



## Annual Financial Management Report 2013 - 2014



**WICHITA FALLS ISD**  
Preparing Lifelong Learners

**Wichita Falls Independent School District**

# Wichita Falls Independent School District

## Table of Contents

	<u>Page</u>
Letter from Superintendent	1
Executive Summary	2
2013-2014 District Status	4
How Ratings Are Assessed	6
Disclosures	8
1. Superintendent's Employment Contract	
2. Total Reimbursements Received by the Superintendent and Board	
3. Compensation Received by Superintendent for Consulting Services	
4. Gifts Received by Superintendent and Board Members	
5. Business Transactions Between School District and Board Members	
Glossary	18



# **WICHITA FALLS ISD**

Preparing Lifelong Learners

November 16, 2015

To The Citizens of Wichita Falls Independent School District:

In accordance with Texas Administrative Code Chapter 109, Subchapter AA 109.001, the 2013-2014 Annual Financial Management Report is being presented. During these challenging times, maintaining the financial health of the District and modeling accountability is imperative. One of the District's core beliefs is that high expectations lead to high levels of success. This belief applies to our students, staff and financial operations of the District. The Board of Trustees has set a goal that the District will demonstrate fiscal responsibility and communicate financial information to our stakeholders. This report is presented to fulfill these beliefs and goals.

We are pleased to report that Wichita Falls Independent School District received a "Passed" rating from the Texas Education Agency, regarding financial operations. This is the highest rating that can be achieved.

This is the thirteenth year that Texas school districts are reporting the results of the state's financial accountability system, Financial Integrity Rating System of Texas (FIRST). In addition to the evaluation of 7 criteria and disclosures, the Financial Solvency Provisions of TEC §39.0822 now require additional data to assist in evaluating a school district's financial solvency. We are pleased with our rating and will strive to continue to improve the financial operations of the District.

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

Sincerely,

A handwritten signature in black ink, appearing to read "M. S. Kuhrt", is written over a horizontal line.

Michael S. Kuhrt  
Superintendent of Schools

ADMINISTRATION / EDUCATION CENTER  
1104 Broad Street · Wichita Falls, Texas 76301 · Telephone 940-235-1000  
[www.wfisd.net](http://www.wfisd.net)



**Wichita Falls Independent School District**  
**Annual Financial Management Report**  
**2013-2014**  
**Executive Summary**

**Background Information:**

Senate Bill (SB) 875 of the 76<sup>th</sup> Legislature in 1999 required the development of a proposal for a school financial accountability rating system for school districts. The 77<sup>th</sup> Legislature in 2001 enacted SB 218, which requires the implementation of a financial accountability rating system. The financial accountability rating system is officially referred to as “Schools FIRST” (Financial Integrity Rating System of Texas). The primary goal of Schools FIRST is to achieve quality, a goal made more significant due to the complexity of accounting associated with Texas’ school finance system. The Schools FIRST accountability rating ensures that Texas school districts are accountable not only for student learning, but also for achieving these results cost-effectively and efficiently.

The primary objective of the rating system is to assess the quality of financial management in Texas public schools. A secondary objective is to measure and report the extent to which financial resources in Texas public schools assure the maximum allocation possible for direct instructional purposes. Other objectives reflect the implementation of a rating system that fairly and equitably evaluates the quality of financial management decisions. After full implementation of the rating system, the districts’ ratings will be openly reported to the general public and to other interested persons and entities.

**District Ratings**

The Schools FIRST accountability rating system assigns one of two financial accountability ratings to Texas school districts, with the highest being “P” for “Passed” and the other rating being “F” for “Substandard Achievement.” Districts that receive the “Substandard Achievement” rating under Schools FIRST must file a corrective action plan with the Texas Education Agency.

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

**For 2013-2014 the Wichita Falls Independent School District received  
a School FIRST rating of:**

**PASSED**



**Wichita Falls Independent School District  
Annual Financial Management Report  
2013-2014  
Executive Summary**

**Reporting, Notices and Public Meetings**

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

As required by State law, the Board of Trustees shall hold a public meeting within two months of receiving the School FIRST ratings. Notice of the meeting to discuss the school financial accountability rating must be published twice in a local newspaper. The first notice must be no more than thirty days or less than fourteen days prior to the scheduled meeting date. The District has complied with the public hearing notifications in the local newspaper. **The public meeting was held in conjunction with the regularly called Board of Trustees meeting on November 16, 2015.**



**Financial Integrity Rating System of Texas**

## 2013-2014 DISTRICT STATUS

<b>Name:</b> WICHITA FALLS ISD (243905)	
<b>Rating:</b> PASSED	
<b>District Score:</b> 30	<b>Passing Score:</b> 16

#	Indicator Description	2014-2015 Score
1	<b>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</b>	Yes
2	<b>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</b>	Yes
3	<b>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</b>	Yes

#	Indicator Description	2014-2015 Score
4	Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)	Yes
5	Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)	10
6	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?	10
7	Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)	10

## DETERMINATION OF RATING

A.	Did The District Answer "No" To Indicators 1, 2, 3 or 4? If So, The District's Rating Is <b>Substandard Achievement</b> .	
B.	Determine Rating By Applicable Range For Summation of the Indicator Scores (Indicators 5-7)	
	Pass	16-30
	Substandard Achievement	<16





## HOW RATINGS ARE ASSESSED

The questions a school district must address in completing the worksheet used to assess its financial management system can be confusing to non-accountants.

The following is a layman's explanation of what the questions mean—and what your district's answers can mean to its rating.

**1. Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?**

A simple indicator. Was your Annual Financial Report filed by the deadline?

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

A "modified" version of the auditor's opinion in your annual audit report means that you need to correct some of your reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its Annual Financial Report. This is a simple "Yes" or "No" indicator.

**3. Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in**

**following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. That owes money) and their creditors, which includes a plan for paying back the debt.)**

This indicator seeks to make certain that your District has paid your bills/obligations on financing arrangements to pay for school construction, school buses, photocopiers, etc.

**4. Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)?**

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



## HOW RATINGS ARE ASSESSED

**5. Was the school district's administrative cost ratio equal to or less than the threshold ratio?**

This indicator measures the percentage of their budget that Texas school districts spent on administration. Did you exceed the cap in School FIRST for districts of your size?

**6. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function (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 3 percent or more, your district "fails" this measure.

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

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed.





# DISCLOSURES

Per Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, the five (5) disclosures are presented as appendices in the Schools FIRST financial management report.

1. Superintendent's Employment Contract in Effect on the Date of the Schools FIRST public hearing in calendar year 2015
2. Reimbursements Received by the Superintendent and Board Members
3. Outside compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2014
4. Gifts Received by the Executive Officer(s) and Board Member(s)
5. Business Transactions between School District and Board Member



## Superintendent Term Contract

This Contract is entered into between the Board of Trustees (the "Board") of WICHITA FALLS INDEPENDENT SCHOOL DISTRICT (the "District") and MICHAEL S. KHURT (the "Superintendent").

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

1. **Term.** The Board agrees to employ the Superintendent on a twelve-month basis per school year, beginning August 21, 2015 and ending June 30, 2019. The Board and the Superintendent (the "Parties") may extend the term of this Contract by agreement.
2. **Certification.** The Superintendent agrees to maintain the required certification throughout the term of employment with the District. If the Superintendent's certification expires, is canceled, or is revoked, this Contract is void.
3. **Representations.** The Superintendent makes the following representations:
  - 3.1 **Beginning of Contract:** The Superintendent represents that, with the exception of routine traffic citations, he has disclosed to the Board, in writing, any arrest and any indictment, conviction, no contest or guilty plea, or other adjudication of the Superintendent. The Superintendent understands that a criminal history record acceptable to the Board, at its sole discretion, is a condition precedent to this Contract.
  - 3.2 **During Contract:** The Superintendent also agrees that, during the term of this Contract, the Superintendent will notify the Board, in writing, of any arrest or of any indictment, conviction, no contest or guilty plea, or other adjudication of the Superintendent, other than routine traffic citations. The Superintendent agrees to provide such notification in writing within seven calendar days of the event or any shorter period specified in Board policy.
  - 3.3 **False Statements and Misrepresentations:** The Superintendent represents that any records or information provided in connection with his employment application are true and correct. Any false statements, misrepresentations, omissions of requested information, or fraud by the Superintendent in or concerning any required records or in the employment application may be grounds for termination or nonrenewal, as applicable.
4. **Duties.** The Superintendent shall be the educational leader and chief executive officer of the District. The Superintendent agrees to perform his duties as follows:
  - 4.1 **Authority:** The Superintendent shall perform such duties and have such powers as may be prescribed by the law and the Board. The Board shall have the right to assign

additional duties to the Superintendent and to make changes in responsibilities or work at any time during the contract term. All duties assigned by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.

- 4.2 **Standard:** Except as otherwise permitted by this Contract, the Superintendent agrees to devote his full time and energy to the performance of his duties. The Superintendent shall perform his duties with reasonable care, skill, and diligence. The Superintendent shall comply with all Board directives, state and federal laws and rules, Board policy, and regulations as they exist or may hereafter be amended.
- 4.3 **Board Meetings:** The Superintendent shall attend all open meetings of the Board, and shall also attend all closed meetings of the Board, unless the board decides to exclude the Superintendent. If the Superintendent is ill or has obtained the approval of the Board President to be absent from a Board meeting, the Superintendent's designee shall attend the meeting in place of the Superintendent. The Superintendent shall be an *ex officio* member of all subcommittees of the Board created by the Board.
- 4.4 **Outside Employment:** The Superintendent may, with prior written consent of the Board, undertake consulting work, speaking engagements, writing, lecturing, and other professional duties and obligations that do not conflict or interfere with the Superintendent's professional responsibilities to the District. For any such outside employment, the Superintendent agrees to comply with applicable ethics rules, laws, and Board policy regarding reporting potential and actual conflicts of interest. In addition, the Superintendent agrees to provide information regarding income from such activities to the District as necessary for financial reporting requirements.
- 4.5 **Referral of Complaints.** The Board, individually and collectively, shall refer in a timely manner all substantive criticisms, complaints, and suggestions called to the Board's attention either: (a) to the Superintendent for study and/or appropriate action, and the Superintendent shall refer such matter(s) to the appropriate District employee or shall investigate such matter(s) and shall within a reasonable time inform the Board of the results of such efforts; or, (b) to the appropriate complaint resolution procedure as established by District Board policies.
- 4.6 **Development of Goals.** The Superintendent shall submit to the Board a preliminary list of goals for the District each year for the Board's consideration and adoption. The Superintendent and the Board shall then meet, and the Board shall approve or revise the list of goals. The Superintendent shall submit to the Board for its approval a plan to implement the goals. The Superintendent and the Board shall meet biannually to assess the goals and may adjust or revise the goals either by action of the Board or upon recommendation of the Superintendent and approval of the Board. The goals approved by the Board shall at all times be reduced to writing ("District Goals") and shall be among the criteria on which the Superintendent's performance is reviewed and evaluated. The Board agrees to work with and support the Superintendent in achieving the District Goals.



4.7 **Time and Basis of Superintendent's Evaluation.** Beginning with the 2015-2016 school year and each year thereafter, the Board shall evaluate, in writing, the performance of the Superintendent. The evaluation shall be conducted in accordance with State law and Board policy. Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times be conducted in closed session and shall remain confidential as required or permitted by law. However, the Board and Superintendent may share the Superintendent's evaluation with their respective legal counsel.

5. **Compensation.** The District shall pay the Superintendent an annual salary and provide benefits as follows:

5.1 **Salary:** The Superintendent shall be paid a salary of TWO HUNDRED TWO THOUSAND DOLLARS AND NO/CENTS (\$202,000.00) per year until the end of the contract period. At any time during the term of this Contract, the Board may, in its sole discretion, review and adjust the salary of the Superintendent, with any adjustment being in the form of either a written addendum to this Contract or a new contract. However, in no event shall the Superintendent be paid less than the salary set forth above, except by mutual, written agreement of both the Superintendent and the District.

5.1.1 **Widespread Salary Reduction.** If the Board implements a widespread salary reduction under Texas Education Code section 21.4023, the Superintendent's annual salary shall be reduced by the percent or fraction of a percent that is equal to the average percent or fraction of a percent by which teacher salaries have been reduced.

5.1.2 **Furlough.** If the Board implements a furlough under Texas Education Code section 21.4021, the Superintendent shall be furloughed for the same number of days as other contract personnel and the Superintendent's salary shall be reduced in proportion to the number of furlough days.

5.2 **Benefits:** The District shall provide benefits to the Superintendent as provided by state law and Board policies. The Board reserves the right to amend its policies at any time during the term of this Contract to reduce or increase these benefits, at the Board's sole discretion.

5.3 **Leave:** The Superintendent is entitled to the same number days of leave as authorized by Board policy for administrative employees on twelve month contracts, and shall be entitled to the same holidays and breaks as provided for other twelve month administrators in the Board's adopted calendar. Discretionary leave shall be taken at such time as will least interfere with the performance of the Superintendent's duties as set forth in this Contract.



- 5.4 **Health Insurance.** The District shall provide medical insurance to the Superintendent to the same extent it is provided to other employees and in accordance with the District's plan.
- 5.5 **Transportation Allowance.** The District shall provide the Superintendent with an automobile allowance in the amount of SIX HUNDRED DOLLARS (\$600.00) per month, which is in lieu of mileage expense reimbursement, gasoline, insurance or other charges associated with the use of his personal automobile in the travel and performance of business within the District. For travel outside of the District's boundaries, the District shall reimburse the Superintendent as provided in District policy.
- 5.6 **Vacation.** The Superintendent shall be entitled to fifteen (15) vacation days per year. These vacation days are in addition to leave available as described in Section 5.3 of this Contract. Vacation days shall be taken at such time or times as will least interfere with the performance of the Superintendent's duties as set forth in this Contract. Upon the Superintendent's resignation from employment, the District shall pay the Superintendent accumulated vacation days (up to a maximum of 45 days) in a lump sum to the Superintendent or his survivors at the Superintendent's then current daily rate of pay with the daily rate being calculated on a 240 day work year.
- 5.7 **Retention Bonus.** The District desires to promote and encourage the Superintendent to remain an employee of the District on a long-term basis. Accordingly, the District shall fund an encumbered retention bonus account in the general fund.

On or before June 30, 2016, the District shall designate and set aside TWENTY THOUSAND DOLLARS AND NO/CENTS (\$20,000.00) for the benefit of the Superintendent. Provided the Superintendent is employed by the District at that time, on or before June 30<sup>th</sup> of each subsequent year of this contract through (and including) June 30, 2019, the District shall designate and set aside the following: June 30, 2017, TWENTY FIVE THOUSAND AND NO/CENTS (\$25,000.00), June 30, 2018, THIRTY THOUSAND AND NO/CENTS (\$30,000.00), June 30, 2019, THIRTY FIVE THOUSAND AND NO CENTS (\$35,000.00) for the Superintendent's benefit.

The Retention Bonus shall become the property of the Superintendent only if the Superintendent remains continuously employed by the District through June, 30, 2019. In that event, the Retention Bonus account established by the District shall immediately and automatically vest in the Superintendent on July 1, 2019, and shall become the property of the Superintendent. The Superintendent shall not be entitled to receive any of the funds in the account if he leaves the employment of the District for any reason prior to June 30, 2019. Once vested, the account shall be freely transferable to the Superintendent subject to any amendments thereto. Any changes in the terms of the Plan require the express written consent of the respective parties.

- 5.8 **Deferred Compensation.** The District desires to promote and encourage the Superintendent to remain an employee of the District. Accordingly, the District shall make contributions of TEN THOUSAND DOLLARS AND NO/CENTS (\$10,000.00) per year to a qualified deferred compensation account of the Board's choice (based on the recommendation of the Superintendent) for the benefit of the Superintendent. This plan shall be the sole property of the Superintendent and he shall become vested in the deferred compensation account and have full ownership of the account upon establishment of same. The first contribution will be made by the District on or before June 30, 2016. Thereafter, on or before June 30<sup>th</sup> of each subsequent year of this contract and provided the Superintendent is employed by the District at that time, the District shall contribute an additional TEN THOUSAND DOLLARS AND NO/CENTS (\$10,000.00) in the account.
6. **Membership Dues.** The Board encourages the Superintendent to become a member of and participate in professional associations and community and civic affairs, including the chamber of commerce, civic clubs, governmental committees, and educational organizations. The Board concludes that such participation will serve a legitimate purpose related to the educational mission of the District. The District shall reimburse the Superintendent for membership fees in up to three (3) professional associations of the Superintendent's choice. The Superintendent understands that no reimbursement of any kind for membership in such local professional associations and community and civic affairs shall be made unless he first receives advance approval from the Board President and complies with all procedures and documentation requirements for reimbursement in accordance with Board policies.
7. **Reassignment.** The Board may not reassign the Superintendent from the position of Superintendent to another position within the district without the Superintendent's express written consent.
8. **Suspension.** In accordance with Texas Education Code Chapter 21, the Board may suspend the Superintendent for good cause, as determined by the Board under and pursuant to applicable Texas law, without pay for a period not to extend beyond the end of the school year.
9. **Termination, Nonrenewal and Resignation of Contract.**
- 9.1 **Mutual Agreement.** This Contract may be terminated by the mutual agreement of the Superintendent and the Board in writing upon such terms and conditions as may be mutually agreed upon.
- 9.2 **Retirement or Death.** This Contract shall be terminated upon the retirement or death of the Superintendent.
- 9.3 **Dismissal for Good Cause.** The Board may dismiss the Superintendent during the term of the Contract for good cause. The term "good cause" is defined as follows:
- (a) Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this Contract;

- (b) Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication from the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the Superintendent a reasonable opportunity to remediate any incompetency or inefficiency;
- (c) Insubordination or failure to comply with lawful written Board directives;
- (d) Failure to comply with the Board's policies or the District's administrative regulations;
- (e) Neglect of duties;
- (f) Drunkenness or excessive use of alcoholic beverages;
- (g) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
- (h) Conviction of a felony or crime involving moral turpitude;
- (i) Failure to meet the District's standards of professional conduct;
- (j) Failure to comply with reasonable District professional development requirements regarding advanced course work or professional development;
- (k) Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent;
- (l) Immorality, which is conduct the Board determines is not in conformity with the accepted moral standards of the community encompassed by the District. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency, or depravity;
- (m) Assault on an employee or student;
- (n) Knowingly falsifying records or documents related to the District's activities;
- (o) Conscious misrepresentation of facts to the Board or other District officials in the conduct of the District's business;
- (p) Failure to fulfill requirements for superintendent certification; or,
- (q) Any other reason constituting "good cause" under Texas law.



9.4 **Termination Procedure.** In the event that the Board terminates this Contract for "good cause," the Superintendent shall be afforded all the rights as set forth in the Board's policies and state and federal law.

9.5 **Resignation of Superintendent.** The Superintendent may leave the employment of the District at the end of a school year without penalty by filing a written resignation with the Board. The resignation must be addressed to the Board and filed not later than the 45th day before the first day of instruction of the following year. The Superintendent may resign with the consent of the Board at any other time.

9.6 **Nonrenewal of Superintendent.** Nonrenewal of this contract will be pursuant to Chapter 21 of the Texas Education Code.

10. **General Provisions.**

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

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

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

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

10.5 **Paragraph Headings:** The headings used at the beginning of each numbered paragraph in this Contract are not intended to have any legal effect; the headings do not limit or expand the meaning of the paragraphs that follow them.

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


11. **Notices.**


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

certified mail, regular mail, and/or express delivery service to the Superintendent's address of record.

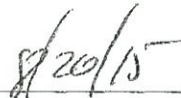
- 11.2 **To Board:** The Board agrees that the Superintendent may meet any legal obligation to give the Board written notice regarding this Contract or the Superintendent's employment by providing one copy of the notice to the President of the Board and one copy to the Vice President of the Board. The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

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


  
Michael S. Kuhrt  
Superintendent of Schools  
Wichita Falls Independent School District

  
Date Signed

By:   
Trey Sralla  
President, Board of Trustees

  
Date Signed

By:   
Bob Payton  
Secretary, Board of Trustees

  
Date Signed

### Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period  
Ended August 31, 2014

Description of Reimbursements	John Frossard	Kevin Goldstein	Trey Sralla	Allyson Flack	Bob Payton	Reginald Blow	Dale Harvey	Kirk Wolfe
Meals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	1,475.00	481.78	481.78	481.78	509.92	-	-	-
Transportation	274.16	-	-	-	-	-	-	-
Motor Fuel	-	-	-	-	-	-	-	-
Other	295.00	295.00	295.00	295.00	-	295.00	-	-
Total	\$ 2,044.16	\$ 776.78	\$ 776.78	\$ 776.78	\$ 509.92	\$ 295.00	\$ -	\$ -

All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. Items to be reported per category include:  
 Meals - Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).  
 Lodging - Hotel charges.  
 Transportation - Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls).  
 Motor fuel - Gasoline.  
 Other - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

### 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, 2014

Name(s) of Entity(ies)	Amount Received
None	\$ -
Total	\$ -

Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business.

### 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, 2014

	John Frossard	Kevin Goldstein	Trey Sralla	Allyson Flack	Bob Payton	Dale Harvey	Reginald Blow	Kirk Wolfe
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Note** - An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

### Business Transactions Between School District and Board Members

For the Twelve-Month Period  
Ended August 31, 2014

	Kevin Goldstein	Kevin Sralla	Trey Sralla	Allyson Flack	Bob Payton	Dale Harvey	Kirk Wolfe
Amounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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





## GLOSSARY OF TERMS

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

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

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

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

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

**Assigned Fund Balance:** The assigned fund balance represents tentative plans for the future use of financial resources. Assignments require executive management (per board policy to assign this responsibility to executive management prior to end of fiscal year) action to

earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time. The assignment and dollar amount for the assignment may be determined after the end of the fiscal year when final fund balance is known.

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

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

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

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

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

**Capital Project Funds:** Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary





## GLOSSARY OF TERMS

funds and trust funds.)

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

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

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

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

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

**Debt Services:** Two function areas (70 and 71) and one Object (6500) are identified using this terminology "debt services." Function 70 is a major functional area that is used for expenditures that are used for the payment of debt principal and interest including Function 71.

Expenditures that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest fall under Function 71. Object 6500 covers all expenditures for debt service.

**Deferred Revenue:** Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

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

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

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

**Existing Debt Allotment (EDA):** Is the amount of state funds to be allocated to the district for assistance with existing debt.

**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





## GLOSSARY OF TERMS

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

**FTE: Full-Time Equivalent** measures the extent to which one individual or student occupies a fulltime position or provides instruction, e.g., a person who works four hours a day or a student that attends a half of a day represents a .5 FTE.

**Function:** Function codes identify the expenditures of an operational area or a group of related activities. For example, in order to provide the appropriate atmosphere for learning, school districts transport students to school, teach students, feed students and provide health services. Each of these activities is a function. The major functional areas are:

- Instruction and Instructional-Related Services
- Instructional and School Leadership
- Support Services - Student
- Administrative Support Services
- Support Services; Non-Student Based
- Ancillary Services
- Debt Service
- Capital Outlay
- Intergovernmental Charges

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

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

**General Fund:** This fund finances the fundamental operations of the district in partnership with the community. All revenues and expenditures not accounted for by other funds are included. This is a budgeted fund and any fund balances are considered resources available for current operations.

**I&S Tax Rate:** The tax rate calculated to provide the revenues needed to cover Interest and Sinking (I&S) (also referred to as Debt Service).

I&S includes the interest and principal on bonds and other debt secured by property tax revenues.

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

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

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

**Intergovernmental Charges:**

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

**Investments in Capital Assets, Net of Related Debt:**

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

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

**Local Tax:** This is all revenues from local real and personal property taxes, including recaptured funds from 1) Contracted Instructional Services





## GLOSSARY OF TERMS

Between Public Schools (Function 91) and 2) Incremental Costs associated with Chapter 41 of the Texas Education Code (Function 92).

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

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

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

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

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

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

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

### **Operating Revenues and Expenses:**

Term used in connection with the proprietary fund statement of revenues, expenses, and changes in net assets. The term is not defined as such in the authoritative accounting and financial reporting standards, although financial statement preparers are advised to consider the definition of operating activities for cash flows reporting in establishing their own definition.

**Other Local & Intermediate Revenues:** All local and intermediate revenues NOT from local real and personal property taxes including:

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

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

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

### **Payments for Shared Services Arrangements:**

Payments made either from a member district to a fiscal agent or payments from a fiscal agent to a member district as part of a Shared Services Arrangement (SSA). The most common types of SSAs relate to special education services, adult education services, and activities funded by the Elementary and Secondary Education Act (ESEA). Expenditures associated with this functional area are reported under Function 93.

**Payroll:** Payroll costs include the gross salaries or wages and benefit costs for services or tasks performed by employees at the general direction of the school district. This amount is recorded as





## GLOSSARY OF TERMS

Expenditure/Expense Object 6100. (NOTE: Payroll amounts do not include salaries for contract workers, e.g., for food service and maintenance. Therefore, this figure will vary significantly between districts and campuses that use contract workers and those that do not.)

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

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

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

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

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

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

**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.

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



## GLOSSARY OF TERMS

concern when district fund balances decrease.

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

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

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

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

### DISCLAIMER

**All of the information provided is believed to be accurate and reliable; however, TASBO and TSPRA assume no responsibility for any errors, appearing in this information or otherwise. Further, TASBO and TSPRA assume no responsibility for the use of the information provided.**





