

Krum Independent School District
Financial Management Report



Presented October 2018



**Financial Integrity Rating
System of Texas**



Purpose

- Originated by SB218 of the 77th Texas Legislature in 2001.
- Expands the public education accountability system in Texas to include Financial Services.
- Primary goal to improve management of school district's financial resources.



Objectives

- Assess the quality of financial management in Texas public schools.
- Fairly evaluate the quality of financial management decisions.
- Openly report results to the general public.

**Scores based on summation of points on
15 indicators (Maximum of 100 points)**



Ratings Indicators

A = Superior	90-100
B = Above Standard	80-89
C = Meets Standard	60-79
F = Substandard Achievement	<60

**No points awarded on questions 1-5
Yes (Pass) or No (Fail)**



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?

YES

***Was the Annual Financial Report
filed by the deadline?***

Due Date = 12/28/2017

Date Submitted = 10/27/2017



Indicators

2.A. 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.)

YES

Indicator will be considered PASS if the District received a “clean audit” (unmodified opinion)



Indicators

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

YES

Indicator will be considered PASS if the District received audit report that states the District has no material weaknesses in internal controls.



Indicators

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

YES

This indicator will be considered PASS if there were no disclosures in the AFR and/or other sources of information concerning default bonded indebtedness obligations. The district was able to make all bond payments.



Indicators

4. Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?

YES

This indicator seeks to make sure the District fulfilled its obligation to these agencies to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the District.



Indicators

5. Was the total unrestricted net position balance (net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero?

YES

<i>Unrestricted Net Position</i>	<i>7,231,515</i>
<i>Plus: Accretion of Interest</i>	<i>2,141,412</i>
<i>Plus: Net Pension Liability</i>	<i><u>3,902,528</u></i>
<i>Total Unrestricted Net Position</i>	<i>13,275,455</i>



Indicators

6. 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)?

Yes – 10 points

District

State Standard

135 Days

90 Days

This indicator measures how long in days after the end of the fiscal year the District could have disbursed funds for its operating expenditures without receiving any new revenues.



Indicators

7. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?

Yes – 10 points

***District
3.5286***

***State Standard
3.00***

This indicator measures whether the school district had sufficient short-term assets to pay off its short-term liabilities.



Indicators

8. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?

Yes – 10 points

***District
0.6906***

***State Standard
0.60***

This indicator measures whether the school district had sufficient total assets to cover its long-term liabilities.



Indicators

9. 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 60 days?

Yes – 10 points

Ratio of .0388 > = 0

This indicator simply asks “did you earn more than you spent?” Secondly, is days of cash on hand > = to 60 days.



Indicators

10. Was the debt service coverage ratio sufficient to meet the required debt?

<i>Yes – 10 points</i>	<i>District</i>	<i>State Standard</i>
	1.8292	1.20

This indicator measures whether the school district has the ability to make debt principal and interest payments that will come due during the year. District has sufficient short-term assets to pay off its short-term liabilities.



Indicators

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

<i>Yes – 10 points</i>	<i>District</i>	<i>State Standard</i>
	<i>0.0847</i>	<i><0.1151</i>

This indicator measures the percentage of the budget the District spent on administration versus State ranges.



Indicators

12. 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 District will automatically pass this indicator)

***Yes – 10 points 2016-17 Enrollment 2,093
2014-15 Enrollment 2,064***



Indicators

13. Did the comparison of 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?

Yes – 10 points

<i>Sum of Differences</i>	36
<i>Total Entries</i>	21,717,479
	0.00% < 3.00%



Indicators

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? (The AICPA defines material noncompliance)

Yes – 10 points



Indicators

15. Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship? **Yes – 10 points**

This indicator asks if the district had to ask for an easy payment plan to return monies to TEA after spending the overpayment from the Foundation School Program state aid.



Passing Score on Indicators 1-5.

***Scored 100 Points out of the Maximum
100 Points on Indicators 6-15.***

Grade of 100 = Superior

Highest Score Possible



Disclosures

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 2018.



Disclosures

2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2017

For the Twelve-month Period Ended June 30, 2017								
Description of Reimbursements	Cody Carroll	Brad Andrus	Eric Borchardt	Mark Cofer	Sue Real	Terry Knight	Teddy Wiley	Scott Edwards
Meals	\$ 491.07	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90.00	\$ 0	\$ 30.00
Lodging	\$ 1,220.26					\$632.85		\$95.34
Transportation	\$230.25							
Motor Fuel	76.12							
Other	\$ 436.00		\$25.00	\$45.00	\$ 56.77		\$100.00	
Total	\$ 2,453.70	\$ 0	\$25.00	\$ 45.00	\$ 56.77	\$ 722.85	\$100.00	\$ 125.34

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 2017

For the Twelve-Month Period Ended June 30, 2017	
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 2017

For the Twelve-Month Period Ended June 30, 2017								
	Cody Carroll	Brad Andrus	Eric Borchardt	Mark Cofer	Sue Real	Terry Knight	Teddy Wiley	Scott Edwards
Summary Amounts	\$ 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 2017

For the Twelve-Month Period Ended June 30, 2017	Brad Andrus	Eric Borchardt	Mark Cofer	Sue Real	Terry Knight	Teddy Wiley	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

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.

Date given Superintendent: 01/10/2018

Date returned by Superintendent: 1/10/2018

STATE OF TEXAS

COUNTY OF DENTON

SUPERINTENDENT'S TERM CONTRACT

The BOARD OF TRUSTEES ("Board") of the KRUM INDEPENDENT SCHOOL DISTRICT ("KISD") and CODY CARROLL ("Superintendent") pursuant to Section 11.201 of the Texas Education Code agree to the following terms and conditions of employment as Superintendent for KISD.

I. Term

- 1.1 The Superintendent shall be employed on a 12-month basis, for a term of 3 years, commencing on July 1, 2018 and ending on June 30, 2021. This contract is not for a specific number of days within a year, and there are no "non-duty" days under this contract.
- 1.2 KISD may by action of the Board, and with the consent of the Superintendent, extend the term of this term contract.
- 1.3 The Board has not adopted any policy, rule, regulation, law, or practice providing for tenure. No right of tenure is created by this term contract. No property interest, express or implied, is created in continued employment beyond the contract term.

II. Employment

- 2.1 *Duties.* The Superintendent is the educational leader and chief executive of the district and shall faithfully perform the duties of the Superintendent of Schools for the KISD, as prescribed by Texas law and in the adopted job description and as may be assigned by action of the Board, and shall comply with all Board directives, state and federal law, district policy, rules, and regulations as they exist or may hereafter be amended. The Superintendent shall perform the duties of the Superintendent of Schools for the KISD with reasonable care, diligence, skill, and expertise and shall devote substantially all of his time, skill, labor, and attention to his employment and the performance of these duties during the term of this term contract.
- 2.2 *Professional Certification.* The Superintendent shall at all times during employment by KISD hold a valid certificate required of a superintendent by the State of Texas and issued by the Texas Education Agency or the State Board of Educator Certification and all other certificates required by law. The Superintendent represents that s/he has made written disclosure to the Board of any conviction for a felony or for any offense involving moral turpitude. The Superintendent shall also be subject to a criminal history record check, and his/her employment is contingent upon such results being favorable and consistent with information previously disclosed to the Board.
- 2.3 *Reassignment.* The Board may reassign the Superintendent to another position only if the Superintendent expressly consents in writing or is afforded notice and an opportunity for a hearing.
- 2.4 *Board Meetings.* The Superintendent shall attend all meetings of the Board, both open to the public and closed, unless a majority of the Board determines that the Superintendent should be excluded. The Superintendent generally shall be excluded from all or a portion of those closed meetings

devoted to the consideration of any matter regarding the Superintendent's employment, the Superintendent's salary and benefits, and the Superintendent's evaluation and from those closed meetings devoted to interpersonal relationships between individual Board members.

- 2.5 *Criticisms, Complaints.* Individual Board members shall refer to the Superintendent all substantive criticisms, complaints, and suggestions brought to their attention by employees or members of the public. The Superintendent shall look into the matter and direct a complainant to the appropriate policy for resolution of the complaint. When the matter is a substantive criticism or suggestion, the Superintendent shall investigate and make a report to the Board for its consideration.

III. Compensation and Benefits

- 3.1 *Salary.* During the first year of the contract, the KISD shall provide the Superintendent with an annual salary not less than \$ 153,448. The annual salary shall be paid to the Superintendent in equal monthly installments consistent with the Board's policies.
- 3.2 *Salary Adjustments.* The Board will consider all compensation regularly and determine if increases are warranted by performance, longevity, and general economic conditions. Such adjustments, if any, shall be effective on the July 1 following approval of the adjustment and shall be in the form of a written addendum to this term contract or a new contract shall be issued.
- 3.3 *Vacation, Holidays, Leave Benefit.* Subject to the Board's approval of the scheduling, the Superintendent may take 14 days of vacation per school year under this contract. These vacation days will be taken at times that will least interfere with the performance of the Superintendent's duties as set forth in this term contract. Unused vacation does not accumulate from year to year and cannot be converted into compensation at the termination of the employment relationship or any other time. The Superintendent shall observe the same holidays and breaks as provided by the Board's adopted annual calendar. The Superintendent shall be subject to the leave policies applicable to all employees as stated in adopted board policy.
- 3.4 *Auto Allowance and Telephone.* The Superintendent shall furnish his own transportation, fuel and cell phone.
- 3.5 *Health Benefits.* KISD shall pay the same premiums for hospitalization, major medical, and dental insurance coverage for the Superintendent pursuant to the group health care plan provided by KISD for its administrative personnel.
- 3.6 *Medical Examination.* The superintendent agrees to have a comprehensive medical examination at KISD's expense once each year and to obtain a statement certifying that he is able to perform the essential functions of the position. This statement shall be field with the president of the board.
- 3.8 *Civic Activities.* The Superintendent is encouraged to participate in community and civic affairs including chamber of commerce, civic clubs, governmental committees, and educational organizations. The cost of membership in such activities, if any and subject to Board approval in advance, shall be borne by the KISD.
- 3.9 *Professional Organizations.* The cost of membership in two professional organizations shall be borne by KISD.
- 3.10 *Legal Proceedings.* In a case when the Superintendent has no individual professional liability insurance coverage, KISD shall provide the Superintendent with a legal defense of the District's

choice, and the costs and expenses related to that defense for demands, claims, suits, actions, and legal proceedings brought against the Superintendent in his or her individual or official capacity as agent and employee of the KISD, provided that the Board determines that the Superintendent was acting in good faith and within the course and scope of his or her employment and that the legitimate interests of the KISD require legal defense on behalf of the public interest. KISD may purchase insurance to fulfill its obligation under this paragraph. KISD's obligation to provide legal defense under this paragraph shall survive the termination of this contract, but shall not survive the statute of limitations for any claim eligible for defense under this paragraph.

IV. Annual Performance Goals

- 4.1 *Development of Goals.* The Superintendent, in cooperation with the District-Level Planning and Decision-Making Committee, shall submit to the Board each year, for its consideration and adoption, a preliminary list of goals for the KISD. The goals approved by the Board shall at all times be reduced to writing and shall be among the criteria on which the Superintendent's performance is reviewed and evaluated.

V. Review of Performance

- 5.1 *Time and Basis of Evaluation.* The Board shall evaluate and assess in writing the performance of the Superintendent at least once each year during the term of this term contract. The evaluation and assessment shall be reasonably related to the duties of the Superintendent. The Board, at its discretion, may evaluate and assess the performance of the Superintendent as many times during the year as it deems appropriate. The evaluation of the Superintendent shall at all times be conducted in closed meeting.
- 5.2 *Evaluation Format and Procedure.* The evaluation format and procedure shall be adopted by the Board.

VI. Renewal or Nonrenewal of Term Contract

- 6.1 *Renewal/Nonrenewal.* Contract renewal or nonrenewal shall be in accordance with Board policy and Section 21.212 of the Texas Education Code. It is expressly agreed by the parties that "loss of confidence in the Superintendent by the Board" shall be a valid ground for nonrenewal pursuant to Section 21.212 of the Texas Education Code.
- 6.2 *Appeal.* If the Superintendent is aggrieved by the Board's decision, he or she may appeal to the Commissioner of Education in accordance with Subchapter G, Chapter 21, of the Texas Education Code.

VII. Termination of Contract

- 7.1 *Mutual Agreement.* This term contract may be terminated by the mutual agreement of the Superintendent and the Board in writing, upon such terms and conditions as are mutually agreed.
- 7.2 *Resignation.* 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 not later than the 45th day before the first day of instruction of the following school year.
- 7.3 *Retirement or Death.* This term contract shall be terminated upon the retirement or death of the Superintendent.

7.4 *Dismissal or Suspension Without Pay for Good Cause.* The Board may dismiss the Superintendent, or suspend without pay for a period not to extend beyond the end of a school year, during the term of this term contract for good cause, defined generally as failure to perform duties or responsibilities within the scope of employment or as set forth under the terms and conditions of this term contract that a Texas school superintendent of ordinary prudence would have done under the same or similar circumstances, including any conduct that is inconsistent with the continued existence of the Board-Superintendent relationship. The following are examples of conduct and situations which may constitute "good cause," but the term is not limited in meaning by this list:

- (1) Insubordination or failure to comply with written or oral directives issued by action of the Board or failure to comply with Board policies;
- (2) Any sexual misconduct with a student or employee or any conduct that endangers or has the potential to endanger the health or safety of one or more students or employees;
- (3) Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication when the Board has provided the Superintendent a reasonable opportunity to remediate any incompetence or inefficiency that is remediable;
- (4) Neglect of duties;
- (5) Drunkenness or excessive use of alcoholic beverages;
- (6) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Dangerous Drug Act or the Texas Controlled Substances Act;
- (7) Conviction of a felony or any crime involving moral turpitude; conviction of a lesser included offense pursuant to a plea when the original charged offense is a felony; deferred adjudication for a felony or any crime involving moral turpitude, when the conviction or deferred adjudication occurs during the term of employment;
- (8) Failure to meet the KISD's standards of professional conduct;
- (9) Failure to comply with reasonable KISD professional development requirements;
- (10) Excessive absences, i.e., absences not in compliance with district policy or procedures, including applicable state and federal law.
- (11) Immorality, which is conduct the Board determines is not in conformity with the accepted moral standards of the community encompassed by the KISD. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency, or depravity;
- (12) Failure to make a reasonable effort to achieve and maintain an effective working relationship or good rapport with parents, the community, or staff, unless the relationship or good rapport is not achieved or maintained due to no fault of the Superintendent.
- (13) Failure to make a reasonable effort to achieve and maintain an effective working relationship or good rapport with the Board, for any reason, in its sole and final determination;
- (14) Assault on an employee or student;

- (15) Falsifying records or documents related to the KISD's activities;
- (16) Misrepresentation of facts to the Board or other KISD officials in the conduct of the KISD's business; or
- (17) Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent.
- (18) Any other reason constituting "good cause" under Texas law.

7.5 *Termination or Suspension Without Pay Procedure.* In the event that the Board proposes to terminate this term contract or suspend the Superintendent without pay for "good cause," the Superintendent shall be afforded all the rights as set forth in Board policies and Subchapter F, Chapter 21, of the Texas Education Code.

VIII. Miscellaneous


- 8.1 *Controlling Law.* This term contract shall be governed by the laws of the State of Texas and shall be performed in Denton County, Texas, unless otherwise provided by law.
- 8.2 *Complete Agreement.* This term contract embodies the entire understanding between the parties and cannot be varied except by written agreement of the undersigned parties and Board approval of the new or additional writing at a lawfully called meeting. All existing term contracts, both oral and written, between the parties regarding the employment of the Superintendent are superseded by this term contract, and this term contract constitutes the entire agreement between the parties unless amended pursuant to this paragraph or other specific terms of this term contract.
- 8.3 *Conflicts.* In the event of any conflict between the terms, conditions, and provisions of this term contract and the provisions of the Board's policies or any permissive state or federal law, the terms of this term contract shall take precedence over the contrary provisions of the Board's policies or any such permissive law, unless otherwise prohibited by law.
- 8.4 *Savings Clause.* In the event any one or more of the provisions contained in this term contract shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision, and this term contract shall be construed as if such invalid, illegal, or unenforceable provision had never been included.

EXECUTED at the City of Krum, County of Denton and State of Texas, this 10th day of January 2018, pursuant to action of the Board of Trustees at a meeting held on January 10, 2018, for which there was a properly posted agenda that included an item related to employment of a superintendent.

KRUM INDEPENDENT SCHOOL DISTRICT

By: 
President Board of Trustees

ATTEST:


Board Secretary


Superintendent