39.0822.
 3. Any other information the board of trustees of the district determines to be useful.

ANNUAL FINANCIAL MANAGEMENT REPORT

FISCAL YEAR 2017-18



(A) Superintendent's contract-reproduced in full, beginning on page 9.

(B) Reimbursements received by Superintendent and Board Members for SMSD business expenses:

DESCRIPTION	Bostic	Caldwell	Herrera	Lacy Castille	Baptiste	Hinojosa	Holsapple	Hamirani
MEALS	\$2,167	\$1,104	\$2,116	\$736	\$1,288	\$1,380	\$368	\$0
LODGING	5,275	987	4,744	1,502	2,452	2,064	525	0
TRANSPORTATION	4,914	1,074	2,409	432	891	935	216	0
BOARD MEMBER COMPENSATION	0	0	0	0	0	0	0	0
OTHER	9,685	1,027	675	1,685	1,835	1,735	395	0
TOTAL:	\$22,041	\$4,192	\$9,944	\$4,355	\$6,466	\$6,114	\$1,504	\$0

Arturo Jackson: (Former Board Member) Meals \$1,012; Lodging \$1,708; Transportation \$675; Other \$950 = \$4,345

*Other Includes registration fees, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above. The other category for the Superintendent includes conference fees, memberships & misc expenses such as: \$5,670 in Benefits and \$3,135 membership fees payments on behalf of the Superintendent.

(C) Outside compensation and/or fees received by Superintendent for professional consulting and/or other personal services:

NONE

(D) Gifts* received by Superintendent, Board Members, or first degree relatives, if any:

**Gifts that had a value of \$100 or more in the aggregate in the fiscal year.*

Bostic	Caldwell	Herrera	Lacy Castille	Baptiste	Hinojosa	Holsapple	Hamirani
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

Arturo Jackson : NONE

(E) Business transactions between SMSD and Board Members:

Bostic	Caldwell	Herrera	Lacy Castille	Baptiste	Hinojosa	Holsapple	Hamirani
NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE

Arturo Jackson: NONE

ANNUAL FINANCIAL MANAGEMENT REPORT

FISCAL YEAR 2017-18



(F) Summary Schedule of Data Submitted under the Financial Solvency Provisions of TEC §39.0822:

ACCOUNT TITLE	DESCRIPTION	OBJECT CODE SERIES	AMOUNT
PAYROLL	Expenditures for payroll	6110-6149	\$5,801,808
CONTRACT COSTS	Expenditures for services rendered by firms, individuals, and other organizations	6200	723,670
SUPPLIES & MATERIALS	Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	6300	365,112
OTHER OPERATING	Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	6400	636,086
DEBT SERVICE	Expenditures for debt service	6500	-
CAPITAL OUTLAY	Expenditures for land, buildings, and equipment	6600	-

Note: General Fund - First Three Months of fiscal year 2018-2019

ADDITIONAL FINANCIAL SOLVENCY QUESTIONS

- 1) Districts with a September 1- August 31 fiscal year:
 Within the last two years, did the school district
- | | Yes | No |
|---|-----|----|
| 1) draw funds from a short-term financing note (term less than 12 months) between the months of September and December, | | X |
| 2) for the prior fiscal year, have a total General Fund balance of less than 2 percent of total expenditures for General Fund | | X |
- 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.
- Not Applicable
- | | |
|--|---|
| 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? | 2 |

ANNUAL FINANCIAL MANAGEMENT REPORT

FISCAL YEAR 2017-18



1. Was the Annual Financial Report completed in a timely manner?

Pursuant to Texas Education Code, FISCAL MANAGEMENT-Chapter 44.008, ANNUAL AUDIT REPORT:”. The annual audit report must be approved by the board...not later than the 180th day after the end of the fiscal year for which the audit was made.”

YES. The Annual Financial Report for the fiscal year ended August 31, 2018 was approved by the SMUSD Board of Trustees on January 22, 2019—within the time frame mandated in law.

2. Review the AFR for an unmodified opinion and material weaknesses. The District must pass 2.A to pass this indicator. The District fails indicator number 2 if it responds “No” to indicator 2.a. or to both indicators 2.A and 2.B.

2A. Was there an unmodified opinion in the Annual Financial Report?

An ‘unmodified opinion’ in the report would have meant that corrections were not needed in some of the reporting or financial controls. The school district’s goal, therefore, is to receive an ‘unmodified opinion’ on its report.

YES. The independent auditors expressed an UNMODIFIED opinion on the Annual Financial Report for the fiscal year ending August 31, 2018.

2B. Did the Annual Financial Report not disclose any instance(s) of material weaknesses in internal controls?

Internal control weaknesses create a risk that the District would not be able to properly account for its use of public funds and should be immediately addressed. An independent audit is required to state if the entity had material weaknesses.

YES. At August 31, 2018, there were no material weaknesses in internal controls reported in the Annual Financial Report.

3. Was the district in compliance with the payment terms of all agreements at fiscal year end?

YES, the district is in compliance with all agreements.

4. Did the District make timely payments to the Teachers Retirement Systems (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? YES, payments were made on a timely basis as required.

ANNUAL FINANCIAL MANAGEMENT REPORT

FISCAL YEAR 2017-18



5. ***Was the total unrestricted net asset balance in the statement of net assets greater than 0?***
This indicator was not scored by TEA for FY 17-18
6. ***Was the number of days of cash on hand and current investments in the general fund for the District sufficient to cover operating expenditures (excluding facilities acquisition and construction)?***
YES, SMSD has 167 days of cash on hand.
7. ***Was the measure of current assets to current liabilities ratio for the District sufficient to cover short-term debt?***
YES, the ratio is 12.3 percent.
8. ***Was the ratio of long-term liabilities to total assets for the District sufficient to support long term solvency?***
YES, the ratio is 86 percent.
9. ***Did the District's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)?***
YES, SMSD had \$755,834 in revenue over expenditures
10. ***Was the debt service coverage ratio sufficient to meet the required debt service?***
YES, SMSD has sufficient funds at a ratio of 1.92.
11. ***Was the school district administrative cost ratio equal to or less than the threshold ratio?***
YES, SMSD's administrative cost ratio was 15.1%
12. ***Did the school district not have a 15 percent decline in the student to staff ratio over 3 years?***
YES, SMSD did not have a decline in student to staff ratio.
13. ***Did the comparison of Public Ed Information Management System (PEIMS) data to like information in the school district's ADR result in a total variance of less than 3 percent of all expenditures by function? YES, SMSD difference in PEIMS submission was only .89% which was well below the 3% allowed.***
14. ***Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?***
YES, the audit report did not identify any instances of material noncompliance.

**ANNUAL FINANCIAL
MANAGEMENT
REPORT**
FISCAL YEAR 2017-18



**FOR A COPY OF THE
SUPERINTENDENT'S
CONTRACT**

**PLEASE CONTACT
THE SMSD PUBLIC
INFORMATION OFFICE**

Fine Arts



Recognized

Community and Parental Involvement



Recognized

Gifted & Talented



Recognized
Dropout Prevention

Wellness & Physical Education



Exemplary

Second Language Acquisition

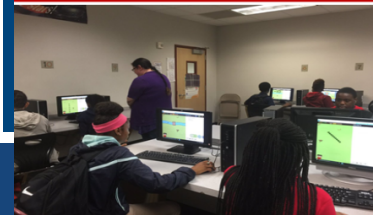


Acceptable



Recognized

Digital Learning



Recognized

Community & Student Engagement

In accordance with House Bill 5 (HB5), as passed by the 83rd Texas Legislature, the district and each campus are required to assess the quality of specific programs and services in order to determine a rating of Exemplary, Recognized, Acceptable and Unacceptable. A local committee of stakeholders determined both criteria and ratings.

Stafford MSD Overall Rating: RECOGNIZED



For additional information, please contact:

Dedrea Norman, CPA Chief Financial Officer

A Phone: 281-261-9361 | Email: dnorman@staffordmsd.org

Sonya Austin

Assistant to the Superintendent

Phone: 281-261-9200 | Email: saustin@staffordmsd.org

FIFTH AMENDMENT TO
SUPERINTENDENT'S EMPLOYMENT CONTRACT

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

WHEREAS, the Board of Trustees ("Board") of the Stafford Municipal School District, met on August 7, 2017;

WHEREAS, at the meeting on August 7, 2017, the District, pursuant to his Contract of Employment ("Contract"), offered Dr. Robert Bostic an amendment to his Contract;

WHEREAS, Dr. Bostic 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 Section 8.2 of the Contract, the Board and Dr. Bostic agree as follows:

I.

Section 1.1. of the Superintendent's Contract of Employment executed on May 8, 2014 is amended as follows:

1.1 **Term.** The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment as Superintendent of Schools for the District from July 1, 2017 through June 30, 2022. Each contract year shall consist of 226 days, beginning July 1st and ending June 30th of each respective year. The District may, by action of the Board, and with the consent and approval of the Superintendent, extend the term of this Contract as permitted by state law.

Sections 3.1, 3.2, 3.4, and 3.14 of the Superintendent's Contract of Employment executed on May 8, 2014 are amended and Section 3.15 is added as follows:

- 3.1 **Salary.** Effective July 1, 2017, the District shall provide the Superintendent with an annual salary in the sum of TWO HUNDRED FIFTY SIX THOUSAND AND THREE HUNDRED AND ONE DOLLARS AND NO/100 DOLLARS (\$256,301.00). This annual salary rate shall be paid to the Superintendent in equal 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 except by mutual agreement of the two parties. In addition, effective July 1st of each remaining contract year in this Contract, beginning with July 1, 2018, the Board agrees to pay the Superintendent at least a minimum five percent (5%) annual increase in salary on top of his current salary. The parties further agree that during the term of this contract, as adjusted each respective contract year, that Dr. Bostic's overall compensation shall be no less than the overall compensation provided to the second highest paid 4A Superintendent in Texas.
- 3.4 **Insurance and Supplemental Pay.** Effective July 1, 2017, and for each July 1st of each remaining contract year in this Contract, the Board agrees to pay the Superintendent annual supplemental pay in the amount equivalent to the annual premium for IRS ActiveCare 2 Family Premium and the annual premium for dental insurance coverage for the Superintendent and his family pursuant to the school district dental health plan. This annual supplemental pay shall be paid to the Superintendent in equal installments consistent with the Board's policies and will increase annually to correspond with the annual premium for TRS ActiveCare 2 Family Premium and the annual premium for dental insurance coverage for the Superintendent and his family pursuant to the school district dental health plan for the remainder of this contract term. On an ongoing basis, the Superintendent is to use his own private funds to personally and directly pay for any and all premiums for hospitalization/major medical/health insurance, including dental and vision insurance of any nature to provide coverage for the Superintendent, his spouse and his dependents.
- 3.14 **Supplemental Compensation: Section 403(b) or 457 Tax Sheltered Plan.** The Superintendent maintains and participates in qualified tax sheltered annuity/retirement plan under United States Internal Revenue Code Section 403(b) and/or 457. On behalf of the Superintendent, if the Superintendent continues to be employed by the District as of July 1st of each respective contract year listed below, and if the Superintendent receives a satisfactory rating on his annual performance review under the goals and objectives established by the Board for the year being reviewed, then the Board shall make an annual contribution to the Superintendent's existing 403(b) or 457 plan in amounts as follows:

<u>On or Before July 1st</u>	<u>Amount</u>
2019	\$10,000.00
2020	\$12,500.00
2021	\$15,000.00

The Board's contribution(s) to the plan plus future earnings are fully vested with the Superintendent on July 1, 2021, if he continues to be employed on July 1, 2021.

- 3.15 **Unilateral Termination/Contract Buy-Out.** Following the end of the second contract year of this contract, if the Board of Trustees, by majority vote, proposes to terminate or provides thirty (30) days' notice to the Superintendent of an intent to terminate this Contract during the term of the Contract without good cause, then the parties agree that Stafford MSD shall pay to Dr. Bostic a buy-out sum equal to one year of his then current salary and benefits. Upon receiving the set buy-out funds and in exchange for the payment and the applicable consideration provided, Dr. Bostic agrees to immediately resign from employment with the school district and waive any and all potential legal claims under state or federal law (including claims of damages, additional compensation, attorney fees, and costs of any nature) against Stafford **MSD**, its trustees, employees, agents, or representative, both past and present, in their individual or official capacities, related in any fashion to his employment or separation from employment with Stafford MSD. Dr. Bostic further agrees that upon the payment of buy-out funds, that he will not file or maintain any claim, suit, charge, or action of any kind, nature or character whatsoever against Stafford MSD, its trustees, employees, agents, or representative, both past and present, in their individual or official capacities, related in any fashion to his employment or separation from employment with Stafford MSD.

Sections 3.9 (cell phone/internet), 3.10 (laptop computer), 3.11 (automobile allowance) of the Superintendent's Contract of Employment executed on May 8, 2014 are deleted.


Consideration. In exchange for the above consideration, by his signature below, Superintendent hereby agrees to waive his right to resign during the term of this contract from his employment with Stafford MSD without Board agreement. This waiver is not applicable if Dr. Bostic receives and accepts an employment position as an administrator for a junior college or university and Dr. Bostic provides the Board at least sixty (60) days' written notice of any

resignation in order to accept such an administrative position. Any written notice provided by this paragraph shall be sent in writing to the Board President.

This Amendment is effective July 1, 2017 upon final execution of the signatures listed below.

EXECUTED this ay of August 2017.

**BOARD OF TRUSTEES
STAFFORD MUNICIPAL SCHOOL DISTRICT**

By: 

Mr. Auturo Jackson
President, Board of Trustees

By: _____
Dr. Robert Bostic /
Superintendent of Schools