

**Annual Financial Accountability
Management Report**

For the Year Ending August 31, 2023



**Dr. Karen Engle - Superintendent of Schools
Alice Benzaia, CPA, RTSBA - Chief Financial Officer
Jeff Kohlenberg, CPA, RTSBA - Controller**

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Clear Creek Independent School District Annual Financial Accountability Management Report

Introduction

This is the 22nd year of School 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 76th Texas Legislature in 1999 and amendments under House Bill 5, 83rd Texas Legislature, Regular Session, 2013. The primary goal of School 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. As part of School FIRST, each school district must prepare an annual financial accountability report after receipt of their School FIRST rating.

The School FIRST accountability rating ensures that Texas school districts are accountable not only for student learning, but also for achieving these results cost effectively and efficiently. The information provided by the School FIRST system will guide us in our continued efforts to maximize each taxpayer dollar.

The Texas Education Agency assigns one of four financial accountability ratings to Texas school districts, with the highest being "A" for Superior Achievement, followed by "B" for Above-Standard Achievement, "C" for Standard Achievement and "F" for Substandard Achievement. For fiscal year 2022-2023 Clear Creek ISD received a rating of Superior Achievement.

Overview of the Worksheet

The reporting tool for School FIRST is the Financial Accountability Ratings Worksheet. This worksheet was developed by representatives of the Texas Education Agency (TEA), the Texas Business & Education Council (TBEC) and the Texas Association of School Business Officials (TASBO). It is administered by the TEA and calculated on information submitted to the Agency via our PEIMS submission in January each year upon completion and approval of the annual external audit.

This worksheet consists of 21 indicators broken into three categories: Critical, Solvency and Financial Competence.

Critical Indicators

Indicators #1 through #5 are the critical indicators. Any No response in this category is an indicator of fiscal distress and automatically results in a failure of FIRST. Accordingly, these indicators are of utmost importance. These five indicators revolve around:

- # 1 - Timely filing of the Annual Financial Report (AFR)
- # 2 - Auditor opinion with no unmodified opinion
- # 3 - Compliance with the payment terms of all debt agreements
- # 4 - Timely payment of all payroll taxes
- # 5 - Total net assets greater than zero

Clear Creek ISD easily passed all the critical indicators.

Solvency Indicators

Indicators #6 through #14 concern the solvency of Clear Creek ISD. These nine indicators focus on:

- # 6 - Fund balance
- # 7 - Cash and investments on hand
- # 8 - Current asset to current liability ration
- # 9 - Revenue compared to expenditures
- #10 - Budgeted to actual revenue variance (not evaluated in 2022-2023)
- #11 - Long-term liability to total asset ratio
- #12 - Debt service coverage ratio
- #13 - Administrative cost ratio
- #14 - Student to staff ratio

Clear Creek ISD scored the maximum points on Indicator #6, #7, #9, #10, #12, #13, and #14.

On Indicator #8 which measures current assets to current liabilities to determine if a school district has enough short-term assets at the end of the fiscal year to pay off short-term liabilities, we scored 6 out of 10 points, which is the same as the prior year.

On Indicator #11 which looks at long term liabilities and compares it to total assets, we scored 4 out of 10 points due to the amount of long-term debt, which is the same as the prior year. Clear Creek ISD has a ratio of .823.

Financial Competence Indicators

Indicators #15 through #21 identify if there are any serious deficiencies in the financial management of the District. These six indicators focus on:

- #15 - Submission of accurate ADA pupil projections to TEA (not evaluated in 2022-2023)
- #16 - Quality of Public Education Information Management System (PEIMS) financial data compared to the Annual Financial Report (AFR) result in less than a 3% variance
- #17 - Instances of material weakness in internal controls noted by the external independent auditor
- #18 - Instances of material noncompliance noted by the external independent auditor
- #19 - Required financial information posting
- #20 - Meeting requirement of public board meeting to discuss property values
- #21 – Adjustments due to Financial hardship to the regular repayment of any Foundation Program overpayments

Clear Creek ISD met all seven of these indicators. The district submitted accurate pupil projections to TEA, PEIMS data submitted as compared to the AFR resulted in .00005% variance and the AFR noted no instance of material noncompliance or weakness in internal controls. All required financial information is posted on the website in accordance with guidelines, and the school board members held a required public meeting to discuss the district's property value.

Financial Accountability Ratings Worksheet 2023-2024 Ratings Based on School Year 2022-2023 Data

Name: CLEAR CREEK ISD (084910)		Publication Level 1: 8/8/2024 6:33:40 PM	
Status: Passed		Publication Level 2: 8/8/2024 6:33:40 PM	
Rating: A = Superior Achievement		Last Updated: 8/20/2024 1:41:41 PM	
District Score: 90		Passing Score: 70	
#	Indicator Description	Updated	Score
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</u>	4/19/2024 6:26:05 PM	Yes
2	<u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>	4/19/2024 6:26:05 PM	Yes
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>	4/19/2024 6:26:05 PM	Yes
4	<u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</u>	4/19/2024 6:26:05 PM	Yes Ceiling Passed
			1 Multiplier Sum
5	<u>Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero? (If it is not, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement, unless the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership. If the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	4/19/2024 6:26:05 PM	Ceiling Passed
6	<u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of</u>	4/19/2024 6:26:05 PM	Ceiling Passed

	<u>operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>		
7	<u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? See ranges below in the Determination of Points section.</u>	4/19/2024 6:26:05 PM	10
8	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.</u>	4/19/2024 6:26:05 PM	6
9	<u>Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days? See ranges below in the Determination of Points section.</u>	4/19/2024 6:26:05 PM	10
10	This indicator is not being evaluated.		10
11	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's increase of students in membership over 5 years was 7 percent or more or 1,000 or more students in membership, then the school district passes this indicator.)</u>	4/19/2024 6:26:05 PM	4
12	<u>What is the correlation between future debt requirements and the district's assessed property value?</u>	8/20/2024 1:41:40 PM	10
13	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</u>	8/20/2024 1:41:40 PM	10
14	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? If the student enrollment did not decrease, the school district will automatically pass this indicator.</u>	4/19/2024 6:26:05 PM	10
15	This indicator is not being evaluated.		5
16	<u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	4/19/2024 6:26:05 PM	Ceiling Passed
17	<u>Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u>	4/19/2024 6:26:05 PM	Ceiling Passed
18	<u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>	4/19/2024 6:26:05 PM	10
19	<u>Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?</u>	4/19/2024 6:26:05 PM	5

20	<u>Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?</u>	4/19/2024 6:26:05 PM	Ceiling Passed
21	<u>Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?</u>	4/19/2024 6:26:05 PM	Ceiling Passed
			90 Weighted Sum
			1 Multiplier Sum
			(100 Ceiling)
			90 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
<p>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.</p> <p>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.</p>		

CEILING INDICATORS

Did the school district meet the criteria for any of the following **ceiling indicators** 4, 6, 16, 17, 20, or 21? 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 <i>No</i> .	89	B = Above Standard Achievement
Indicator 16 (PEIMS to AFR) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 17 (Material Weaknesses) - Response to indicator is <i>No</i> .	79	C = Meets Standard Achievement
Indicator 20 (Property Values and Tax Discussion) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 21 (FSP Repayment Plan) - Response to indicator is <i>Yes</i> .	70	C = Meets Standard Achievement

Other Data Concerning the District's Operations

The purpose of this section of the report is to discuss other aspects of our business operations not covered by the worksheet but suggested by law as indicators of significance meriting discussion. We should view the worksheet as a good basic tool with which to assess our primary business practices. However, we should not stop there. We should always be working towards improvement in all aspects of our operation to maximize funds available to campuses for educational purposes and to our ancillary departments that support our campuses.

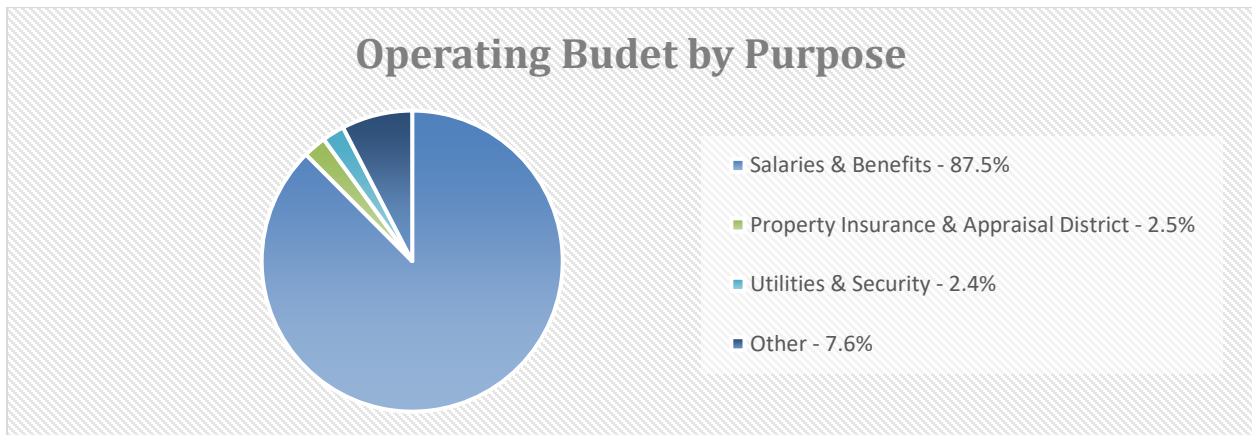
Below is a review of several business practices not covered by the Financial Accountability Worksheet directly but that we feel are worthy of notation.

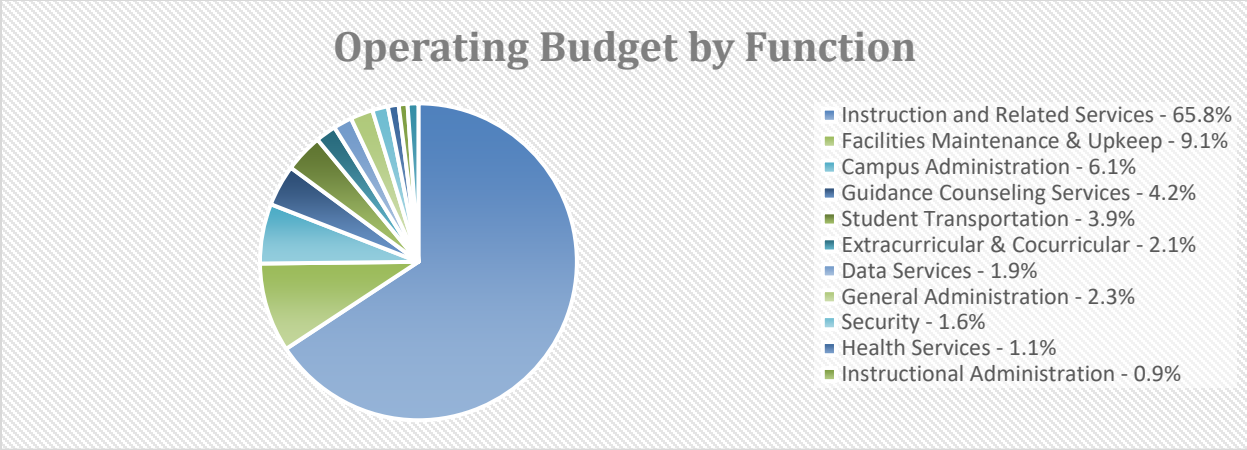
Financial Strength

The State of Texas recommends that we discuss financial strength in this report. This is a difficult topic to address because there are many measures of financial strength, some are better than others, and it's hard to tell which one is the best measure. For Clear Creek ISD, we believe the most significant indicator of financial strength is our ability to maintain two months unassigned fund balance which is a level sufficient to avoid the need to borrow funds to cover operating shortfalls prior to tax collections beginning in November and December each year. As of August 31, 2023, CCISD's unassigned balance was \$73,976,028 which was slightly more than two months of the 2023-24 adopted budget.

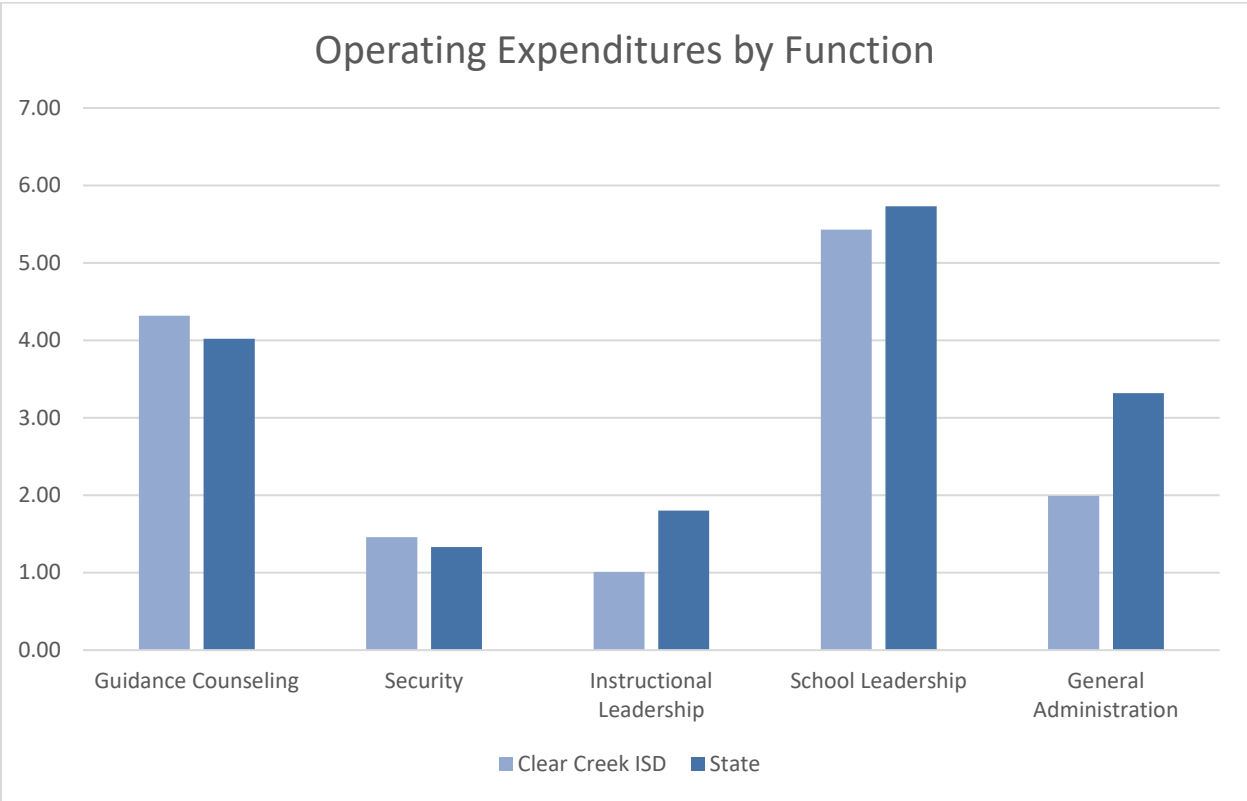
Operating Cost Management

As illustrated below, only a small portion of our total General Fund expenditures is flexible or variable in nature. Payroll costs, appraisal district fees, property insurance, and utility payments account for approximately 92.4% of the District's operating budget each year. Once you remove these four large expenditures from the operating budget, you are left with only a small portion of the budget that covers all other expenditures of the District. The charts below illustrate the breakdown of the operating budget.



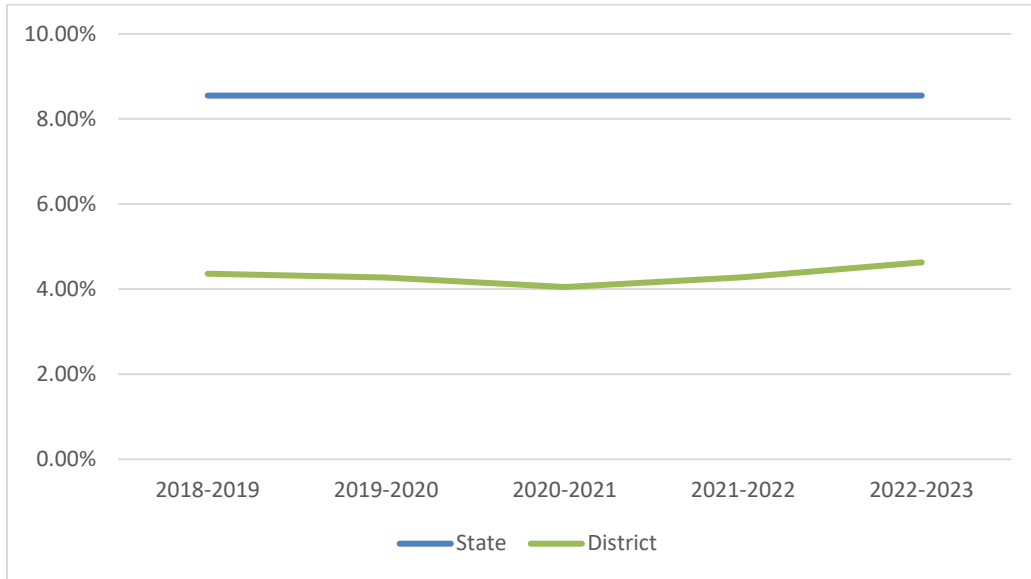


Another measure the state of Texas uses to indicate operating efficiency is to compare district to state information by function. Clear Creek ISD’s commitment to instruction is demonstrated by spending 59.14% on direct classroom instruction as compared to the state average of 55.29%. The commitment to guidance counseling services and security is evident in the chart below as well as the district’s ongoing diligence to keeping administrative costs below state averages.



Administrative Cost Ratio

One measure the State of Texas uses to measure operating cost efficiency is the administrative cost ratio. The administrative costs are divided by instructional costs to arrive at a percentage. A district's size determines its administrative cost limitations.



Personnel Management

The District's longstanding personnel goal is to attract and retain qualified staff, and to offer a competitive salary and benefit package to all employees. Each year, we have offered a competitive total compensation package to all our staff. Second only to our students' welfare and education, attracting and retaining a quality staff has been a priority for Clear Creek ISD.

Debt Management

The district uses 25 years or less for repayment of bonds for construction of facilities, even though the life of the building to be built is much longer. In no instance does the district finance bonds for a longer period than the life expectancy of the capital improvement. The repayment timelines for technology bonds are parallel to the minimal life expectancy of the equipment.

As our district continues to face the many challenges associated with aging facilities, our Board of Trustees unanimously called for bond referendums to be held on November 7, 2023. Proposition B addressing school improvements for \$265 million passed with a 55% approval rate. Proposition C addressing instructional technology for \$37 million passed with a 54% approval rate. Due to property value growth, these bonds are expected to cost zero additional cents on the Interest and Sinking (I&S) tax rate.

The District continually monitors outstanding debt and takes opportunities to reduce interest costs when available. Over the last 20 years, Clear Creek ISD has refinanced debt which has saved taxpayers over \$70 million in interest over the life of the bonds.

Cash Management

Clear Creek ISD must comply with the Texas Public Funds Investment Act (TPFIA) and has state and local board policies that require us to invest funds with six objectives in mind. In order of importance, they are suitability, safety, liquidity, marketability, diversity and yield. State and local policy specify what types of securities can be purchased. Clear Creek ISD does not purchase investments that fall outside these policy restrictions. We strive to maintain diversity in our portfolio, balancing cash in money market pools and directly owned securities such as Treasury Bills and other government agency issues. Each quarter we benchmark our portfolio's yield to the three- and six-month Treasury Bill rates, the Federal Funds rate and the Jumbo CD rate. We use these as a comparison only to determine if our portfolio is yielding a comparable market rate of return each quarter. A Cash & Investment Report is included quarterly in the Board of Trustees meeting agenda for review and approval.

Tax Collections

Although the current worksheet no longer addresses tax collections, we felt that mention was warranted since 68.8% of the District's operating revenue came from local property taxes during 2022-2023. The District has its own Tax Office and current year collection rates historically exceed 99%. Collection rates for the last four years are as follows:

For Fiscal Year Ended	Current Year Tax Collections
8/31/2020	99.2%
8/31/2021	99.2%
8/31/2022	99.3%
8/31/2023	99.2%

Budgetary Planning & Financial Allocations

The District's budget process usually begins each year with the Board setting budget goals. In spring, budget allocations are developed for each campus and department and the budget manual is updated for the new year and distributed to all budget managers and bookkeepers.

Most school districts have some rational basis for allocating funds to campuses and operating departments. In Clear Creek ISD, we allocate funds to campuses based on the number of students projected to attend that campus the following year. Once PEIMS enrollment is known, campus budgets are adjusted based on actual enrollment. Support departments get funds based on their

previous year's budget adjusted (up or down) for future years' needs. Special project requests for amounts supplemental to allocations are considered individually each year.

By April, we begin to calculate state and local tax revenues and the budget starts to take on some form. For teacher recruiting purposes, the optimal time for making a public salary decision is March but often is done in June or July. A three-year long-range financial plan, which is reviewed with the Board periodically, is updated throughout the year. By the end of May, we are able to give the Board and the public a preliminary view of how the next year's budget looks. May through July are busy months budget-wise, with Board workshops and meetings with the District's Finance Committee. Decisions are made on special project requests, revenue data is fine-tuned, and a final budget is submitted to the Board of Trustees for approval in August. In odd-numbered years, the legislature is in session, which complicates and delays our budgeting process.

Our budget process is a proactive and highly participatory one, where campuses and departments are given a great deal of discretion as to how to budget their funds. After the budget is adopted, each campus or department is given equal latitude regarding amending their budget when their plans or needs change. This decentralized style of budget management is required by the State of Texas to a certain degree. We call it site-based decision making and it's our version of campus empowerment. Most importantly, it is a system that works best in the long run for all of us by allocating resources where they are needed, even when those needs change.

Financial Reporting Awards

Government Finance Officers Association (GFOA)

Certificate of Achievement for Excellence in Financial Reporting

Association of School Business Officials International (ASBO)

Certificate of Excellence in Financial Reporting

Reporting Requirements for Superintendent and Board of Trustees

Superintendent Outside Compensation

Karen Engle, Ph.D. did not receive any outside compensation or fees for professional consulting or other personal services for the twelve-month period ended August 31, 2023.

Executive Officers and Board of Trustees Gifts

Executive Officers and Board Members did not receive gifts that had an economic value of \$250 or more in aggregate for the twelve-month period ended August 31, 2023.

Superintendent and Board of Trustees Travel Expenditures

For the twelve-month period ended August 31, 2023

	<u>Karen Engle</u>	<u>Scott Bowen</u>	<u>Jessica Cejka</u>	<u>Jonathan Cottrell</u>
Meals	147.00	0.00	86.00	172.00
Lodging	2,837.18	0.00	927.48	1,436.07
Transportation	1,308.50	0.00	285.00	221.96
Registration	2,150.00	525.00	475.00	425.00
Other	84.00	0.00	0.00	0.00
Total	<u>6,526.68</u>	<u>525.00</u>	<u>1,773.48</u>	<u>2,255.03</u>

	<u>Jay Cunningham</u>	<u>Michelle Davis</u>	<u>Jeff Larson</u>	<u>Jamieson Mackay</u>
Meals	138.00	0.00	0.00	0.00
Lodging	636.25	0.00	0.00	0.00
Transportation	285.00	0.00	0.00	0.00
Registration	425.00	545.00	0.00	0.00
Other	93.10	0.00	0.00	0.00
Total	<u>1577.35</u>	<u>545.00</u>	<u>0.00</u>	<u>0.00</u>

	<u>Arturo Sanchez</u>
Meals	112.00
Lodging	888.27
Transportation	285.00
Registration	455.00
Other	96.75
Total	<u>1,837.02</u>

SUPERINTENDENT'S EMPLOYMENT CONTRACT

THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

THIS CONTRACT ("Contract") is made and entered into this 13 day of December 2022, by and between the Board of Trustees ("Board") of the Clear Creek Independent School District ("District") and Dr. Karen Engle ("Superintendent").

WITNESSETH:

NOW, THEREFORE, the Board and the Superintendent, for and in consideration of the terms and conditions hereafter established and pursuant to Chapter 11, Subchapters D and E, Section 11.201 and Chapter 21 of the Texas Education Code have agreed, and do hereby agree, as follows:

**I.
TERM**

1.1. Initial Term. The Board, by and on behalf of the District, employs the Superintendent, and the Superintendent accepts employment as Superintendent of Schools for the District for a three (3) year term, commencing on and effective December 13, 2022, and ending on December 31, 2025. The District may, by action of the Board, and with the consent and approval of the Superintendent, extend or renegotiate this Contract to a term as permitted by state law. This Contract creates no property interest of any kind beyond the term of this Contract.

**II.
EMPLOYMENT**

2.1 Duties. The Superintendent is the chief executive officer and educational leader of the District and shall administer the School District and faithfully perform the duties of Superintendent for the District in accordance with Board policies including, but not limited to

Policy BIA (LOCAL) 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 hereinafter be adopted or amended. Specifically, it shall be the duty of the Superintendent to:

- (a) Assume administrative responsibility and leadership for the planning, organization, operation, supervision, and evaluation of the education programs, services, and facilities of the District and for the annual performance appraisal of the District's staff;
- (b) Assume administrative authority and responsibility for the assignment, supervision, and evaluation of all personnel of the District other than the Superintendent;
- (c) Oversee compliance with the standards for school facilities established by the Commissioner of Education;
- (d) Initiate the termination or suspension of an employee or the nonrenewal of an employee's term contract;
- (e) Manage the day-to-day operations of the District as its administrative manager, including implementing and monitoring plans, procedures, programs, and systems to achieve clearly defined and desired results in major areas of District operations;
- (f) Prepare and submit to the Board of Trustees a proposed budget as provided by Section 44.002 and rules adopted under that section, and administering the budget;
- (g) Prepare recommendations for policies to be adopted by the Board of Trustees and overseeing the implementation of adopted policies;
- (h) Develop or cause to be developed appropriate administrative regulations to implement policies established by the Board of Trustees;

(i) Provide leadership for the attainment and, if necessary, improvement of student performance in the District based on the indicators by the Commissioner or the District's Board of Trustees;

(j) Organize the District's central administration;

(k) Consult with the District-level committee;

(l) Ensure:

(1) Adoption of a student code of conduct and enforcement of that code of conduct; and

(2) Adoption and enforcement of other student disciplinary rules and procedures as necessary;

(m) Submit reports as required by state or federal law, rule, or regulation;

(n) Provide joint leadership with the Board of Trustees to ensure that the responsibilities of the Board and Superintendent team are carried out; and

(o) Perform any other duties lawfully assigned by action of the Board of Trustees.

All duties assigned to the Superintendent by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent. Except as provided in sections 2.2 and 2.3 of this Contract, the Superintendent agrees to devote her full time and energy to the performance of these duties in a faithful, diligent, and efficient manner.

2.2 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 education-related

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 to the American Association of School Administrators and the Texas Association of School Administrators, as well as other education association memberships necessary to maintain and improve the Superintendent's professional skills. The District shall bear the reasonable cost and expense for registration, travel, meals, lodging, and other related expenses for such attendance and membership.

2.3 Consultation Activities. The Superintendent shall be permitted to undertake writing, teaching, and speaking engagements, and may serve as a consultant to other school districts and educational entities as permitted by law, provided that these activities do not interfere with the performance of her duties as Superintendent, and she uses accrued non-duty days or personal leave days to perform such activities. Any consulting engagements and activities by Superintendent shall require the prior approval of the Board. Prior to the Superintendent leaving the District for consulting purposes, the Superintendent shall notify the Board President regarding the dates and length of time the Superintendent will be out of the District for each consultation. The District shall not incur any obligation or expense associated with such activities.

2.4 Professional Certification and Records. The Superintendent shall at all times during the term of this Contract, and any renewal or extension thereof, hold and maintain valid and appropriate certifications or permits required to act as a superintendent as prescribed by the laws of the State of Texas and the rules and regulations of the Texas Education Agency and/or the State Board for Educator Certification and all other certificates required by law. The Superintendent shall provide evidence of such certifications or permits to the Board upon request at any time. The Superintendent shall also provide evidence of educational attainment, degrees earned, previous professional experience, and other records required for personnel files of the District. Failure to maintain valid and appropriate certifications or permits shall render this Contract void, and any material misrepresentation in any records provided to the District shall be grounds for termination of this Contract. The Superintendent must also file and maintain any other records required for the personnel files and for payroll purposes.

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

2.6 Board Meetings and Relations. The Superintendent, or her designee, shall have the duty to attend all meetings of the Board and all Board committee meetings, both open and closed, and may participate in the deliberations of the Board at all such meetings, with the exception of those closed meetings of the Board involving (a) the Superintendent's evaluation, (b) consideration of the Superintendent employment or contract, (c) conflicts between Board members, or (d) when the Board is acting as a tribunal (e.g., deliberating a grievance).

Board members shall refer in a timely manner all non-Board related substantive criticisms, complaints, and suggestions called to the Board's attention either: (a) to the Superintendent for the administration to address provided that the Superintendent shall within a reasonable time inform

the Board of the results of the administrative response; or (b) to complaint resolution procedures as established by District Board policies.

The Individual Board members shall direct all inquiries and requests for information to the Superintendent. The Superintendent shall make known Board member inquiries and responses to such inquiries to all Board members. Individual Board members shall not direct or require the Superintendent or other District employees to prepare reports derived from the analysis of information in existing District records or create new records compiled from information in existing District records. The Board and the Superintendent shall maintain a working relationship that is in the best interests of the District. The Board shall provide the Superintendent with periodic opportunities to discuss the Superintendent/Board relationship.

III. COMPENSATION AND SALARY

3.1 Annual Base Salary. The Superintendent shall be paid an annual base salary in the sum of THREE HUNDRED TWENTY-SEVEN THOUSAND AND SEVEN HUNDRED NINETY-TWO DOLLARS (\$327,792.00). The full annual salary shall be paid in twenty-four (24) 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 as may be permitted by law, but in no event shall the Superintendent be paid less than the salary provided for in Subsection 3.1 of this Contract except by mutual written agreement of the parties. 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.

3.3 Business Expenses. The District shall pay or reimburse the Superintendent for expenses incurred by the Superintendent in the performance of the Superintendent's duties under this Contract, as permitted by Board policy. The District agrees to pay the actual and incidental costs reasonably incurred by the Superintendent for travel, including reasonable costs for transportation, overnight accommodations, meals, 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 District shall not reimburse the Superintendent for travel expenses incurred by the Superintendent's spouse when accompanying her on District business, unless specifically approved in advance by the Board and provided that such expenses are reasonably related and necessary to the conduct of the District's business.

3.4 Surcharges. In accordance with applicable law, the District shall pay any surcharges imposed by the Texas Teacher Retirement System (TRS) resulting from the District's employment of the Superintendent as a TRS retiree.

3.5 Health and Other Insurance. The Superintendent declines group health coverage. The District shall pay the full premiums for dental insurance for the Superintendent and her immediate family and shall provide her with all other benefits on the same basis as other twelve-month administrative employees of the District. The District shall also make available to the Superintendent other benefit programs such as flexible spending accounts, 403(b) plans, disability plans and other programs to the extent those programs are made available to District executive administrative employees on 12-month contracts. The District shall add the premium for any of the benefits listed in this Section 3.5 to the taxable income of the Superintendent if (a) the District

is required to do so to comply with federal tax and/or employee benefits laws or (b)so requested by the Superintendent in order to make the payment of any benefits to her more advantageous under federal tax and/or employee benefits laws.

3.6 Holidays. The Superintendent shall observe the same legal holidays and receive the same leave benefits as authorized by Board policies for administrative employees on twelve-month contracts. The Superintendent shall be entitled to receive any other employee benefits that are afforded other District administrators.

3.7 State Leave. The Superintendent shall have the same state leave benefits as authorized by Board policies for administrative employees on twelve-month contracts.

3.8 Annual Physical Examination. The Superintendent shall undergo an annual physical examination performed by a licensed physician mutually acceptable to the Board and the Superintendent. The examination will determine the Superintendent's continuing physical fitness to fulfill the duties and responsibilities of the position and may include laboratory analysis of blood, urine, stress, EKG, and other procedures as deemed appropriate by the licensed physician. The health care professional who performs the examination shall submit confidential reports to the Board regarding the Superintendent's fitness to perform the functions of the job. These reports will be maintained as confidential medical records to the extent permitted by law. The District shall pay all reasonable costs of the examination.

3.9 Indemnification and Defense.

(a) The District shall indemnify, defend, and hold the Superintendent harmless regarding any civil claims, demands, duties, actions, or other legal proceedings against the Superintendent for any act or failure to act involving the exercise of judgment and discretion within the normal course and scope of her duties as Superintendent of the District, to the fullest extent

permitted by law, except as provided in this Section 3.9. The District has no obligation to indemnify, defend, or hold the Superintendent harmless regarding any claims, demands, duties, actions or other legal proceedings against the Superintendent if the Superintendent admits in writing or under oath, or is found by a court of competent jurisdiction (i) to have acted or failed to act with gross negligence or malice or bad faith; (ii) to have acted or failed to act with the intent to violate a person's clearly established legal rights or committed official misconduct; or (iii) to have engaged in criminal conduct.

(b) The District may fulfill its obligation under this Section 3.9 by (i) purchasing appropriate insurance coverage for the benefit of the Superintendent; or (ii) including the Superintendent as a covered party under any errors and omissions insurance coverage purchased for the protection of the Board and the professional employees of the District, provided that the insurance coverage insures all of the Superintendent's actions or lack of actions that the District would otherwise be obligated to indemnify and hold harmless the Superintendent under this Section 3.9.

(c) If the Superintendent does not consent to being represented by the same counsel representing the District in any proceeding the District is obligated to defend (or to advance the costs of defending) under this Section 3.9, then the Superintendent may elect to be represented in such proceeding by independent counsel subject to approval of the Board and the District's insurer. In such event, the District will pay or advance the attorney's fees, expenses, and costs reasonably necessary for the independent counsel to defend the Superintendent, subject to the provisions of this Section 3.9, pursuant to the terms of the District's insurance contract.

(d) During the Term of this Contract, the Superintendent agrees to provide reasonable assistance to and cooperate with the District, its Trustees, agents, employees, and attorneys in response to any legal proceeding or claims brought against the District.

(e) No individual member of the Board shall be personally liable for indemnifying, defending, or holding harmless the Superintendent, or for any other obligation assumed by the District.

(f) The provisions of this Section 3.9 shall survive the termination of this Contract.

3.10 Civic Activities. The Board encourages the Superintendent to become a member of and participate in community and civic affairs, including the chamber of commerce, civic clubs, governmental committees, and educational organizations. The Board concludes that such participation will serve a legitimate purpose related to the educational mission of the District. The Superintendent may hold offices or accept responsibilities in these professional organizations, provided that such responsibilities do not interfere with the performance of her 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 her duties as Superintendent. The District shall reimburse the Superintendent for the cost of membership in all local civic organizations in which the Superintendent participates and related travel outside of the District, subject to advance Board approval.

3.11 Technology. The District shall provide the Superintendent with a mobile telephone, laptop computer and other technology provided to administrative employees for both professional and personal use. The Superintendent understands that information stored on such cell phone, technology or computer is subject to public disclosure if such information is related to the public

business of the District or to her duties as Superintendent. Notwithstanding the location of personal data on the cell phone or computer, the parties agree that any personal or private information of the Superintendent contained on the cell phone, computer or other devices containing such data or information shall be deemed private and the Superintendent's sole property; provided it shall be the responsibility of the Superintendent to assert, and to bear any costs of asserting, privacy or other confidentiality privileges or rights as to any such data or information.

3.12 Supplemental Retirement Plan Contributions.

(a). *Supplemental Retirement Plan Contributions Subject to Vesting.* Beginning on or before December 31, 2023, and on or before each December 31st thereafter during the Term, the District shall contribute to the Supplemental Retirement Plan an amount equal to Twenty Thousand and No/100 Dollars (\$20,000.00). The Supplemental Retirement Plan shall consist of an employer paid 403(b) plan, a 457(b) deferred compensation plan, and a 401(a) defined contribution plan. The 403(b) and 401(a) plans shall be established as employer-paid plans with non-discretionary contributions by the District, and the Superintendent shall have no right to receive such contributions in cash. Contributions shall be made first to a Board paid plan established under Section 403(b) of the Code. To the extent that such contribution exceeds the employer paid contribution limit under the Code for a 403(b) plan, then the contribution shall be made to a 457(b) deferred compensation plan. To the extent that the remaining contribution exceeds the contribution limit for a 457(b) deferred compensation plan, the remaining contribution shall be made to a defined contribution plan established under Section 401(a) of the Code. Each plan shall provide that the contributions made to the plan and all earnings thereon shall become 100% vested on December 31, 2025; provided, however, that the Superintendent shall become 100% vested at the time of termination of the Contract in the event the Contract is terminated pursuant to section 5.6.

After December 31, 2025, the Superintendent shall be fully vested in all contributions and earnings thereon made under this section. Each of these plans shall be established under a written plan document that meets the requirements of the Internal Revenue Code (the "Code") and such documents are hereby incorporated herein by reference. The funds for the plans shall be invested in such investment vehicles as are allowable under the Code for the applicable type of plan and such investment vehicles shall be chosen solely by the Superintendent.

(b) *Supplemental Retirement Plan Contributions Immediate Vesting.* Beginning on or before December 31, 2023, and on or before each December 31st thereafter during the Term, the District shall contribute to the Supplemental Retirement Plan an amount equal to Twenty-Four Thousand Four Hundred Forty-Four and No/100 Dollars (\$24,444.00). This amount shall be automatically increased each year by an amount equal to the greater of the percentage raise given to the District's administration or a percentage mutually agreeable to the Board and the Superintendent (the amount shall be calculated as a percentage of the Superintendent's Annual Base Salary in section 3.1). For example only, if the District's administration is given a 3% raise for a given year, the amount of the contribution in this section 3.12(b) shall be increased by \$9,833.76 ((Salary)\$327,792 * .03). The Supplemental Retirement Plan shall consist of an employer paid 403(b) plan, a 457(b) deferred compensation plan, and a 401(a) defined contribution plan. The 403(b) and 401(a) plans shall be established as employer-paid plans with non-discretionary contributions by the District, and the Superintendent shall have no right to receive such contributions in cash. Contributions shall be made first to a Board paid plan established under Section 403(b) of the Code. To the extent that such contribution exceeds the employer paid contribution limit under the Code for a 403(b) plan, then the contribution shall be made to a defined contribution plan established under 401(a) of the code. To the extent that the remaining

contribution exceeds the contribution limit for a 401(a) plan, the remaining contribution shall be made to a deferred compensation plan established under Section 457 (b) of the Code. Each plan shall provide that the contributions made to the plan and all earnings thereon shall be fully and immediately vested in the Superintendent. Each of these plans shall be established under a written plan document that meets the requirements of the Internal Revenue Code (the "Code") and such documents are hereby incorporated herein by reference. The funds for the plans shall be invested in such investment vehicles as are allowable under the Code for the applicable type of plan and such investment vehicles shall be chosen solely by the Superintendent.

IV. **ANNUAL PERFORMANCE GOALS/EVALUATION**

4.1. Development of Goals. The Superintendent shall submit to the Board a preliminary list of goals for the District each year for the Board's consideration and adoption. The Superintendent and the Board shall then meet, and the Board shall approve or revise the list of goals. The Superintendent shall submit to the Board for its approval a plan to implement the goals. The Superintendent and the Board shall meet biannually to assess the goals and may adjust or revise the goals either by action of the Board or upon recommendation of the Superintendent and approval of the Board. The goals approved by the Board shall at all times be reduced to writing ("District Goals") and shall be among the criteria on which the Superintendent's performance is reviewed and evaluated. The District Goals approved by the Board shall be specific, definitive, and measurable, to the extent feasible. The Board agrees to work with and support the Superintendent in achieving the District Goals.

4.2 Annual Review of the Performance. The Board shall evaluate and assess the performance of the Superintendent in writing at a mutually agreed upon time, not later than April 1st, of each year of this Contract. The meetings at which the Board evaluates the Superintendent

will be held in a closed meeting unless the Superintendent requests that it should be held in an open meeting. The evaluation and assessment shall be reasonably related to the duties of the Superintendent as outlined in this Contract and consistent with Board Policy BJA (LOCAL) and the District Goals.

4.3 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.

4.4 Annual Evaluation Format and Procedure. 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 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. Within sixty (60) days of the delivery of the written evaluation to the Superintendent, the Board shall meet with the Superintendent to discuss the evaluation. The Board shall devote a portion of, or all of, one executive session annually to a discussion of the working relationship between the Superintendent and the Board. 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, such modifications must be adopted with input from the Superintendent and the Superintendent shall be provided a reasonable period of time to demonstrate such expected performance before being evaluated.

4.5 Other Interim Evaluations. Nothing in this Contract prohibits or limits the Board's ability to conduct formal or informal interim evaluations, between annual performance evaluations, regarding the performance of the Superintendent, as deemed by the Board in its sole discretion to be necessary or helpful.

V.
TERMINATION OF EMPLOYMENT CONTRACT

5.1 Mutual Agreement. This Contract may be terminated by mutual agreement of the Superintendent and the Board in writing upon such terms and conditions as may be mutually agreed upon.

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

5.3 Dismissal for Good Cause. The Board may dismiss the Superintendent during the term of this Contract for good cause, as determined by the Board. The term "good cause" is the failure to meet the accepted standards of conduct for the profession as generally recognized and applied in similarly situated school districts in this state and includes but is not limited to the following:

(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) Convicted of driving while intoxicated;
- (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 material facts to the Board or other District officials in the conduct of the District's business;
- (p) Failure to fulfill requirements for superintendent certification;
- (q) Conducting personal business during school hours when it results in neglect of duties;
- (r) Failure to report to the Board any arrest, conviction or deferred adjudication for any felony or any crime involving moral turpitude as required by District policy;
- (s) Falsification of required information on an employment application; or
- (t) Any other reason constituting "good cause" under Texas law, as determined by the Board.

5.4 Termination Procedure. In the event that the Board proposes to terminate this Contract for good cause, the Superintendent shall be afforded the rights as set forth in the Board's policies and applicable state and federal law.

5.5 Nonrenewal of Contract. Nonrenewal of this Contract shall be in accordance with Board policy and applicable law.

5.6 Early Termination-Dismissal without Cause. In the event the Board decides to dismiss Superintendent without Cause by a majority vote, upon 180 day's written notice by the Board to the Superintendent, the Contract will be terminated, and the District will pay Superintendent an amount equal to the value of one-year salary and all benefits under the Contract, on or before the date of termination.

VI. MISCELLANEOUS

6.1 Controlling Law. This Contract shall be governed by the laws of the state of Texas, and it shall be performable in Galveston County, Texas, unless otherwise provided by law.

6.2 Complete Agreement. This Contract embodies the entire agreement between the parties, and except as expressly provided herein, it cannot be varied except by written agreement of the parties.

6.3 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 this Contract during the term of the Contract.

6.4 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 provisions thereof, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. This Contract constitutes the entire agreement between the parties unless amended pursuant to the terms of this Contract.

6.5 Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered, whether or not actually received, when deposited in the United States Mail, postage prepaid, certified mail, return receipt requested, at the addresses contained herein.

6.6 Board Policies. References herein to "Board policies" include the Board's policies as they exist or may hereinafter be adopted or amended.

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

6.8 Authority. The Board President and Secretary have been authorized to execute this Contract on behalf of the District by action of a majority of a quorum of the Trustees present at a properly called and posted meeting on December 12, 2022.

[signatures to follow]

Date: December 13, 2022 CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

By: Jay Cunningham
Jay Cunningham, President
Board of Trustees

ATTEST:

By: Janet Colwell

Date: December 13, 2022

SUPERINTENDENT
By: Karen Engle
Dr. Karen Engle, Superintendent


AMENDMENT TO SUPERINTENDENT'S CONTRACT

The Superintendent's Contract entered into by and between the Board of Trustees of Clear Creek Independent School District ("Board") and Dr. Karen Engle ("Superintendent") on December 13, 2022, is hereby amended pursuant to Board action taken on March 25, 2024, as follows:

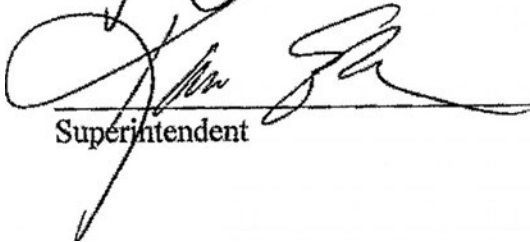
Effective March 25, 2024, Paragraph 1.1 of the contract is amended so as to provide for a five (5) year term, commencing on December 13, 2022, and ending December 31, 2027.

All other terms and conditions of the contract shall remain in full force and effect.

Executed this 25th day of March 2024.



President, Board of Trustees



Superintendent