Waller
Independent School District

F.I.R.S.T.

FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS REPORT



2020-21 rating based on 2019-20 data

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INTRODUCTION

The Financial Accountability Rating System of Texas (FIRST) was developed by the Texas Education Agency (TEA) in response to Senate Bill 875 of the 76th Texas Legislature in 1999. It is administered by TEA and calculated on information submitted to TEA via our Public Education Information Management System (PEIMS) submission each year.

During the 77th regular session of the Texas Legislature in 2001, Senate Bill 218 was passed and signed into law by Governor Perry shortly thereafter. This law requires each school district to prepare an annual financial accountability report, within two months of receiving the official ratings. The primary goal of 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 primary objective of the rating system is to assess the quality of financial management in Texas public schools. A secondary objective is to measure and report the extent to which financial resources in Texas public schools assure the maximum allocation possible for direct instructional purposes. Other objectives reflect the implementation of a rating system that fairly and equitably evaluates the quality of financial management decisions.

Major changes to the FIRST system were implemented by TEA in August 2015 that combined financial indicators with financial solvency indicators, in accordance with House Bill 5 of the 83rd Texas Legislature in 2013. These changes were phased-in over three years. The 2020-2021 rating (based on 2019-2020 data) FIRST report consists of 20 base indicators, one of which was not scored by TEA.

The FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts: "A" for "Superior"; "B" for "Above Standard"; "C" for "Meets Standard"; and "F" for "Substandard Achievement." Districts that receive the "Substandard Achievement" ratings under FIRST must file a corrective action plan with TEA.

Within two months after receipt of the final FIRST rating, each school district must announce and hold a public hearing to distribute a financial management report that explains the district's performance under each of the 20 base indicators and the district's rating.

This is the 19th year of the FIRST rating system. Waller Independent School District currently has a rating of "C" for "Meets Standard" for 2020-2021 based on the 2019-2020 fiscal year, with 15 out of 20 indicators receiving the highest possible point total. This report briefly focuses on the details of what the district has accomplished to obtain this rating.

Texas Education Agency

To the Administrator Addressed

Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • tea.texas.gov

DATE:	**November 5, 2021**
SUBJECT:	**Official Notification of the 2020–2021 Release of Final FIRST Ratings**
CATEGORY:	**Information Update**
NEXT STEPS:	**Complete required reporting**

Final 2020–2021 Financial Integrity Rating System of Texas (FIRST) ratings based on fiscal year 2020 are now publicly available on the Texas Education Agency (TEA) website:

- School districts
- Open-enrollment charter schools and charter schools operated by Institutions of Higher Education (IHE)

A previous "To the Administrator Addressed" letter dated August 6, 2021, instructed your school district or charter school (local educational agency or LEA) to view its *preliminary* FIRST rating. The letter also provided information about the data the TEA analyzes to produce the rating and described the appeal process available to your LEA. This appeals process is now complete, and the FIRST ratings are final.

Required Reporting

Within two months of the release of its final FIRST rating, your LEA must announce and hold a public meeting to distribute a financial management report that explains the LEA's rating and its performance under each indicator for the current and previous year's ratings. The report also must provide the financial information described in 19 Texas Administrative Code (TAC) §109.1001(q)(3). We encourage your LEA to include in the report additional information that will be beneficial to stakeholders, especially information explaining any special circumstances that may have affected the LEA's performance under one or more of the indicators.

The required newspaper notice to inform taxpayers of the meeting must be published no more than 30 days and no fewer than 10 days before the public meeting. Your LEA may combine the meeting with a scheduled regular meeting of the board of trustees.

For full requirements related to the report and meeting, see 19 TAC §109.1001(q). For a template that your LEA can use in developing its financial management report, see the TEA School FIRST web page for school districts or FIRST Rating for Charter Schools web page.

Special Note on Required Reporting During the COVID-19 Pandemic

A district or charter school may hold a virtual hearing and take virtual testimony in conformance with COVID-19 resources and guidelines published by the Office of the Attorney General and Texas Department of Information Resources. TEA will consider a hearing held in conformance with such resources and guidelines as compliant with the hearing location and participation requirements of 19 TAC §109.1001(q)(4). The district must, however, continue to follow all other hearing-related and notice requirements of the rule.

Accreditation Status
Please note that the TEA considers an LEA's FIRST rating when assigning an accreditation status, as required by the accreditation status rules in 19 TAC §97.1055.

Contact for Further Information
If you have questions about your LEA's FIRST rating, please contact financialaccountability@tea.texas.gov.

David Marx, CPA
Director, Financial Compliance Division
School Finance Department

FIRST

Financial Integrity Rating System of Texas

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

Name: **WALLER ISD**(**237904**)	**Publication Level 1:** 8/4/2021 2:00:38 PM
Status: **Passed**	**Publication Level 2:** 8/6/2021 11:10:55 AM
Rating: C = Meets Standard Achievement	**Last Updated:** 8/6/2021 11:10:55 AM
District Score: 74	**Passing Score:** 70

#	Indicator Description	Updated	Score
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?	6/8/2021 4:23:54 PM	Yes
2	Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)	6/8/2021 4:23:54 PM	Yes
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.)	6/8/2021 4:23:54 PM	Yes
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? (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.)	7/1/2021 9:16:21 AM	Yes Ceiling Passed
5	This indicator is not being scored.		
			1 Multiplier Sum
6	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.)	6/28/2021 11:19:51 AM	Ceiling Passed

7	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.	6/8/2021 4:23:55 PM	0
8	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.	6/8/2021 4:23:55 PM	10
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? See ranges below in the Determination of Points section.	6/8/2021 4:23:55 PM	0
10	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?	7/2/2021 2:11:41 PM	10
11	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.	6/8/2021 4:23:57 PM	10
12	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.	6/8/2021 4:23:57 PM	6
13	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.	6/8/2021 4:23:57 PM	8
14	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.	6/8/2021 4:23:58 PM	10
15	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.	6/8/2021 4:23:58 PM	5
16	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.)	6/8/2021 4:23:58 PM	Ceiling Passed
17	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.)	6/8/2021 4:23:58 PM	Ceiling Passed
18	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.)	6/8/2021 4:23:58 PM	10
19	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?	6/8/2021 4:23:58 PM	5
20	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.)	6/8/2021 4:23:58 PM	Ceiling Passed
			74 Weighted

			Sum
			1 Multiplier Sum
			(100 Ceiling)
			74 Score

DETERMINATION OF RATING

A.	Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is **F for Substandard Achievement** regardless of points earned.	
B.	Determine the rating by the applicable number of points.	
	A = Superior Achievement	90-100
	B = Above Standard Achievement	80-89
	C = Meets Standard Achievement	70-79
	F = Substandard Achievement	<70

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.

The school district receives an **F** 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.

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**
Indicator 4 (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
Indicator 6 (Average Change in Fund Balance) - Response to indicator is *No*.	89	B = Above Standard Achievement
Indicator 16 (PEIMS to AFR) - Response to indicator is *No*.	89	B = Above Standard Achievement
Indicator 17 (Material Weaknesses) - Response to indicator is *No*.	79	C = Meets Standard Achievement
Indicator 20 (Property Values and Tax Discussion) - Response to indicator is *No*.	89	B = Above Standard Achievement

2020-21 FIRST Rating

Based on School Year 2019-20 Data

Explanation of Indicators and Indicator Results

1. **Was the complete annual financial report 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?**

   Explanation of Indicator: This indicator seeks to make certain the district has filed the annual financial report by the required deadline.

   Indicator Results/Points: Yes/Passed; WISD's annual financial report was due to TEA on February 28, 2021 and received by TEA on January 15, 2021.

2. **Review the AFR for an unmodified opinion and material weaknesses.**

   Explanation of Indicator: 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.)

   Indicator Results/Points: Yes/Passed; WISD's annual financial report received an unmodified opinion.

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.)**

   Explanation of Indicator: This indicator seeks to make certain that Waller ISD has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, photocopiers, etc.

   Indicator Results/Points: Yes/Passed; WISD's annual financial report did not have any disclosures concerning default on any debts owed.

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?**

   Explanation of Indicator: 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.

   Indicator Results/Points: Yes/Passed; WISD fulfilled its payroll obligations.

5. **This indicator was not scored for this FIRST Rating.**

6. **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.)**

   Explanation of Indicator: This indicator measures the percentage change in fund balance to see whether the fund balance is declining too quickly, and if it is declining, whether sufficient fund balance remains to operate for at least 75 days.

   Indicator Results/Points: Yes/Passed; However, due to a calculation error in the system used by TEA, WISD actually failed this indicator. The decline in fund balance over 3 years was 37.43%. The minimum fund balance calculated for this time period should be a minimum of $16,207,808 instead of the calculated actual amount of $3,917,560.

7. **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.**

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

   Indicator Results/Points: 0 points; WISD has 23.4914 days of cash on hand. In order to receive full points for this indicator, 90 days would be the minimum number of days of cash on hand.

10 points	8 points	6 points	4 points	2 points	0 points
≥ 90	< 90 ≥ 75	< 75 ≥ 60	< 60 ≥ 45	< 45 ≥ 30	< 30

8. **Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below.**

   Explanation of Indicator: 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 the FIRST report?

   Indicator Results/Points: 10 points; the current assets to current liabilities ratio was 14.2434.

10 points	8 points	6 points	4 points	2 points	0 points
≥ 3.00	< 3.00 ≥ 2.50	< 2.50 ≥ 2.00	< 2.00 ≥ 1.50	< 1.50 ≥ 1.00	< 1.00

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? See ranges below in the Determination of Points section.

Explanation of Indicator: 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.

Indicator Results/Points: 0 points; WISD's expenditures exceeded revenues by $6.6 million and the days of cash on hand was less than 60 days, therefore, no points were received for this indicator.

10 points	0 points
≥ 0	< 0

10. 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?

Explanation of Indicator: This indicator measures how accurately the district forecast projected revenue by comparing budgeted revenue submitted through PEIMS in October of the fiscal year to actual revenue submitted after the close of the fiscal year.

Indicator Results/Points: 10 points; The variance of budgeted revenues to actual revenues was 3.83%.

10 points	0 points
≥ 0%	< 10%

11. 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.

Explanation of 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 the FIRST report? Fortunately, this indicator recognizes that high growth districts incur additional costs to open new instructional campuses.

Indicator Results/Points: 10 points; the ratio of long-term liabilities to total assets is 0.8611, but the WISD automatically passes this indicator because our membership over 5 years grew 17.53%.

10 points	8 points	6 points	4 points	2 points	0 points
≤ 0.60	> 0.60 ≤ 0.70	> 0.70 ≤ 0.80	> 0.80 ≤ 0.90	> 0.90 ≤ 1.00	> 1.00

12. 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.

Explanation of Indicator: This indicator asks about the school district's ability to make debt principal and interest payments. Did you meet or exceed the target amount in School FIRST?

Indicator Results/Points: 6 points; the debt service coverage ratio was 9.9759.

10 points	8 points	6 points	4 points	2 points	0 points
< 4	> 4 ≤ 7	> 7 ≤ 10	> 10 ≤ 11.5	> 11.5 ≤ 13.5	> 13.5

13. Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below.

Explanation of Indicator: This indicator measures the percentage of their budget that Texas school districts spent on administration.

Indicator Results/Points: 8 points; the administrative cost ratio for WISD was 0.1033.

10 points	8 points	6 points	4 points	2 points	0 points
≤ 0.1000	> 0.1000 ≤ 0.1250	> 0.1250 ≤ 0.1500	> 0.1500 ≤ 0.1750	> 0.1750 ≤ 0.2000	> 0.2000

14. 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.

Explanation of 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.

Indicator Results/Points: 10 points; there was not a decline in student enrollment, therefore WISD automatically passes this indicator.

15. 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.

Explanation of Indicator: This indicator measures how well the district was able to project average daily attendance for the coming biennium for payment purposes. Projected ADA is compared to actual.

Indicator Results/Points: 5 points; The projected ADA of 7294.8 compared to actual ADA of 7235.419 calculates to a ratio of -0.0081. WISD receives full points for this indicator.

5 points	0 points
≤ 0.10	> 0.10

16. **Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's annual financial report result in a total variance of less than 3 percent of all expenditures by function?**

    Explanation of Indicator: This indicator measures the quality of data reported to PEIMS and in our 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.

    Indicator Results/Points: Yes/Passed; the PEIMS data variance was less than 3 percent.

17. **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.)**

    Explanation of Indicator: 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.

    Indicator Results/Points: Yes/Passed; there were no findings of material weaknesses in internal controls.

18. **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.)**

    Explanation of Indicator: This indicator measures whether the district is complying with laws, rules and regulations related to the expenditure of grant funds, contracts, and other state and federal funds.

    Indicator Results/Points: 10 points; WISD was compliant with laws, rules and regulations related to local, state and federal funds.

10 points	0 points
Yes	no

19. **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?**

    Explanation of Indicator: This indicator measures whether the district is complying with legal requirements related to financial transparency by posting all required information.

    Indicator Results/Points: 5 points; WISD posted the required financial information on its website.

5 points	0 points
Yes	no

20. 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.)

Explanation of Indicator: This indicator measures whether the school board had the opportunity to consider the impact of changes in property value on the finances of the district. If the district fails this indicator, the maximum points and highest rating the district may receive is 89 points and a B, which is equal to above standard achievement.

Indicator Results/Points: Yes/Passed

SUPERINTENDENT'S EMPLOYMENT CONTRACT

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

THIS SUPERINTENDENT'S EMPLOYMENT CONTRACT ("Contract") is made and entered by and between the Board of Trustees (the "Board") of the Waller Independent School District (the "District") and Kevin Moran (the "Superintendent") by Board actions on January 11, 2021 and February 27, 2021.

WITNESSETH:

NOW, THEREFORE, the Board and the Superintendent, for and in consideration of the terms hereinafter established and pursuant to Section 11.201(b) and Chapter 21, Subchapter E of the Texas Education Code, have agreed, and do hereby agree, as follows:

I. Term

1.1 **Term.** The Board, by and on behalf of the District, does hereby continue to employ the Superintendent, and the Superintendent does hereby accept employment as Superintendent of Schools for the District for a term of three (3) years, commencing on January 11, 2021, and ending on January 11, 2024. 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.

1.2 **No Tenure.** The Board has not adopted any policy, rule, regulation, law, or practice providing for tenure. No right of tenure is created by this 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 chief executive of the District and shall faithfully perform the duties of the Superintendent of Schools for the District as prescribed in the job description and as may be lawfully assigned by the Board, and shall comply with all lawful Board directives, state and federal law, District policy, rules, and regulations as they exist or may hereafter be amended. Specifically, it shall be the duty of the Superintendent to recommend to the Board or employ personnel of the District in accordance with the Board's policies. It shall be the further duty of the Superintendent to direct, assign, reassign, and evaluate all of the employees of the District consistent with Board policies and federal and state law. It shall be the further duty of the Superintendent to organize, reorganize, and arrange the staff of the District, and to

develop and establish administrative regulations, rules, and procedures which the Superintendent deems necessary for the efficient and effective operation of the District consistent with the Board's lawful directives, the Board's policies, and state and federal law. It shall be the further duty of the Superintendent to accept all resignations of employees of the District consistent with the Board's policies, except the Superintendent's resignation, which may only be accepted by the Board. The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, diligence, skill, and expertise. 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**. 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 by the State of Texas and issued by the State Board for Educator Certification or the Texas Education Agency and any other certificates required by law.

2.3 **Reassignment**. The Superintendent cannot 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 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 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-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 **Indemnification**. 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; 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 the terms of the applicable insurance contract. To the extent this Section 2.6 exceeds the authority provided and limitations imposed by Texas Civil Practice & Remedies Code, Chapter 102, it shall be construed and modified accordingly. The provisions of this Section 2.6 shall survive the termination of this contract.

III. Compensation

3.1 **Salary**. Effective January 11, 2021, the District shall provide the Superintendent with a minimum annual salary in the sum of two hundred eighty seven thousand five hundred dollars ($287,500) predicated on 226 work days each year. This annual salary rate shall be paid to the Superintendent in equal installments consistent with the Board's policies.

3.2 **Salary Adjustments**. At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary set forth in Section 3.1 of this Contract except by mutual agreement of the two parties or on a temporary basis in accordance with Section 21.4021 or Section 21.4032 of the Texas Education Code. Such adjustments, if any, shall be made pursuant to lawful Board action. Except for circumstances making a widespread salary reduction or furlough necessary, the parties agree to provide their best efforts and reasonable cooperation to execute a new contract or contract amendment incorporating the adjusted salary. Subject to and without waiving any Constitutional and/or other challenges by the Superintendent, the Superintendent acknowledges that the District may have certain rights pursuant to Texas Education Code Sections 21.4021 and/or 21.4032. Once the exigent financial conditions of the District making a widespread salary reduction necessary under Section 21.4032 of the Texas Education Code no longer exist, the Superintendent's annual salary shall return to the sum set forth in Section 3.1 of this Contract. If the Board implements a furlough under Texas Education Code section 21.4021, the Superintendent shall be furloughed for the same number of days as other contract personnel and the Superintendent's salary shall be reduced in proportion to the number of furlough days.

3.3 **Vacation, Holiday and Personal Leave.** The Superintendent may take, at the Superintendent's choice, the same number of days of vacation authorized by policies adopted by the Board for administrators on twelve-month contracts, the days to be in a single period or at different times. More than five (5) consecutive work days require

approval of the Board President, which shall not be unreasonably withheld. The vacation days taken by the Superintendent will be taken at such time or times as will least interfere with the performance of the Superintendent's duties as set forth in this Contract. Accrued but unused vacation days, up to a maximum of ten (10) days annually, shall accumulate and carry forward from year to year during the term of this Contract for a total of no more than fifty (50) days total accumulation. The Superintendent shall observe the same legal holidays and receive the same sick leave and personal leave benefits as authorized by Board policies for administrative employees who serve 226 duty days each year.

3.4 **Insurance.** The District shall pay the same premiums for hospitalization and major medical insurance coverage for the Superintendent pursuant to the group health care plan provided by the District for its administrative employees.

3.5 **Professional Growth.** The Superintendent shall devote the Superintendent's time, attention, and energy to the direction, administration, and supervision of the District. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's active attendance at and participation in appropriate professional meetings at the local, regional, state and national levels. The Board shall encourage the use of data and information sources, and shall encourage the participation of the Superintendent in pertinent education seminars and courses offered by public or private institutions or by educational associations, as well as the participation in informational meetings with those individuals whose particular skills, expertise, or backgrounds would serve to improve the capacity of the Superintendent to perform the Superintendent's professional responsibilities for the District. In its encouragement of the Superintendent to grow professionally, the Board shall permit a reasonable amount of release time for the Superintendent as the Superintendent and the Board deem appropriate, to attend such seminars, courses or meetings. The District shall pay the Superintendent's membership dues in relevant professional organizations. The District shall bear the reasonable cost and expense for registration, travel, meals, lodging, and other related expenses for such attendance and membership with notice to the Board.

3.6 **Civic Activities.** The Board encourages the Superintendent to become a member of and participate in community and civic affairs, including the Waller Economic Development Corporation, civic clubs, governmental committees, and educational organizations. The Board concludes that such participation will serve a legitimate purpose related to the educational mission of the District. The Superintendent may hold offices or accept responsibilities in these professional organizations, provided that such responsibilities do not interfere with the performance of his duties as Superintendent. Prior to engaging in these activities, the Superintendent will notify the Board in writing of the activity. The Board will notify the Superintendent if the activity presents a conflict or interferes with the performance of his duties as Superintendent. The District shall also pay the reasonable and customary dues for the Superintendent's membership in local civic and community organizations of the Superintendent's choice subject to prior Board approval.

3.7 **Expenses.** Subject to Board approval, the District shall pay or reimburse the Superintendent for reasonable, business-related expenses incurred by the Superintendent in

the continuing performance of the Superintendent's duties under this Contract. Subject to Paragraph 3.8, below, such actual or incidental costs may include, but are not limited to, gasoline, hotels and accommodations, meals, rental car, and other reasonable expenses incurred in the performance of the District's business. The Superintendent shall comply with all procedures and documentation requirements in accordance with Board Policy.

3.8 **Automobile Allowance.** The Board shall provide the Superintendent with an automobile allowance for Waller Area travel (to be defined as a ninety-mile radius from the Administration Building) in the sum of Three Hundred and No/100 Dollars ($300.00) per month, and the Superintendent may not be reimbursed for gasoline or other automobile costs for Waller Area travel. In addition to the allowance provided herein, the Board shall reimburse the Superintendent for travel outside the Waller Area in the continuing performance of the Superintendent's duties under this Contract.

IV. Annual Performance Goals

4.1 **Development of Goals**. The Superintendent and Board shall work together to develop goals for the District in accordance with Board Policy and applicable law. The goals approved by the Board shall at all times be reduced to writing ("District Goals") and shall be among the criteria on which the Superintendent's performance is reviewed and evaluated. The Board agrees to work with and support the Superintendent in achieving the District Goals.

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 Contract. The Board's evaluation and assessment of the Superintendent shall be reasonably related to the duties of the Superintendent as outlined in the Superintendent's job description and shall be based on the District's progress towards accomplishing the District Goals.

5.2 **Confidentiality.** Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times be conducted in executive session and shall be considered confidential to the extent permitted by law. Nothing herein shall prohibit the Board or the Superintendent from sharing the content of the Superintendent's evaluation with their respective legal counsel.

5.3 **Evaluation Format and Procedures**. The evaluation format and procedure shall be in accordance with the Board's policies and state and federal law. In the event that the Board determines that the performance of the Superintendent is unsatisfactory in any respect, it shall describe in writing, in reasonable detail, specific instances of unsatisfactory performance. The evaluation shall include recommendations as to areas of improvement in all instances where the Board deems performance to be unsatisfactory. A copy of the written evaluation shall be delivered to the Superintendent. The Superintendent shall have the right to make a written response to the evaluation within

thirty (30) days of receipt of the written evaluation from the Board. That response shall become a permanent attachment to the evaluation in the Superintendent's personnel file. 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.

VI. Extension or Nonrenewal of Employment Contract

6.1 **Extension/Nonrenewal**. Extension and/or nonrenewal shall be in accordance with Board policy and applicable law.

VII. Termination of Employment Contract

7.1 **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.

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

7.3 **Dismissal for Good Cause**. The Board may dismiss the Superintendent during the term of the Contract for good cause. The term "good cause" is defined as follows:

(a) Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this Contract;
(b) Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication from the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the Superintendent a reasonable opportunity to remediate any incompetency or inefficiency;
(c) Insubordination or failure to comply with lawful written Board directives;
(d) Failure to comply with the Board's policies or the District's administrative regulations;
(e) Neglect of duties;
(f) Drunkenness or excessive use of alcoholic beverages;
(g) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
(h) Conviction of a felony or crime involving moral turpitude;
(i) Failure to meet the District's standards of professional conduct;
(j) Failure to comply with reasonable District professional development requirements regarding advanced course work or professional development;
(k) Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent;

(l) Immorality, which is conduct the Board determines is not in conformity with the accepted moral standards of the community encompassed by the District. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency, or depravity;
(m) Assault on an employee or student;
(n) Knowingly falsifying records or documents related to the District's activities;
(o) Conscious misrepresentation of facts to the Board or other District officials in the conduct of the District's business;
(p) Failure to fulfill requirements for superintendent certification; or,
(q) Any other reason constituting "good cause" under Texas law.

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

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

VIII. Miscellaneous

8.1 **Controlling Law.** This Contract shall be governed by the laws of the State of Texas and shall be performable in Waller County, Texas, unless otherwise provided by law. Venue for any legal proceeding related to this Contract and/or the Superintendent's employment at the District shall lie in Waller County, Texas.

8.2 **Complete Agreement.** This Contract embodies the entire agreement between the parties hereto and cannot be varied except by written agreement of the undersigned parties, except as expressly provided herein. This Contract supersedes all prior agreements and resolutions concerning employment of the Superintendent into one document. This Contract may only be amended by written instrument, executed by both parties.

8.3 **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.

8.4 **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.

SIGNATURE PAGE TO FOLLOW

WALLER INDEPENDENT SCHOOL DISTRICT

By: _____
President, Board of Trustees

ATTEST:

By: _____
Secretary, Board of Trustees

Executed this 12 day of April, 2021.

SUPERINTENDENT

By: _____
Kevin Moran

Executed this 7 day of April, 2021.

Waller Independent School District

Schools FIRST Report Disclosures

For the Twelve-month Period Ended August 31, 2020

	Superintendent: Kevin Moran	Board Member: Gary Buchanan	Board Member: Ronald Campbell	Board Member: Maria Herrera	Board Member: David Kaminski	Board Member: Joe Landin 9/1/19 - 5/1/20	Board Member: Bryan Lowe	Board Member: Michael Wesley Prince	Board Member: William Warren 6/1/20 - 8/31/20
Description of Reimbursements:									
Meals					92.00				
Lodging	1,215.06				855.68				
Transportation	131.89								
Motor Fuel									
Other	8,209.88	580.88	580.88	580.88	1,105.88	387.28	580.88	580.88	193.60
Total	**9,556.83**	**580.88**	**580.88**	**580.88**	**2,053.56**	**387.28**	**580.88**	**580.88**	**193.60**

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.

1. The Superintendent did not receive outside compensation and/or fees for professional consulting and/or other personal services during this fiscal year.

2. The Superintendent and board members listed above did not receive gifts during this fiscal year.

3. There were no other business transactions between the school district and the board members during fiscal year 2020.