# CALALLEN ISD

# 2025-2026 FINANCIAL ACCOUNTABILITY RATING & ANNUAL FINANCIAL MANAGEMENT REPORT

## *Financial Integrity Rating System of Texas FIRST*

*2025-2026 Ratings Based on Fiscal Year End August 31, 2025 District Data*

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# BACKGROUND INFORMATION

The state's school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve these practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.

The Schools FIRST rating system for the rating year 2025-2026 (based on 2025 financial data) consists of 21 base indicators, 4 of which are classified as critical indicators and 7 of which are classified as ceiling indicators, both of which cap the districts rating at varying levels if not achieved.

Within two months of receiving the final financial accountability rating school districts are required to distribute the financial management report to attendees at a public hearing for School FIRST. The board of trustees is to have the public hearing at a district facility. Under School FIRST, every school district in Texas is required to prepare an annual financial management report that includes the following:

A. The district’s financial management performance rating provided by the Texas Education Agency (TEA) based on its comparison with indicators established by the Commissioner of Education for the state’s new Financial Accountability System.
B. The district's financial management performance under each indicator for the current and previous years' financial accountability ratings;
C. Additional information required by the Commissioner of Education.

The board must give notice of the hearing to owners of real estate property in the geographic boundaries of the school district. In addition, notice of the hearing, including date, time and location, must be provided to a newspaper of general circulation in the geographic boundaries of the school district in one posting prior to holding the public meeting, providing the time and place of the hearing. The notice in the newspaper may not be earlier than 30 days or later than 10 days before the date of the hearing. The 2025 FIRST hearing notification was published in the Corpus Christi Caller Times on Thursday, November 5, 2026 in the Legal Section.

# FINANCIAL ACCOUNTABILITY RATINGS WORKSHEET

*Fiscal Year End August 31, 2025*

Financial Integrity Rating System of Texas

**2025-2026 RATINGS BASED ON SCHOOL YEAR 2024-2025 DATA - DISTRICT STATUS DETAIL**

**Name:** CALALLEN ISD(178903)
**Status:** Passed
**Rating:** A = Superior Achievement
**District Score:** 96

**Publication Level 1:** 8/6/2026 3:21:50 PM
**Publication Level 2:** 8/7/2026 3:50:39 PM
**Last Updated:** 8/7/2026 3:50:39 PM
**Passing Score:** 70

| # | Indicator Description | Updated | Score |
|---|---|---|---|
| 1 | Was the complete annual financial report (AFR) and data submitted to the TEA on or before February 27, 2026? | 6/4/2026 6:18:47 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.) | 6/23/2026 1:21:57 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.) | 6/4/2026 6:18:47 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 | 6/4/2026 6:18:47 PM | Yes<br><br>Ceiling Passed |

| | | | |
|---|---|---|---|
| | 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.) | | |
| | | | 1 Multiplier Sum |
| 5 | Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest and premiums 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.) | 6/4/2026 6:18:47 PM | Ceiling Passed |
| 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.) | 6/4/2026 6:18:47 PM | 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. | 6/4/2026 6:18:47 PM | 10 |
| 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. | 6/4/2026 6:18:47 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. | 6/4/2026 6:18:47 PM | 10 |

| | | | |
|---|---|---|---|
| 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? | 6/4/2026 6:18:47 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 or 1,000 or more students in membership, then the school district passes this indicator.) | 6/4/2026 6:18:47 PM | 8 |
| 12 | What is the correlation between future debt requirements and the district's assessed property value? | 6/4/2026 6:18:47 PM | 8 |
| 13 | This indicator is not being evaluated. | | 10 |
| 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. | 6/4/2026 6:18:47 PM | 10 |
| 15 | Was the school district's actual average daily attendance (ADA) within the allotted range of the district's biennial ADA projection submitted to TEA by the school district? If the school district did not submit ADA projections to TEA, it must certify TEA's projections to pass this indicator. See ranges below in the Determination of Points section. | 6/4/2026 6:18:47 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.) | 6/4/2026 6:18:47 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 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.) | 6/4/2026 6:18:47 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.) | 6/4/2026 6:18:47 PM | 10 |
| 19 | Did the school district post the required financial information on its website in accordance with Government Code, Local | 6/4/2026 6:18:47 PM | 5 |

| | | | |
|---|---|---|---|
| | 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? | | |
| 20 | 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? | 6/4/2026 6:18:47 PM | Ceiling Passed |
| 21 | 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? | 6/4/2026 6:18:47 PM | Ceiling Passed |

# DISCUSSION OF INDICATORS

## DETERMINATION OF RATINGS

| | | |
|---|---|---|
| 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, 5, 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 5** (Total Net Position) - Negative total net position and do not have 7% or more or 1.000 or more increase in growth in students in membership over 5 years. | 79 | C = Meets Standard 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 |
| **Indicator 21** (FSP Repayment Plan) - Response to indicator is *Yes*. | 70 | C = Meets Standard Achievement |

## SUMMARY OF INDICATORS

**1. Was the complete annual financial report (AFR) and data submitted to the TEA on or before February 27, 2026?**

A simple indicator. Was your Annual Financial Report filed by the deadline?

NOTE: The due date for the FY 2025 audit and data feed was revised. The change is only for the 2025-2026 rating year.

**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.)**

Review the AFR for an unmodified opinion and material weaknesses.

**3. Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)**

This indicator seeks to confirm that your district has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, photocopiers, etc.

**4. Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? 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 this indicator. If the school district was issued a warrant hold, the maximum points and highest rating 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).**

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

**5. Was the total net position balance in the governmental activities column in the Statement of Net Position (net of accretion of interest and premiums 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 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 such an increase, the maximum points and highest rating the school district may receive is 89 points, B = Above Standard Achievement.)**

This indicator determines if the total net position in the governmental activities column of the Statement of Net Position as reported in the Annual Financial Report is greater than zero. A positive net position demonstrates financial solvency.

**6. Was the average change in (assigned and unassigned) fund balance over 3 years less than a 25% decrease or did the current year assigned and unassigned fund balance exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating the school district may receive is 89 points, B = Above Standard Achievement.)**

This indicator measures the percentage change in general 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.

**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)?**

This indicator measures how many days after the end of the fiscal year the school district could have disbursed funds for its operating expenditures without receiving any new revenues. At least 90 days must be covered to receive the maximum points.

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

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

**9. Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?**

This indicator simply asks, "Did you spend more than you earned?" (the school district will automatically pass this indicator if the school district had at least 60 days cash on hand.)

**10. 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?**

This indicator will be reinstated for the 2025-26 rating period. It measures the accuracy of budgeted local and state revenue by comparing the amounts budgeted in the general fund to the actual amounts earned for the last three years

**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 or 1,000 or more students in membership, then the school district passes this indicator.)**

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

**12. What is the correlation between future debt requirements and the district's assessed property value?**

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

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

*This indicator is paused for the 2025-26 rating period.*

**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.)**

If a decline in student enrollment is occurring, this indicator measures if the decline in total staff is in proportion to the declining enrollment over a 3-year period. If declining enrollment is occurring, the change in this ratio cannot exceed 15 percent.

**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, it must certify TEA's projections to pass this 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.

**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 this indicator, the maximum points and highest rating the district may receive is 89 points, B = Above Standard Achievement.)**

This indicator measures the quality of data reported to PEIMS and in your Annual Financial Report to ensure that the data reported in each case "matches up." If the difference in numbers reported in the general fund is 3 percent or more, your district "fails" this measure.

**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 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 this indicator, the maximum points and highest rating the district may receive is 79 points, C = Meets Standard Achievement.)**

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.

**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.)**

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.

**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?**

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

**20. 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? (If the school district fails this indicator, the maximum points and highest rating the school district may receive is 89 points, B = Above Standard Achievement.)**

This indicator measures whether the administration and the board had the opportunity to consider the impact of changes in local, state, and federal funding.

**21. 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? (If the school district fails this indicator, the maximum points and highest rating the school district may receive is 70 points, C = Meets Standard Achievement.)**

This indicator determines if the district has an adjusted repayment schedule for an overallocation of FSP funds.

## GLOSSARY OF TERMS

**Annual Financial Report (AFR):** The audited annual report required by TEC section 44.008, that is due to TEA by no later than 150 days after the close of a school district's or an open-enrollment charter school's fiscal year.

**Ceiling indicator:** An upper limit (the maximum score) at which a score from a standard limit of a specific indicator will result regardless of overall points.

**Debt:** An amount of money owed to a person, bank, company, or other organization.

**Electronic submission:** The TEA electronic data feed format required for use by school districts, open-enrollment charter schools, and regional education service centers (ESCs).

**Financial Integrity Rating System of Texas (FIRST):** The financial accountability rating system administered by TEA in accordance with TEC sections 39.082 and 39.085. The system provides additional transparency to public education finance and meaningful financial oversight and improvement for school districts (School FIRST) and open-enrollment charter schools and charter schools operated by a public institution of higher education under TEC, Chapter 12, Subchapters D and E (Charter FIRST).

**Fiscal Year:** The fiscal year of a school district or an open-enrollment charter school, which begins on July 1 or September 1 of each year, as determined by the board of trustees of the district or the governing body of the charter holder in accordance with TEC section 44.0011.

**Foundation School Program (FSP):** The program established under the TEC, Chapters 46, 48, and 49 or any successor program of state-appropriated funding for school districts in this state.

**Summary of Finances (SOF) report:** The document of record for FSP allocations. An SOF report is produced for each school district and open-enrollment charter school by the TEA division responsible for state funding that describes the school district's or open-enrollment charter school's funding elements and FSP state aid.

**Texas Student Data System Public Education Information Management System (TSDS PEIMS):** The system that school districts and open-enrollment charter schools use to load, validate, and submit their data to TEA.

**Warrant hold:** The process by which state payments issued to payees indebted to the state, or payees with a tax delinquency, are held by the Texas Comptroller of Public Accounts until the debt is satisfied in accordance with the Texas Government Code section 403.055.

# FIRST DISCLOSURES

Reporting requirements for the financial management report for the School FIRST public hearing are found in Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1001(q). This rule prescribes requirements for the six disclosures described below that are included in the School FIRST financial management report.

1. **Superintendent's Employment Contract**
   The school district must provide a copy of the superintendent's current employment contract that is effective on the date of the School FIRST hearing. In lieu of publication in the School FIRST financial management report, the school district may publish the superintendent's employment contract on the school district's website. If published on the district's website, the contract is to remain accessible for twelve months.
2. **Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2026**
   A summary schedule for the fiscal year (12-month period) of total reimbursements received by the superintendent and each board member, including transactions on the school district's credit or debit card(s), store-value card(s) and any other instruments to cover expenses incurred by the superintendent and each board member. The summary schedule must separately report reimbursements for meals, lodging, transportation, motor fuel, and other items; the summary schedule of total reimbursements should not include reimbursements for supplies and materials that were purchased for the operation of the district.
3. **Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2026**
   A summary schedule for the fiscal year of the dollar amount of compensation and/or fees received by the superintendent from another school district or other outside entity in exchange for professional consulting or other personal services. The schedule must separately report the amount received from each entity.
4. **Gifts Received by the Executive Officer(s) and Board Members (and First-Degree Relatives, if any) in Fiscal Year 2026 (with a total economic value of $250 or more)**
   A summary schedule for the fiscal year of the total dollar amount of gifts with an economic value of $250 or more received by the executive officers and board members. This reporting requirement only applies to gifts received by the school district's executive officers and board members (and their immediate family as described by Government Code, Chapter 573, Subchapter B, Relationships by Consanguinity or by Affinity) from an outside entity that received payments from the school district in the prior fiscal year, and gifts from competing vendors that were not awarded contracts in the prior fiscal year. This reporting requirement does not apply to reimbursement of travel-related expenses by an outside entity when the purpose of the travel is to investigate or explore matters directly related to the duties of an executive officer or board member, or matters related to attendance at education-related conferences and

seminars with the primary purpose of providing continuing education (this exclusion does not apply to trips for entertainment related purposes or pleasure trips). This reporting requirement excludes an individual gift or a series of gifts from a single outside entity that had a total economic value of less than $250 per executive officer or board member.

5. **Business Transactions Between School District and Board Members for Fiscal Year 2026**
   A summary schedule for the fiscal year of the dollar amount received by board members for the total amount of business transactions with the school district. This reporting requirement does not duplicate the items disclosed in the summary schedule of reimbursements received by board members.
6. **Any other information the board of trustees of the school district determines to be useful.**

# APPENDIX 1

*Superintendent's Employment Contract*

The school district is to provide a copy of the superintendent's employment contract that is effective on the date of the School FIRST hearing in calendar year 2026. In lieu of publication in the School FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's Internet site. If published on the Internet, the contract is to remain accessible for twelve months.

**CALALLEN INDEPENDENT SCHOOL DISTRICT**
**Employment Contract for Superintendent of Schools**
State of TEXAS County of NUECES

THIS EMPLOYMENT CONTRACT FOR SUPERINTENDENT OF SCHOOLS ("Contract") is made and entered into by and between the Board of Trustees (the "Board") of the Calallen Independent School District (the "District") and Scot Hafley (the "Superintendent").

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

## 1. TERM

*1.1 Employment.* The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment as Superintendent of Schools for the District, for a term commencing on August 1, 2026 and ending on August 31, 2029. 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 right of Tenure.* The Board has not adopted any policy, rule, regulation, law, or practice providing for tenure. No right of tenure, contractual obligation, expectancy of continued employment, or claim of entitlement is created beyond the contract term.

## 2. EMPLOYMENT

*2.1 Duties.* The Superintendent is the chief executive of the District and shall faithfully perform the duties of the Superintendent of the 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 for employment all professional employees of the District subject to the Board's approval. It shall be the further duty of the Superintendent to employ all other personnel consistent 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, re-organize, 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 (BOAA Local Policy) except the Superintendent's resignation, which must 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. The Board expects the Superintendent to participate and be a visible presence at school and community activities as appropriate to, and consistent with, the professional role of the Superintendent.

*2.2 Professional Certification and Records.* This Contract is conditioned on the Superintendent's providing the necessary certification and experience records, medical records, oath of office, and other records required for the personnel files or payroll purposes. Failure to provide necessary certification shall render this Contract void. Any material and intentional misrepresentation may be grounds for dismissal.

*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 or the Superintendent's designee 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 salary and benefits as set forth in this Contract, the Superintendent's evaluation, when the Board is acting in its capacity as a tribunal, or to resolve interpersonal relationships between individual Board members. In the event of illness or Board-approved absence, the Superintendent's designee shall attend such meetings. In accordance with section 11.051(a-1) of the Education Code, the Board shall provide the Superintendent an opportunity to provide verbal or written recommendation(s) and/or information as to each of the items of business considered and voted on by the Board at each Board meeting.

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, by employees, students or members of the public, to the Superintendent for review and appropriate action in accordance with Board policy.

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 or administrative 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.

## 3. COMPENSATION

3.1 *Salary.* The District shall provide the Superintendent with an annual salary in the sum of One Hundred Eighty-Seven Thousand, Five Hundred and 00/100 Dollars ($187,500.00). This annual salary rate shall be paid to the Superintendent in 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 that the salary set forth in Section 3.1 of this Agreement.

3.3 *Texas Teacher Retirement System.* For performance of Superintendent duties, the District shall supplement the Superintendent's salary by an amount equal to the Superintendent's portion of the member contribution to the Texas Teacher Retirement System ("TRS") during the Term of this Contract, including any extensions thereof. This salary supplement shall include both the retirement and TRS-Care parts of the TRS member contribution, as applicable. This additional salary supplement for services

rendered shall be paid to the Superintendent in regular monthly payroll installments and shall be reported as "creditable compensation" by the District for purposes of TRS, to the extent permitted by TRS.

*3.4 Travel Allowance.* The District shall pay the Superintendent Five Hundred and 00/100 Dollars ($500.00) per month for travel within the District and the Regional Service Center.

*3.5 Travel Expenses.* The District shall pay or reimburse the Superintendent for reasonable expenses directly incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract. The District agrees in accordance with Board Policy to pay the actual and incidental cost incurred by the Superintendent for travel. The District shall reimburse the Superintendent for mileage for out-of-District travel in the amount set by Board Policy at the District rate. The Superintendent shall comply with all procedures and documentation requirements in accordance with Board policies.

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

*3.7 Moving and Relocation Expense.* In connection with the necessary relocation of the Superintendent and the Superintendent's family to the District, the District shall pay the Superintendent a one-time moving allowance of Ten Thousand and 00/100 Dollars ($10,000.00) for necessary and reasonable expenses incurred in moving the Superintendent's family and belongings.

*3.8 Vacation, Holidays, and Personal Leave.* The Superintendent may take, at the Superintendent's choice, the same number of days of vacation days authorized by policies adopted by the Board for administrative employees on twelve -month contracts, the days to be taken in a single period or at different times. The vacation days taken by the Superintendent will be taken at such time or times as will not substantially interfere with the performance of the Superintendent's duties as set forth in this Contract. The Superintendent shall observe the same legal holidays as provided by Board policies for administrative employees on twelve-month contracts. The Superintendent is hereby granted the same number of personal leave days as authorized by Board policies for administrative employees on twelve month contracts, the days to be taken in a single period or at different times.

*3.9 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 reasonable attendance and participation in appropriate professional meetings at the local, regional, state, and national levels, as approved by the Board.

*3.10 Professional Organization Dues.* The District shall pay dues for two (2) professional organizations and one (l) community organization on behalf of the Superintendent.

*3.11 Outside Consulting Activities.* The Superintendent may accept speaking, writing, lecturing, or other engagements of a professional nature, to be approved by the Board on a case -by-case basis, providing these engagements do not derogate from the duties of the Superintendent and such activities or engagements are in compliance with state law.

*3.12 Benefits.* In addition to the benefits expressly set forth herein, the District shall provide other benefits to the Superintendent as provided to District employees by state law and Board policies including, without limitation, any stipends/bonuses/incentives provided to other administrative employees of the District. The Board reserves the right to amend its policies at any time during the term of this Contract to reduce or increase the benefits not expressly provided herein, at the Board's sole discretion.

## 4. GOALS/REVIEW OF PERFORMANCE

*4.1 Development of Goals.* The Board shall work collaboratively with the Superintendent each year to prepare a list of goals for the District. The goals approved by the Board shall always 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 objectively measurable, to the extent feasible. The Board agrees to work with and support the Superintendent in achieving the District Goals.

*4.2 Time and Basis for 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.

*4.3 Evaluation Format and Procedure.* The evaluation format and procedure shall be in accordance with the Board's policies and state and federal law. 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. If 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 to demonstrate such expected performance before being evaluated.

4.4 *Confidentiality.* Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall always 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. RENEWAL/NON-RENEWAL

*5.1 Renewal/Non-renewal.* Renewal or non-renewal shall be in accordance with Board policy and applicable law.

## 6. TERMINATION OF EMPLOYMENT CONTRACT

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

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

*6.3 Discharge for Cause.* The Board may dismiss the Superintendent during the term of the Contract for good cause in accordance with applicable law.

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

*6.5 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 school year. The Superintendent may resign with the consent of the Board at any other time.

## 7. MISCELLANEOUS

*7.1* *Controlling Law.* This Contract shall be governed by the laws of the State of Texas.

*7.2* *Amendment.* This Contract embodies the entire agreement between the parties and cannot be amended except by written agreement of the parties.

*7.3* *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 for the term stated herein 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.

*7.4* *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.

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

7.6 *Authority.* The Board President has 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 July 23, 2026.

EXECUTED this, 23rd day of July, 2026.

Heather Luckenbach, Board of Trustees President

Scot Hafley, Superintendent of Schools

# APPENDIX 2

*Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2026*

**For the Twelve-Month Period Ended August 31, 2026**

| Description of Reimbursement | Superintendent | Jerry Batek | Royce Cameron | Michael Hatch |
|---|---|---|---|---|
| Meals | $0 | $0 | $0 | $0 |
| Lodging | $0 | $0 | $0 | $0 |
| Transportation | $0 | $0 | $0 | $0 |
| Motor Fuel | $0 | $0 | $0 | $0 |
| Other | $0 | $0 | $0 | $0 |
| **Total** | **$0.00** | **$0.00** | **$0.00** | **$0.00** |

| Description of Reimbursement | Heather Luckenbach | Chelsea Schulze | Lori Jo Walker | Edward Wells |
|---|---|---|---|---|
| Meals | $0 | $0 | $0 | $0 |
| Lodging | $0 | $0 | $0 | $0 |
| Transportation | $0 | $0 | $0 | $0 |
| Motor Fuel | $0 | $0 | $0 | $0 |
| Other | $0 | $0 | $0 | $0 |
| **Total** | **$0.00** | **$0.00** | **$0.00** | **$0.00** |

**Note** – The spirit of the rule is to capture all "reimbursements" for fiscal year 2026, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

Meals –Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).

Lodging - Hotel charges.

Transportation - Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls).

Motor fuel – Gasoline.

Other - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

# APPENDIX 3

*Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2026*

**For the Twelve-Month Period Ended August 31, 2026**

| **Name(s) of Entity(ies)** | **Amount Received** |
|---|---|
| NONE | $0.00 |
| Total | $0.00 |

**Note** – Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business.

# APPENDIX 4

*Gifts Received by the Executive Officer(s) and Board Members*
*(and First-Degree Relatives, if any) in Fiscal Year 2026*
*(with a total economic value of $250 or more)*

**For the Twelve-Month Period**
**Ended August 31, 2026**

| | **Superintendent** | **Jerry Batek** | **Royce Cameron** | **Michael Hatch** |
|---|---|---|---|---|
| Total | $0.00 | $0.00 | $0.00 | $0.00 |

| | **Heather Luckenbach** | **Chelsea Schulze** | **Lori Jo Walker** | **Edward Wells** |
|---|---|---|---|---|
| Total | $0.00 | $0.00 | $0.00 | $0.00 |

**Note** – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification. Gifts received by first degree relatives, if any, will be reported under the applicable school official.

This reporting requirement only applies to gifts received by the school district's executive officers and board members (and their immediate family as described by Government Code, Chapter 573, Subchapter B, Relationships by Consanguinity or by Affinity) from an outside entity that received payments from the school district in the prior fiscal year, and gifts from competing vendors that were not awarded contracts in the prior fiscal year. This reporting requirement does not apply to reimbursement of travel-related expenses by an outside entity when the purpose of the travel is to investigate or explore matters directly related to the duties of an executive officer or board member, or matters related to attendance at education-related conferences and seminars with the primary purpose of providing continuing education (this exclusion does not apply to trips for entertainment related purposes or pleasure trips). This reporting requirement excludes an individual gift or a series of gifts from a single outside entity that had a total economic value of less than $250 per executive officer or board member.

# APPENDIX 5

*Business Transactions Between School District and Board Members for Fiscal Year 2025*

**For the Twelve-Month Period Ended August 31, 2025**

| | | | | |
|---|---|---|---|---|
| | | **Jerry Batek** | **Royce Cameron** | **Michael Hatch** |
| Amounts | | $0.00 | $0.00 | $0.00 |
| | **Heather Luckenbach** | **Chelsea Schulze** | **Lori Jo Walker** | **Edward Wells** |
| Amounts | $0.00 | $0.00 | $0.00 | $0.00 |

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

# APPENDIX 6

*Any other information the board of trustees of the school district determines to be useful*

1. Within the last two years, did the district:
   a. Draw Funds from a short-term financing note — No
   b. For the prior fiscal year, have a total General Operating fund balance of less than 2% of total expenditures for General Operating fund function codes 11-61? — No

2. Has the school district declared financial exigency within the past two years?

   No

3. Provide comments or explanations for student-to-staff ratios significantly (more than 15%) below the norm, rapid depletion of General Operating fund balance, or any significant discrepancies between actual budget figures and projected revenues and expenditures, or any other information that may be helpful in evaluating the district's financial solvency.

   N/A

4. How many superintendents has your school district had in the last five years?

   3

5. How many business managers has your school district had in the last five years?

   1