

# Krum Independent School District

## Financial Management Report



Presented November 10, 2021

RATING YEAR  DISTRICT NUMBER



Financial Integrity Rating System of Texas

## 2020-2021 RATINGS BASED ON SCHOOL YEAR 2019-2020 DATA - DISTRICT STATUS DETAIL

<b>Name:</b> KRUM ISD(061905)	<b>Publication Level 1:</b> 8/4/2021 2:00:38 PM
<b>Status:</b> Passed	<b>Publication Level 2:</b> 8/6/2021 11:10:55 AM
<b>Rating:</b> A = Superior Achievement	<b>Last Updated:</b> 8/6/2021 11:10:55 AM
<b>District Score:</b> 96	<b>Passing Score:</b> 70

#	Indicator Description	Updated	Score
1	<u>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?</u>	6/8/2021 3:20:47 PM	Yes
2	<u>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.)</u>	6/8/2021 3:20:47 PM	Yes
3	<u>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.)</u>	6/8/2021 3:20:47 PM	Yes
4	<u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</u>	7/1/2021 9:01:30 AM	Yes Ceiling Passed
5	This indicator is not being scored.		
			1 Multiplier Sum
6	<u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	6/28/2021 11:04:39 AM	Ceiling Passed

7	<u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? See ranges below in the Determination of Points section.</u>	6/8/2021 3:20:48 PM	10
8	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.</u>	6/8/2021 3:20:48 PM	10
9	<u>Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days? See ranges below in the Determination of Points section.</u>	6/8/2021 3:20:48 PM	10
10	<u>Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?</u>	7/2/2021 1:12:11 PM	10
11	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? If the school district's increase of students in membership over 5 years was 7 percent or more, then the school district automatically passes this indicator. See ranges below in the Determination of Points section.</u>	6/8/2021 3:20:49 PM	8
12	<u>Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? See ranges below in the Determination of Points section.</u>	6/8/2021 3:20:49 PM	8
13	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</u>	6/8/2021 3:20:50 PM	10
14	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? If the student enrollment did not decrease, the school district will automatically pass this indicator.</u>	6/8/2021 3:20:50 PM	10
15	<u>Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections? See ranges below in the Determination of Points section.</u>	6/8/2021 3:20:50 PM	5
16	<u>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? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	6/8/2021 3:20:50 PM	Ceiling Passed
17	<u>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.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u>	6/8/2021 3:20:50 PM	Ceiling Passed
18	<u>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? (The AICPA defines material noncompliance.)</u>	6/8/2021 3:20:50 PM	10
19	<u>Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?</u>	6/8/2021 3:20:51 PM	5
20	<u>Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	6/8/2021 3:20:51 PM	Ceiling Passed
			96 Weighted

	Sum
	1 Multiplier Sum
	(100 Ceiling)
	96 Score

### DETERMINATION OF RATING

<b>A.</b>	Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is <b>F for Substandard Achievement</b> regardless of points earned.	
<b>B.</b>	Determine the rating by the applicable number of points.	
	<b>A = Superior Achievement</b>	90-100
	<b>B = Above Standard Achievement</b>	80-89
	<b>C = Meets Standard Achievement</b>	70-79
	<b>F = Substandard Achievement</b>	<70
<p><b>No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.</b></p> <p>The school district receives an <b>F</b> if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.</p>		

### CEILING INDICATORS

Did the school district meet the criteria for any of the following **ceiling indicators 4, 6, 16, 17, or 20**? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an **F = Substandard Achievement** Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.

Determination of rating based on meeting ceiling criteria.	Maximum Points	Maximum Rating
<b>Indicator 4</b> (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
<b>Indicator 6</b> (Average Change in Fund Balance) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
<b>Indicator 16</b> (PEIMS to AFR) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
<b>Indicator 17</b> (Material Weaknesses) - Response to indicator is <i>No</i> .	79	C = Meets Standard Achievement
<b>Indicator 20</b> (Property Values and Tax Discussion) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement

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FIRST 5.11.6.0



# *Disclosures*

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**1. Superintendent's Employment Contract**

The school district is to provide a copy of the superintendent's employment contract that is effective on the date of the Schools FIRST hearing in calendar year 2020.

STATE OF TEXAS  
COUNTY OF DENTON

INTERIM SUPERINTENDENT'S AGREEMENT

The BOARD OF TRUSTEES ("Board" or "District") of the KRUM INDEPENDENT SCHOOL DISTRICT; employs the undersigned Interim Superintendent, Mike Davis ("Interim Superintendent"), and Interim Superintendent accepts employment on the following terms and conditions:

1. The Interim Superintendent shall be employed as Interim Superintendent beginning on OCTOBER 15, 2020 and continuing from day to day until JUNE 30, 2022 or until either party terminates this agreement in accordance with the terms set forth herein. Interim Superintendent shall work according to the hours and dates set by the District.
2. The Board agrees to pay the Interim Superintendent a salary in the amount of \$130,000 per year, prorated in accordance with the actual period of time the Interim Superintendent provides services under this Contract. The Interim Superintendent's salary includes consideration for all duties and responsibilities contemplated by the job description for the position to which Interim Superintendent is assigned.
3. This agreement is conditioned on Interim Superintendent's satisfactorily providing the certification, if any is required, service records, and other records required by law, the Texas Education Agency, the State Board of Educator Certification, any other licensing authority, or the District. Misrepresentation or fraud by the Interim Superintendent in any of these records or the employment application shall be good cause for dismissal. Interim Superintendent represents that he has made written disclosure to the District of any conviction for a felony or any offense involving moral turpitude.
4. Failure to submit valid certification for the assignment, if any is required, to the District by the first day of assigned duties for the term covered by this agreement or to maintain valid certification throughout the term of the agreement voids the agreement, and the District may respond as it deems appropriate under the circumstances.
5. Interim Superintendent shall comply with and be subject to state and federal law and District policies, rules, regulations, and administrative directives, as they exist at the time the agreement begins or may be amended during the term of the agreement. Interim Superintendent shall faithfully perform to the satisfaction of the District all duties set forth in the job description or as assigned.
6. The District shall reimburse Interim Superintendent for reasonable expenses for performing his duties as Interim Superintendent. Such actual costs shall include reasonable travel performed on behalf of the District outside the Region-11 Education Service Center territory. The District agrees that the employee is permitted to use a school owned vehicle for travel to and from work and for district-related business. The District agrees to provide health and medical insurance coverage.

7. The District agrees to provide Interim Superintendent a legal defense to any and all demands, claims, suits, actions, and legal proceedings that arise or are brought against Interim Superintendent for conduct within the scope of his employment. The District's obligation to provide a legal defense to Interim Superintendent under this paragraph survives the termination of this Agreement.
8. Interim Superintendent shall satisfactorily submit or account for all reports, records, school equipment, or other required items at the end of the agreement term. Interim Superintendent agrees that the last salary payment under this agreement is conditioned upon receipt from Interim Superintendent of all such items, within the time specified by the District.
9. The Board may dismiss Interim Superintendent and terminate this agreement at any time by giving SIXTY (60) days notice in writing that the agreement will terminate in SIXTY (60) days. The Board may suspend the Interim Superintendent's employment, with or without pay, or terminate this Contract for good cause as determined by the Board, upon less than SIXTY (60) days notice in accordance with this agreement. The Parties agree that "good cause" for termination of this Contract includes the District's entering into an employment contract with a superintendent. The Parties further agree that the Interim Superintendent is being retained on a temporary or substitute basis and that the Interim Superintendent's relationship with the Board and the District is not governed by Texas Education Code chapter 21. In the event of termination or suspension without pay, the Interim Superintendent will be provided with an opportunity for hearing that comports with constitutional due process requirements.
10. After Interim Superintendent has begun service under this agreement, Interim Superintendent may resign from the agreement by giving the District SIXTY (60) written notice. Release under any other circumstance after service has begun shall be only with District approval, pursuant to local policy. If released from the agreement, Interim Superintendent shall receive any due and owing compensation at the next regular payroll disbursement.
11. This agreement is not a "term contract" subject to the provisions of Subchapter E, Chapter 21, of the Texas Education Code. No right to tenure or any other contractual obligation or other expectancy of continued employment or claim of entitlement is created beyond the agreement term.
12. If Board terminates this agreement or if Interim Superintendent resigns, employment ceases as of the effective date of that action, and Board's financial obligation to Interim Superintendent after that date extends only to earned compensation due and owing under this agreement.
13. The parties agree to waive attorney fees under Texas Local Government Code § 271.153 to the extent that attorney fees would otherwise be available under that law.
14. All procedures referenced in this Agreement or in Board policies relating to the resolution of any dispute arising from or related to the employment relationship are mandatory and shall constitute contractual adjudication procedures under Texas Local Government Code Section § 271.153. No District Interim Superintendent has the authority to waive a procedure required by this contract or Board policy.
15. This agreement is subject to all applicable federal and state laws, rules, and regulations. Invalidity of any portion of this agreement under the laws of the State of Texas or of the United States shall not affect the validity of the remainder of the agreement.



16. The parties agree that this agreement combines all prior agreements and representations concerning employment of the Interim Superintendent into one document. This agreement supersedes all prior agreements and representations concerning employment. No amendments to this agreement shall be binding unless authorized by the Board, reduced to writing, and signed by both parties.
17. Whenever this agreement requires notice to be provided to the Interim Superintendent such notice shall be delivered in accordance with this paragraph. Interim Superintendent agrees to keep a current address on file with the District's human resources office and the Board President. The Interim Superintendent agrees that the Board may meet any legal obligation it has to give Superintendent written notice regarding this Contract or the Interim Superintendent's employment by hand-delivering the notice to the Interim Superintendent or by sending the notice by certified mail, regular mail, and/or express delivery service to the Interim Superintendent's address of record.
18. Whenever this agreement requires notice to be provided to the Board of Trustees such notice shall be delivered in accordance with this paragraph. The Board agrees that the Interim Superintendent may meet any legal obligation he or she has to give the Board written notice regarding this Contract or the Interim 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 Interim 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 agreement and agree to abide by its terms and conditions:



Interim Superintendent's Signature

Date 10-15-2020

By: 

President, Board of Trustees

Date 10-15-2020

KRUM INDEPENDENT SCHOOL DISTRICT



# Disclosures

## 2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2020

For the Twelve-month Period Ended June 30, 2020											
Description of Reimbursements	Cody Carroll	Brad Andrus	Eric Borchardt	Mark Cofer	Sue Real	Terry Knight	Chris Farmer	Scott Edwards			
Meals	\$81.11	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0			
Lodging	\$165.00										
Transportation											
Motor Fuel											
Other	\$36.00										
Total	\$282.11	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0			

**Note** – The spirit of the rule is to capture all “reimbursements” for fiscal year 2017, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

**Meals** – Meals consumed off of the school district’s premises, and in-district meals at area restaurants (excludes catered meals for board meetings).

**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.



# Disclosures

### 3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2020

For the Twelve-Month Period Ended June 30, 202020	
Name(s) of Entity(ies)	N/A
	\$ 0
Total	\$ 0

**Note** – Compensation does not include business revenues from the superintendent’s livestock or agricultural-based activities on a ranch or farm. Report gross amount received (do not deduct business expenses from gross revenues). Revenues generated from a family business that have no relationship to school district business are not to be disclosed.



# Disclosures

## 4. Gifts Received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2020

For the Twelve-Month Period Ended June 30, 2020									
	Cody Carroll	Brad Andrus	Eric Borchardt	Mark Cofer	Sue Real	Terry Knight	Chris Farmer	Scott Edwards	
Summary Amounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**Note** – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification. (Any gifts received by their immediate family as described in Government Code, Chapter 573, Subchapter B, Relationships by Consanguinity or by Affinity will be reported under the applicable school official.)



# Disclosures

## 5. Business Transactions Between School District and Board Members for Fiscal Year 2020

For the Twelve-Month Period Ended June 30, 2020	Brad Andrus	Eric Borchardt	Mark Cofer	Sue Real	Terry Knight	Chris Farmer	Scott Edwards
Summary Amounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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



# Disclosures

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## Item 6 Other Information.

6. Any other information the board of trustees of the school district or open-enrollment charter school determines to be useful.