

# **Crosby Independent School District**

## **Financial Management Report**

### **2017-2018 District Status**

**Public Meeting to Discuss Crosby ISD's State Financial  
Accountability Rating**

**November 18, 2019**

**Crosby ISD**  
**Financial Accountability Management Report**  
**2017-2018**

**Table of Contents**

Financial Accountability Management Report .....	1
Management’s Response and Corrective Action Plan to Failed Critical Indicators ...	4
District Status Detail .....	6
How Ratings are Assessed .....	9
Comparison of Indicators .....	13
Superintendent’s Current Employment Contract .....	15
Reimbursements Received by the Superintendent and Board Members .....	29
Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services .....	30
Gifts Received by Executive Officer and Board Members (and First Degree Relatives) .....	31
Business Transactions Between School District and Board Members .....	32

# **Crosby ISD**

## **Financial Accountability Management Report**

The Crosby ISD received a rating of “F” for “Substandard Achievement” under Texas’ Schools FIRST financial accountability rating system due to the late submission of the district’s annual financial report for 2017-2018. The District earned 62 out of 100 possible points and would have received a “C” for “Standard Achievement” if it had not failed critical indicator one relating to the timely submission of the annual financial report. The rating system measures the quality of a school district’s financial management and reporting system.

This is the 17<sup>th</sup> year of Schools FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76<sup>th</sup> Texas Legislature in 1999. Major changes to the Schools FIRST system were implemented by the Texas Education Agency in August 2015 that combined financial indicators with financial solvency indicators, in accordance with House Bill 5, 83<sup>rd</sup> Texas Legislature, Regular Session, 2013. The primary goal of Schools FIRST is to achieve quality performance in the management of school districts’ financial resources, a goal made more significant due to the complexity of accounting associated with Texas’ school finance system.

The Schools FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, as follows:

- A for Superior Achievement
- B for Above Standard Achievement
- C for Standard Achievement
- F for Substandard Achievement

The current rating system consists of fifteen indicators, five of which are critical indicators requiring a yes/no response with the remaining ten indicators being awarded points based on responses up to a maximum of one-hundred points. A district must answer “yes” to critical indicators one through five to receive a “Superior Achievement”, “Above Standard Achievement”, or “Standard Achievement” rating. If a district answers “no” to any one of the five critical indicators, the school district’s rating is “F” for “Substandard Achievement” regardless of the points earned. A district must score between 90 and 100 points to receive the “Superior Achievement” rating, 80 to 89 points to receive the “Above Standard Achievement” rating, and 60-79 points to receive the “Standard Achievement” rating. A score of less than 60 points receives a “Substandard Achievement” rating. For 2017-2018 data year, critical indicator five was not scored due to the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. TEA will re-evaluate this indicator for next year.

Crosby ISD answered “no” to critical indicator one regarding the timely submission of the annual financial report. This “no” response resulted in the “Substandard Achievement” rating. Crosby ISD also answered “no” to indicator 2.B regarding material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds; however, a “yes” response to critical indicator 2.A regarding an unmodified audit opinion allowed the District to pass critical indicator two. Management’s Response and Corrective Action Plan to address these two critical indicators begins on page 4. The corrective actions have already been implemented and completed. The District earned 62 out of 100 possible points and would have received a “C” for “Standard Achievement” if it had not failed critical indicator one.

The 2017-2018 District Status report is provided and contains each indicator and the result for the district. An explanation of the indicators is provided in the section entitled “How Ratings are Assessed.” The district’s financial management performance under each indicator for the current and previous year’s financial accountability ratings and the state-established standards are provided for comparison purposes. Additional disclosures as required by law are also included in this report.

The current Schools FIRST indicators are in place through the 2018-2019 data year. Beginning with the 2019-2020 data year, there will be twenty indicators. Two of

the current indicators have been deleted, a component of a critical indicator has been moved to a separate indicator, and six new indicators have been added.

**Crosby Independent School District**

14670 FM 2100 - P.O. Box 2009

Crosby, TX 77532

Phone: (281)328-9200 Fax: (281)328-9226

**Management's Response and Corrective Action Plan  
Schools FIRST Critical Indicators Failed for the 2017-2018 Data Year**

**Critical Indicator 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?**

The District's draft annual financial report for the fiscal year ended June 30, 2018 included findings that the District's management, financial advisor, and bond counsel believed were inaccurate and required clarification or correction. The process of clarification and correction took several months which caused the District to not meet the TEA annual financial report submission deadline.

The District has completed all corrective action plans for all findings included in the annual financial report for the fiscal year ended June 30, 2018.

District management will ensure that future audits are scheduled and completed in compliance with TEA deadlines.

Responsible Parties: Scott W. Davis, Superintendent and Lesa Jones, Chief Financial Officer  
Completion Date: November 2019

**Critical Indicator 2.B: 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 District's annual financial report for the fiscal year ended June 30, 2018 included two findings relating to material weakness in internal control over financial reporting and one finding relating to material weakness in internal control over compliance.

The District has completed all corrective action plans for all findings included in the annual financial report for the fiscal year ended June 30, 2018.

District management will establish and maintain effective internal control processes to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

New controls have been put in place to ensure the reliability of financial reporting, effectiveness

and efficiency of operations, and compliance with applicable laws and regulations. Internal control processes are continually under review, and additional controls will be put in place as needed.

Under new district management, the finance department has been reorganized, and finance department staff qualifications have been reviewed and addressed.

Responsible Parties: Scott W. Davis, Superintendent and Lesa Jones, Chief Financial Officer  
Completion Date: November 2019



**Financial Integrity Rating System of Texas**

**2018-2019 RATINGS BASED ON SCHOOL YEAR 2017-2018 DATA - DISTRICT STATUS DETAIL**

<b>Name:</b> CROSBY ISD(101906)	<b>Publication Level 1:</b> 8/7/2019 3:33:27 PM
<b>Status:</b> Failed	<b>Publication Level 2:</b> 8/8/2019 2:06:12 PM
<b>Rating:</b> F = Substandard Achievement	<b>Last Updated:</b> 8/8/2019 2:06:12 PM
<b>District Score:</b> 0	<b>Passing Score:</b> 60

#	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>	8/5/2019 11:29:18 PM	No
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.		
2.A	<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>	8/5/2019 11:29:18 PM	Yes
2.B	<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.)</u>	8/5/2019 11:29:19 PM	No
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>	8/5/2019 11:29:19 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?</u>	8/5/2019 11:29:19 PM	Yes
5	This indicator is not being scored.		
			0 Multiplier Sum
6	<u>Was the number of days of cash on hand and current investments in the general fund for the school</u>	8/5/2019	0

	<u>district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)</u>	11:29:20 PM	
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	8/5/2019 11:29:20 PM	4
8	<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 change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	8/5/2019 11:29:21 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?</u>	8/5/2019 11:29:21 PM	0
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	8/5/2019 11:29:22 PM	8
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	8/5/2019 11:29:22 PM	10
12	<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>	8/5/2019 11:29:23 PM	10
13	<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?</u>	8/5/2019 11:29:24 PM	10
14	<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>	8/5/2019 11:29:24 PM	0
15	<u>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?</u>	8/5/2019 11:29:24 PM	10
			62 Weighted Sum
			0 Multiplier Sum
			0 Score

## DETERMINATION OF RATING

<b>A.</b>	Did the district answer 'No' to Indicators 1, 3, 4, or 2.A? 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. (Indicators 6-15)
	<b>A = Superior</b> 90-100
	<b>B = Above Standard</b> 80-89
	<b>C = Meets Standard</b> 60-79

F = Substandard Achievement

<60

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.

Home Page: [Financial Accountability](#) | Send comments or suggestions to [FinancialAccountability@tea.texas.gov](mailto:FinancialAccountability@tea.texas.gov)

THE [TEXAS EDUCATION AGENCY](#)  
1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734

FIRST 5.7.1.0



## How Ratings are Assessed

---

### Rating Worksheet

Preliminary ratings are released by Texas Education Agency every calendar year during the summer. The Commissioner's Rules for School FIRST are contained in Title 19, Texas Administrative Code, Chapter 109, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System.

The School FIRST Communications Kit was updated in September 2018 to include changes in the Commissioner's Rule for School FIRST that were finalized in August 2018. The most substantive changes in August 2018 will be implemented by the Texas Education Agency beginning with ratings year 2020-2021 based primarily on data from fiscal year 2020.

During the phase-in period, the new School FIRST system has separate worksheets for rating years 2017-2018, 2018-2019, and 2019-2020 as compared to subsequent years.

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. Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.**

**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.)?**

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. 2.A. is a simple "Yes" or "No" indicator (see instructions under "2." for evaluating performance under "2.A" and "2.B." to arrive at the score for "2.").

**2.B. 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



## How Ratings are Assessed

---

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. 2.B. is a simple “Yes” or “No” indicator (see instructions under “2.” for evaluating performance under “2.A” and “2.B” to arrive at the score for “2.”).

**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 timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, photocopiers, etc.

**4. 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?**

This indicator seeks to make sure the district fulfilled its obligation to the TRS, TWC and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the district.

**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 Positions greater than zero? (If the school district's change of students in membership over 5 years was 7 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.

**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)?**

This indicator measures how long in



## How Ratings are Assessed

---

days after the end of the fiscal the school district could have disbursed funds for its operating expenditures without receiving any new revenues. Did you meet or exceed the target amount in School FIRST?

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

This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities. Did you meet or exceed the target amount in School FIRST?

### **8. 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 change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)**

This question is like asking someone if their mortgage exceeds the market value of their home. Were you below the cap for this ratio in School FIRST? Fortunately, this indicator recognizes that high-growth districts incur additional operating costs to open new instructional campuses.

### **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 to 60 days?**

This indicator simply asks, "Did you spend more than you earned?" (the

school district will automatically pass this indicator, if the school district had at least 60 days cash on hand.)

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

This indicator asks about the school district's ability to make debt principal and interest payments that will become due during the year. Did you meet or exceed the target amount in School FIRST?

### **11. 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?

### **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 school district will automatically pass this indicator.)**

If the school district had a decline in students over 3 school years, this indicator asks if the school district decreased the number of the staff on the payroll in proportion to the decline in students. (The school district automatically passes this indicator if there was no decline in students.)

### **13. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's**



## *How Ratings are Assessed*

---

### **AFR result in a total variance of less than 3 percent of all expenditures by function?**

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.

### **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.)**

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.

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

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.

**Crosby ISD**  
**Financial Accountability Management Report**  
**Comparison of Indicators**

		<b>State Established Standard</b>	<b>2017-2018 Data</b>	<b>2016-2017 Data</b>
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?	12/28/XX	02/21/2019	11/17/17
2.A	Was There An Unmodified Opinion In The Annual Financial Report On The Financial Statements As A Whole?	Unmodified Opinion	Unmodified Opinion	Unmodified Opinion
2.B	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?	True/False	False	True
3	Was The School District In Compliance With The Payment Terms Of All Debt Agreements At Fiscal Year End?	In Compliance	In Compliance	In Compliance
4	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?	True/False	True	True
5	Was the Total Unrestricted Net Asset/Position Balance (Net of Accretion of Interest on Capital Appreciation Bonds) In the Governmental Activities Column in the Statement of Net Assets/Position Greater than Zero? (1. If the District's 5 Year % Change in Students was 7% or more, then the district passes this indicator. 2. The sum of Total Unrestricted Net Asset Balance, Accretion of Interest for CABs, and Net Pension Liability was > 0.)	17-18: Indicator not being scored  16-17: >\$0 1. >=7% 2. > \$0	Indicator not being scored	-\$2,373,195  1. 16.11% 2. \$11,230,517
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)?	>=90 For Max Points	7.2613	9.7389
7	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?	>=3.00 For Max Points	1.8542	1.3632
8	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the District's 5 Year % Change in Students was 7% or more, then the district passes this indicator.)	<=0.60 For Max Points Or >=7%	17.96%	16.11%

		<b>State Established Standard</b>	<b>2017-2018 Data</b>	<b>2016-2017 Data</b>
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 to 60 days?	Yes or >=60 Days For Max Points	No	No
10	Was the debt service coverage ratio sufficient to meet the required debt service?	>=1.20 For Max Points	1.1751	2.0164
11	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	<=.1000 For Max Points	.0752	.0718
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 school district will automatically pass this indicator.)	Not 15% Decline Yes/No  No Decrease in Enrollment	3.51% Decline Yes  No Decrease in Enrollment	2.57% Decline Yes  No Decrease in Enrollment
13	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?	<3%	0.03%	0%
14	Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	Yes/No	No	Yes
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?	True/False	True	True



- (b) The Superintendent shall assume administrative authority and responsibility for the assignment and evaluation of all personnel of the District other than the Superintendent.
- (c) The Superintendent shall make recommendations regarding the selection of personnel of the District other than the Superintendent, as provided by Texas Education Code § 11.163.
- (d) The Superintendent shall initiate the termination or suspension of an employee or the nonrenewal of an employee's term contract.
- (e) The Superintendent shall manage the day-to-day operations of the District as its administrative manager.
- (f) The Superintendent shall prepare and submit to the Board a proposed budget as provided by Texas Education Code § 44.002.
- (g) The Superintendent shall prepare recommendations for policies to be adopted by the Board and oversee the implementation of adopted policies.
- (h) The Superintendent shall develop or cause to be developed appropriate administrative regulations to implement policies established by the Board.
- (i) The Superintendent shall provide leadership for the attainment of student performance in the District based on the indicators adopted under Texas Education Code § 39.051 and other indicators adopted by the State Board of Education or the District's Board.
- (j) The Superintendent shall organize the District's central administration.
- (k) The Superintendent shall perform any other duties assigned by the Board.

All duties assigned to the Superintendent by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.

2.2 **Professional Certification Records.** This Contract is conditioned on the Superintendent's providing a valid certification to act as superintendent in the state of Texas as prescribed by the laws of the state of Texas and the rules and regulations of the Texas Education Agency. The Superintendent shall at all times during the term of this Contract, and any renewal or extension thereof, hold and maintain a valid certificate required of a superintendent in the state of Texas. Further, the Superintendent shall provide the Board of the District with experience records, college transcripts, verification of earned degrees, medical records, proof of criminal records check, his Social Security Number, and other records reasonably required and specifically requested by the District for the personnel files or payroll purposes. Failure to provide such Superintendent certification shall render this Contract void, and any material misrepresentation by the Superintendent in such records may be grounds for termination.

2.3 **Reassignment.** The Superintendent shall not be reassigned from the position of Superintendent to another position without the Superintendent's express written consent.

2.4 **Board Meetings.** The Superintendent shall attend, and shall be permitted to attend, all meetings of the Board, both public and closed, with the exception of those closed meetings devoted to the consideration of any action or lack of action on the Superintendent's Contract or the Superintendent's salary and benefits as set forth in this Contract, or the Superintendent's evaluation, or for purposes of resolving conflicts between individual Board members, or when the Board is acting in its capacity as a tribunal. In the event of illness or Board President approved absence, the Superintendent's designee shall attend such meetings.

2.5 **Criticisms, Complaints, and Suggestions.** 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.

2.6 **Residence.** No later than September 1, 2018, the Superintendent shall establish his primary residence within the geographic boundaries of the District, and shall maintain such primary residence within the District at all times during the term of this Contract or any extension thereof.

### 3. **COMPENSATION AND SALARY**

3.1 **Annual Base Salary.** The Superintendent shall be paid an annual base salary in the sum of One Hundred Ninety-Eight Thousand and No/100 Dollars (\$198,000.00) effective July 1, 2018. This amount will be paid in installments in accordance with Board policy, if any, applicable to district-wide administrative staff or school district administrative procedures applicable to district-wide administrative staff.

3.2 **Salary Adjustments.** At any time during the term of this Contract, the Board may, at its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary set forth in Subsection 3.1 of this Contract except by mutual agreement of the Board and the Superintendent. Such adjustments, if any, shall be in the form of a written addendum to this Contract or a new contract, and such adjustment shall be exclusive of any insurance policy or other benefits unless specifically provided in the addendum or new contract. Unless agreed to otherwise, during the month of June in 2019 and for each subsequent contract year, the Board shall review the salary of the Superintendent and consider any appropriate adjustment.

3.3 **Business Expenses.** The District shall pay or reimburse the Superintendent for reasonable expenses incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract pursuant to Board policy or Board approval. The District agrees to pay reasonable actual and incidental costs incurred by the Superintendent for travel outside of the District. Such actual or incidental costs may include, but are not limited to,

gasoline, hotels and accommodations, meals, rental car, and other expenses incurred in the performance of the business of the District. The Superintendent shall comply with all policies, procedures, and documentation requirements in accordance with Board policies and established procedures which shall be subject to review by the District's independent auditors. The Board shall retain the authority to refuse any reimbursement request that is determined to be excessive or which the Board reasonably believes falls outside the scope of the Superintendent's duties.

3.4 **Supplemental Pay.** Annually, the District agrees to pay the Superintendent annual supplemental pay in the amount equivalent to the annual premium for TRS ActiveCare 2 Family Premium for the Superintendent and his family pursuant to the school district health plan. This annual supplemental pay shall be paid to the Superintendent in equal installments consistent with the Board's policies and will increase annually to correspond with the annual premium for TRS ActiveCare 2 Family Premium for the Superintendent and his family pursuant to the school district health plan for the remainder of this contract term. On an ongoing basis, the Superintendent is to use his own private funds to personally and directly pay for any and all premiums for hospitalization/major medical/health insurance, including vision insurance of any nature to provide coverage for the Superintendent, his spouse and his dependents.

3.5 **Civic Activities.** The Superintendent is encouraged to participate in community and civic affairs. The expense of such activities, subject to Board approval, shall be borne by the District.

3.6 **Computer and iPad.** The District shall provide a computer and an iPad for the Superintendent's business and personal use, at the sole cost and expense of the District. The Superintendent may, in the Superintendent's discretion, purchase a new replacement computer and iPad every two years during the term of this Contract for the advantages offered by the then current technology.

#### 4. **OTHER BENEFITS**

4.1 **Administrative Benefits.** The Board shall provide the Superintendent with all the same benefits applicable to twelve-month administrative employees in accordance with Board policy unless otherwise stated in this Contract, in which case this Contract supersedes such administrative benefits.

4.2 **Personal and Sick Leave.** The Superintendent shall have the same sick and personal leave benefits as authorized by Board policy for administrative employees who are employed under twelve-month contracts. The Superintendent shall be entitled to the use of and accumulation of sick leave in accordance with state law and Board policy.

4.3 **Vacation, Non-Duty Days, and Holidays.** The Superintendent may take, at his choice, the same number of vacation days authorized by District policy for administrative employees who are employed under twelve-month contracts. The Superintendent's accrued and unused vacation days may be accumulated from year to year and carried over into subsequent years of this Contract up to a fifteen (15) day limit. Vacation days should be taken by the Superintendent, in the Superintendent's reasonable discretion, at a time or times that will least interfere with the

performance of the Superintendent's duties set forth in this Contract. The Superintendent shall provide timely notice to the Board President of his use of vacation days. The Superintendent shall observe the same legal holidays and non-duty days as those observed by other administrative employees who are employed under twelve-month contracts. The Superintendent shall work at least two hundred and twenty six (226) days during each year of this Contract.

4.4 **Moving Expenses.** On or before August 1, 2018, the District shall pay the Superintendent a flat sum in the total amount of Five Thousand Dollars (\$5,000.00) to cover all of the Superintendent's reasonable moving expenses related to the Superintendent's move to Crosby, Texas.

4.5 **Automobile Allowance.** The Superintendent shall not receive an automobile allowance under this Contract. The Superintendent shall provide his own vehicle, which shall be maintained as to satisfactory appearance and working condition by the Superintendent and which may be used for business or personal use. The Superintendent shall purchase and maintain in force appropriate liability insurance for his vehicle at all times during the term of this Contract or any extension thereof. The Superintendent shall be reimbursed for reasonable and necessary business travel in his vehicle outside of the District at the District's established mileage reimbursement rate.

4.6 **Professional Growth.** The Superintendent may attend and participate in appropriate professional meetings at the local, state, and national level. Membership fees shall be paid for the Superintendent for the National School Board Association, the American Association of School Administrators, the Texas Association of School Boards, and the Texas Association of School Administrators. Reasonable travel expenses will be paid for the Superintendent to attend the annual conventions of these associations each calendar year and any other conventions or meetings selected by the Board of Trustees and the Superintendent, including the Commissioner's Mid-Winter Conference, TASA's Superintendent's Summer Conference and meetings of the TASA State UIL Advisory Committee. Attendance at or participation in area, regional and state meetings of the aforementioned associations or groups by the Superintendent shall not interfere with the required duties of the Superintendent within the District. The Superintendent shall also be reimbursed for at least two (2) membership fees for local civic clubs or organizations such as the local Chamber of Commerce or local Rotary Club.

## 5. **EMPLOYMENT PERFORMANCE**

5.1 **Development of Goals.** On or before September 1st of every year during the term of this Contract, the Superintendent and the Board shall develop the goals for the District. The goals approved by the Board shall be reduced to writing and shall be among the criteria on which the Superintendent's performance will be reviewed and evaluated.

5.2 **Review of Performance.** Unless agreed otherwise, the Board shall evaluate and assess in writing the performance of the Superintendent annually in June 2019 and in June of any subsequent year of this Contract or any extension thereof. The evaluation and assessment shall be related to the duties of the Superintendent as outlined in the Superintendent's job description and to the adopted annual goals outlined in Subsection 5.1. The Superintendent shall provide a written reminder to the Board of its evaluation obligation at least 30 days prior to the Regular

Called Board Meetings in June. The evaluation format and procedure shall be in accordance with the Board's policies and state and federal law. Unless the Superintendent and the Board specifically agree otherwise in writing, in accordance with applicable law all meetings, conferences, and discussions concerning the Superintendent's performance shall be held in closed or executive session and shall be considered confidential to the extent permitted by law. In the event the Board deems that the evaluation instrument, format and/or procedure is to be modified by the Board and such modifications would require new or different performance expectations, the Superintendent shall be provided a reasonable period of time to demonstrate such expected performance before being evaluated.

## 6. TERMINATION OF EMPLOYMENT CONTRACT

6.1 **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.

6.2 **Death, Retirement.** This Contract shall be terminated upon the death or retirement of the Superintendent.

6.3 **Dismissal for Good Cause.** The Board may dismiss the Superintendent at any time for good cause in accordance with any applicable state and federal law and any relevant Board policies. The Board agrees that consolidation with another school district, if such consolidation were to occur, does not constitute good cause for termination or non-renewal of this Contract

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.

6.4 **Procedure for Good Cause Dismissal.** In the event the Board proposes to terminate the Contract for good cause, the Superintendent shall be afforded the rights set forth in the Board's policies and applicable state and federal law.

6.5 **Termination for Disability.** In the event that the Superintendent becomes physically or mentally disabled and is no longer able to perform the essential functions of his position under this Contract with reasonable accommodation that does not cause materially undue hardship to the District, the Board may terminate this Contract and the employment of the Superintendent; provided, however, that the Board may terminate this Contract pursuant to this Section 6.5 only following (a) the Superintendent's use of all then accrued and unused state and local sick leave and personal leave days and (b) the Superintendent's continued physical or mental disability and inability to perform the essential functions of his position under the terms outlined above following the Superintendent's use of all such accrued and unused sick and personal leave days. Verification of the illness or disability of the Superintendent shall be required, at the District's sole expense, whenever a majority of the Board requests it, but no more frequently than once per Contract year. Verification shall be by a physician designated by the Board and Superintendent; however, should the Board and Superintendent be unable to agree, the physician shall be the physician (or such physician's designee) chosen under Subsection 4.4. Should the Superintendent be terminated under this Section due to such physical or mental disability, the Superintendent shall be entitled to six (6) months of his annual base salary set out in Subsection 3.1. Except for the payments set out herein, the District shall have no further liability to the Superintendent for any other compensation or benefits.

6.6 **Extension of Contract Term by the Board.** The Board may, in its discretion, extend the term of this Contract at any time, but there is no requirement that it do so.

6.7 **Non-Renewal of Contract.** The Board may choose not to renew this Contract upon its expiration. The Board will provide the Superintendent with notice of proposed nonrenewal of this Contract including the reason for nonrenewal not later than the 45th day before the expiration of the Contract as stated in Subsection 1.1. In the event that notice of proposed nonrenewal is not given to the Superintendent on or before the 45th day before the expiration of the Contract, the Superintendent shall be employed in the same professional capacity and upon the same terms described in this Contract other than length of Contract for the following school year. The nonrenewal of this Contract shall be effectuated in accordance with Board policy and applicable state and federal law.

## 7. MISCELLANEOUS

7.1 **Governing Law.** This Contract shall be governed by the laws of the state of Texas, and shall be performable in Harris County, Texas.

7.2 **Complete Agreement.** This Contract embodies the entire agreement between the parties, and, except as expressly provided herein, cannot be changed, altered or amended except by written amendment signed by both parties.

7.3 **Professional Liability.** To the extent it may be permitted to do by applicable law, including, but not limited to Texas Civil Practice & Remedies Code Chapter 102, the District does hereby agree to defend, hold harmless, and indemnify Superintendent from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against Superintendent in the Superintendent's individual or official capacity as an employee and as Superintendent of the District, providing the incident(s), which is (are) the basis of any such demand, claim, suits, actions, judgments, expenses and attorneys' fees, arose or does arise in the future from an act or omission of Superintendent as an employee of the District, acting within the course and scope of Superintendent's employment with the District; excluding, however, any such demand, claim, suits, actions, judgments, expenses and attorneys' fees for those claims or any causes of action where it is determined that Superintendent committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith, or with conscious indifference or reckless disregard, nor does it apply to criminal investigations or proceedings, nor to any investigations or proceedings in which the District and the Superintendent are adverse to each other; and excluding any costs, fees, expenses or damages that would be recoverable or payable under an insurance contract, held either by the District or by Superintendent. The selection of Superintendent's legal counsel shall be with the mutual agreement of Superintendent and the District if such legal counsel is not also District's legal counsel. A legal defense may be provided through insurance coverage, in which case Superintendent's right to agree to legal counsel provided for him will depend on and be subject to the terms of the applicable insurance contract. To the extent this Section 7.3 exceeds the authority provided and limitations imposed by Texas Civil Practice & Remedies Code, Chapter 102, it shall be construed and modified accordingly. In no event shall any individual Board member, present or future, be personally liable for defending or indemnifying the Superintendent against any such demands, claims, suits, actions and legal proceedings.

7.3.1 During the term or any extended term of this Contract, the Superintendent shall cooperate with the District in the defense of any and all demands, claims, suits, actions and legal proceedings brought against the District.

7.3.2. After termination of this Contract, the Superintendent agrees to provide reasonable assistance to and cooperate with the District, its Trustees, agents, and attorneys in response to, or in defense of, any demand, claim, complaint, suite, action or legal proceeding brought against the District, its Trustees, or agents, arising from any acts or events alleged to have occurred during the term of Superintendent's employment with the District, at no additional expense to the District other than reimbursement to Superintendent for his documented reasonable and necessary out-of-pocket expense, plus reimbursement of any salary loss by Superintendent by

virtue of his taking time off from his then current employment to assist the District at its request. If Superintendent is not employed at the time, the District shall compensate Superintendent at Superintendent's daily rate of pay, calculated by dividing the salary (Section 3.1) under the most current contract by 240. Requests for assistance from Superintendent with respect to such matters shall be made through the Board of Trustees' President, any successor superintendent, and/or legal counsel for the District, and the amount to be reimbursed to Superintendent shall be mutually agreed upon in advance.

7.3.3 Except as expressly set forth herein, both the District's obligation and the Superintendent's obligation under this Section 7.3 shall survive the termination of this Contract.

7.4 **Notification of Board Members.** A copy of this Contract shall be provided to all present members of the Board of Trustees and to each new Trustee as they are elected or appointed.

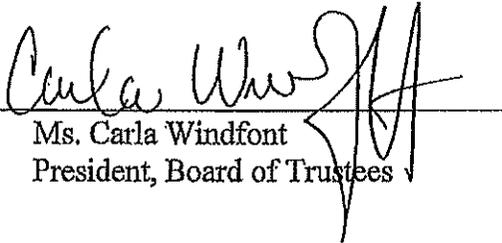
7.5 **Conflicts.** In the event of any conflict between the terms, conditions, and provisions of this Contract and the provisions of the Board's policies, or any permissive state or federal law, then, unless otherwise prohibited by law, the terms of this Contract shall take precedence over the contrary provisions of the Board's policies or any such permissive law during the term of the Contract.

7.6 **Savings Clause.** In the event any one or more of the provisions contained in this Contract shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. All existing agreements and contracts, both verbal and written, between the parties hereto regarding the employment of the Superintendent have been superseded by this Contract, and this Contract constitutes the entire agreement between the parties unless amended pursuant to the terms of this Contract.

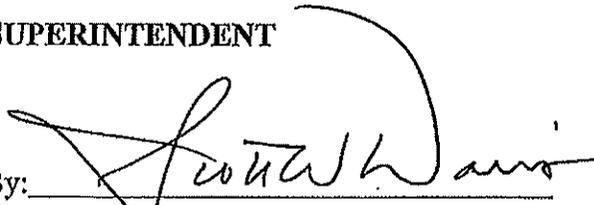
*[Remainder of Page Intentionally Blank]*

WITNESS THE EXECUTION HEREOF IN DUPLICATE ORIGINALS as of this  
\_\_\_ day of June, 2018.

**BOARD OF TRUSTEES  
CROSBY INDEPENDENT SCHOOL  
DISTRICT**

By:   
Ms. Carla Windfont  
President, Board of Trustees

**SUPERINTENDENT**

By:   
Dr. Scott Davis

**FIRST AMENDMENT TO**  
**SUPERINTENDENT'S CONTRACT OF EMPLOYMENT**

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

WHEREAS, the Board of Trustees ("Board") of the Crosby Independent School District, met on January 22, 2019;

WHEREAS, at the meeting on January 22, 2019, the District, pursuant to his Superintendent's Contract of Employment ("Contract"), offered Dr. Scott Davis an amendment to his Contract;

WHEREAS, Dr. Davis accepted the amendment to the Contract;

NOW, THEREFORE, pursuant to the authority of § 11.201 of the Texas Education Code, the general laws of the state of Texas and Section 7.2 of the Contract, the Board and Dr. Davis agree as follows:

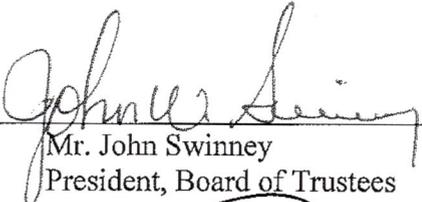
I.

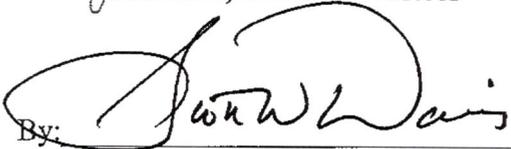
Subsection 1.1 of the Superintendent's Contract of Employment executed on June 12, 2018, is amended and revised as follows:

1.1     **Term.** The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment as Superintendent of Schools for the District accepts employment as Superintendent of Schools for the District from today through and ending on June 30, 2022. In all years of this Contract, the contract year shall be from July 1st through June 30th. The District may, by action of the Board, and with the consent and approval of the Superintendent, extend the term of this Contract as permitted by state law.

EXECUTED this \_\_\_\_ day of \_\_\_\_\_, 2019 and effective January 22, 2019.

BOARD OF TRUSTEES  
CROSBY INDEPENDENT SCHOOL  
DISTRICT

By:   
Mr. John Swinney  
President, Board of Trustees

By:   
Dr. Scott Davis  
Superintendent of Schools

**SECOND AMENDMENT TO  
SUPERINTENDENT'S CONTRACT OF EMPLOYMENT**

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

WHEREAS, the Board of Trustees ("Board") of the Crosby Independent School District, met on July 1, 2019;

WHEREAS, at the meeting on July 1, 2019, the District, pursuant to his Superintendent's Contract of Employment ("Contract"), offered Dr. Scott Davis an amendment to his Contract;

WHEREAS, Dr. Davis accepted the amendment to the Contract;

NOW, THEREFORE, pursuant to the authority of § 11.201 of the Texas Education Code, the general laws of the state of Texas and Section 7.2 of the Contract, the Board and Dr. Davis agree as follows:

I.

Subsection 3.1 of the Superintendent's Contract of Employment executed on June 12, 2018, is amended and revised as follows:

**3.1 Annual Base Salary.** The Superintendent shall be paid an annual base salary in the sum of Two Hundred Seventeen Thousand and Eight Hundred and No/100 Dollars (\$217,800.00) effective July 1, 2019. This amount will be paid in installments in accordance with Board policy, if any, applicable to district-wide administrative staff or school district administrative procedures applicable to district-wide administrative staff.

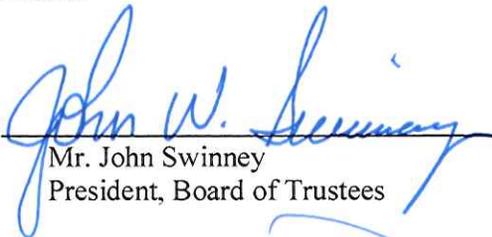
Subsection 4.3 of the Superintendent's Contract of Employment executed on June 12, 2018, is amended and revised as follows:

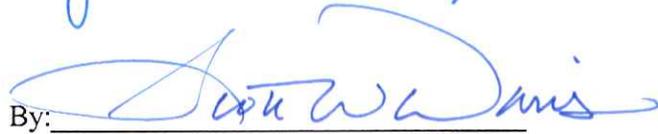
**4.3 Vacation, Non-Duty Days, and Holidays.** The Superintendent may take, at his choice, the same number of vacation days authorized by District policy for administrative employees who are employed under twelve-month contracts, plus an additional five (5) non-duty days each contract year. The Superintendent's accrued and unused vacation days may be accumulated from year to year and carried over into

subsequent years of this Contract up to a fifteen (15) day limit. Vacation days should be taken by the Superintendent, in the Superintendent's reasonable discretion, at a time or times that will least interfere with the performance of the Superintendent's duties set forth in this Contract. The Superintendent shall provide timely notice to the Board President of his use of vacation days. The Superintendent shall observe the same legal holidays and non-duty days as those observed by other administrative employees who are employed under twelve-month contracts. The Superintendent shall work at least two hundred and twenty six (226) days during each year of this Contract.

EXECUTED this 1<sup>st</sup> day of July, 2019 and effective on July 1, 2019.

BOARD OF TRUSTEES  
CROSBY INDEPENDENT SCHOOL  
DISTRICT

By:   
Mr. John Swinney  
President, Board of Trustees

By:   
Dr. Scott Davis  
Superintendent of Schools

## Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period  
Ended June 30, 2018

Description of Reimbursements	Keith Moore Superintendent	Kirk Lewis Superintendent	Carla Mills Windfont	John Swinney	Cathi Hughes	Tanya Eagleton	John Lindsey	David Porter	Randy Condra
Meals	13.91	283.33	149.28	85.70	41.91	148.08	113.70	0.00	0.00
Lodging	1226.13	903.84	4060.37	777.98	1335.21	3476.53	805.58	454.08	819.39
Transportation	782.91	904.16	785.07	240.35	301.39	866.40	240.35	0.00	0.00
Motor Fuel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	1024.00	65.00	1945.00	875.00	580.00	2420.00	865.00	0.00	125.00
<b>Total</b>	<b>\$3,046.95</b>	<b>\$2,156.33</b>	<b>\$6,939.72</b>	<b>\$1,979.03</b>	<b>\$2,258.51</b>	<b>\$6,911.01</b>	<b>\$2,024.63</b>	<b>\$454.08</b>	<b>\$944.39</b>

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.



**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 June 30, 2018

Keith Moore Superintendent	\$0	Kirk Lewis Superintendent	\$0	Carla Mills Windfont	\$0	John Swinney	\$0	Cathi Hughes	\$0	Tanya Eagleton	\$0	John Lindsey	\$0	David Porter	\$0	Randy Condra	\$0
<b>Total</b>																	

**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 June 30, 2018

Carla Mills	John	Tanya	John	David	Randy
Windfont	Swinney Cathi Hughes	Eagleton	Lindsey	Porter	Condra
\$0	\$0	\$0	\$0	\$0	\$0

**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.