



School Financial Integrity Rating System of Texas Annual Financial Management Report

Conroe Independent School District's FIRST Rating

Darrin Rice, Executive Director of Finance



Primary Goal/Development

- **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 those 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.**



Primary Goal/Development

- **The School FIRST program is going through a transition period to combine the FIRST Report with the Financial Solvency Report.**
- **The ratings and indicators for the first year (2013-2014) of the new program are different than following years to allow for the transition period.**
- **Several new indicators are more easily recognized and interpreted by both the public and the finance industry.**



Primary Goal/Development (cont.)

- **The School FIRST rating is based upon an analysis of staff and student data reported for the 2013-2014 school year, and budgetary and actual financial data for the fiscal year ended August 31, 2014.**
- **The School First accountability rating system assigns two possible financial accountability ratings to Texas school districts.**
 - 1. Pass**
 - 2. Sub-Standard Achievement**



Conroe Independent School District's FIRST Rating

- **Conroe Independent School District received a rating of “PASS”.**
- **Conroe Independent School District received a perfect score.**

The Pass rating is the state's highest, demonstrating the quality of Conroe ISD's financial management and reporting system.



How Ratings are Assessed

- **The School FIRST rating system rated the District based on the scores received from 7 separate performance indicators.**
- **Each performance indicator was designed to assess the quality of the financial management of the district's resources.**



Indicator/Explanations and Conroe ISD's Answers


- **1. Was the complete Annual Financial Report and data submitted to the TEA within 30 days of the January 28th deadline for the district's Fiscal Year end date August 31?**
A simple indicator. Was your Annual Financial Report filed by the deadline?
Conroe's answer – Yes

Indicator/Explanations and Conroe ISD's Answers (cont.)

- **2. Was there an Unmodified Opinion in the Annual Financial Report on the financial statements as a whole?**

A “modification” on your financial report means that you need to correct some of your reporting or financial controls. A district’s goal, therefore, is to receive an “unmodified opinion” on its Annual Financial Report.

Conroe’s answer – Yes



Indicator/Explanations and Conroe ISD's Answers (cont.)

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

This indicator seeks to make certain that your district has paid your bills/obligations on bonds issued to pay for school construction, etc.

Conroe's answer – Yes



Indicator/Explanations and Conroe ISD's Answers. (cont.)

- **4. Was the Total Unrestricted Net Asset Balance in the Governmental Activities Column in the Statement of Net Assets Greater than Zero?**

Conroe's answer - Yes \$42,717,550

Indicator/Explanations and Conroe ISD's Answers (cont.)

- **5. Was the School District's Administrative Cost Ratio equal to or less than the Threshold Ratio?**

TEA and state law sets a cap on the percentage of their budget that Texas school districts can spend on administration. Did you stay within the cap for districts of your size?

Conroe's answer – Yes, the acceptable administrative cost ratio is $\leq .0855$


Conroe's ratio .0367.



Indicator/Explanations and Conroe ISD's Answers (cont.)

- **6. Did The Comparison of PEIMS DATA to Like Information in Annual Financial Report Result In An Aggregate Variance of Less than 3 Percent of all Expenditures by function?**

Conroe's Answer - Yes , 0%



Indicator/Explanations and Conroe ISD's Answers (cont.)

- **7. 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?**

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls.

Conroe's answer – Yes

School FIRST Annual Financial Management Report

CONROE INDEPENDENT SCHOOL DISTRICT

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period
 Ended August 31, 2014

Description of Reimbursements	Superintendent	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
	Dr. Don Stockton	Ray Sanders	John Husands	Scott Kidd	Datren Williams	Melanie Bush	Jessica Powell	Skeeter Hubert
Meals	\$ 234.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33.00	\$ -
Lodging	303.85	-	-	-	-	-	-	-
Transportation	1,244.61	-	-	-	-	-	-	-
Motor Fuel	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	\$1,782.46	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$33.00	\$0.00

All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. Items to be reported per category include:

- Meals – Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).
- Lodging - Hotel charges.
- Transportation - Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls).
- Motor fuel – Gasoline.
- Other: - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

For the Twelve-Month Period
 Ended August 31, 2014

<u>Name(s) of Entity(ies)</u>	Amount Received
N/A	\$ -
Total	\$ -

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

School First Annual Financial Management Report

**Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any)
(gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)**

For the Twelve-Month Period
Ended August 31, 2014

	Superintendent	Board Member 1	Board Member 2 John Husands	Board Member 3 Scott Kidd	Board Member 4 Datren Williams	Board Member 5 Melanie Bush	Board Member 6 Jessica Powell	Board Member 7 Skeeter Hubert
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

Business Transactions Between School District and Board Members

For the Twelve-Month Period
Ended August 31, 2014

	Board Member 1 Ray Sanders	Board Member 2 John Husands	Board Member 3 Scott Kidd	Board Member 4 Datren Williams	Board Member 5 Melanie Bush	Board Member 6 Jessica Powell	Board Member 7 Skeeter Hubert
Amounts	\$ -	\$ 560,645.00	\$ -	\$ -	\$ -	\$ -	\$ -

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

The above amount reflects normal business transactions between Conroe I.S.D. and the employers of Mr. Husands (Soules Insurance). Mr. Husands receives no commission from these revenues and his business relationship predates his membership on the Board of Trustees.

Summary Schedule of Data Submitted under the Financial Solvency Provisions of TEC §39.0822

General Fund - First-Quarter Expenditures By Object Code

Report 2014-2015 first-quarter (first three months of fiscal year 2014-2015) GENERAL FUND expenditures by object code using whole numbers.

Payroll -Expenditures for payroll costs	object codes 6110-6149	\$ 64,096,247.48
Contract Costs -Expenditures for services rendered by firms, individuals, and other organizations	object code series 6200	\$ 10,562,533.17
Supplies and Materials -Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	object code series 6300	\$ 7,791,628.90
Other Operating -Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	object code series 6400	\$ 2,122,586.24
Debt Service -Expenditures for debt service	object code series 6500	\$ -
Capital Outlay -Expenditures for land, buildings, and equipment	object code series 6600	\$ 658,783.58

Additional Financial Solvency Questions

1) Districts with a September 1- August 31 fiscal year:

Within the last two years, did the school district

- 1) draw funds from a short-term financing note (term less than 12 months) between the months of September and December, inclusive, and
- 2) for the prior fiscal year, have a total General Fund balance of less than 2 percent of total expenditures for General Fund function codes 11-61?

Yes	No
_____	XX
_____	XX
_____	XX

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

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

<u>Mean Enroll-to-Teacher Ratio</u>	<u>85% of Mean Enroll-to-Teacher Ratio</u>	<u>School District Size</u>
8.39	7.13	Under 100
9.48	8.06	100 to 249
10.73	9.12	250 to 499
11.48	9.76	500 to 999
12.45	10.58	1,000 to 1,599
13.52	11.50	1,600 to 2,999
14.29	12.15	3,000 to 4,999
14.80	12.58	5,000 to 9,999
14.88	12.65	10,000 to 24,999
15.01	12.76	25,000 to 49,999
15.06	12.80	50,000 and Over

4) How many superintendents has your school district had in the last five years? _____ 1 _____

5) How many business managers has your school district had in the last five years? _____ 1 _____

**CONROE INDEPENDENT SCHOOL DISTRICT
SUPERINTENDENT'S CONTRACT**

**THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §**

It is hereby agreed by and between the Board of Trustees of the Conroe Independent School District (hereinafter the "Board") and Dr. Don Stockton (hereinafter the "Superintendent") that the Board, in accordance with Texas Education Code, §11.201, and as recorded in the official minutes of the meeting of the Board held on the 20th day of January, 2015, has and does hereby enter into this agreement to continue to employ Dr. Don Stockton as Superintendent of Schools of the Conroe Independent School District (hereinafter the "District"), under the following terms:

1. This contract shall supersede all prior contracts or agreements relating to the employment of the Superintendent.


2. The Superintendent shall be employed for twelve months per year for a term of five (5) years commencing on January 1, 2015, and ending on December 31, 2019. The Board may, at its sole discretion, extend the term of this Contract annually, for an additional year, with the consent of the Superintendent.

3. The Superintendent shall faithfully perform the duties of Superintendent of Schools for the District, as prescribed by Board policy and as may be assigned by the Board, and shall comply with all Board policies and directives, state and federal law, and District rules and regulations as they exist or may hereafter be amended. It shall be the duty of the Superintendent to direct, assign, reassign, and evaluate all of the employees of the District consistent with Board policies and federal and state law. It shall be the further duty of the Superintendent to organize,

reorganize, and arrange the staff of the District, and to develop and establish administrative regulations, rules, and procedures which the Superintendent deems necessary for the efficient and effective operation of the District consistent with the Board's lawful directives, the Board's policies, and state and federal law. The Superintendent cannot be reassigned from the position of Superintendent to another position without the Superintendent's written consent.

4. The Superintendent shall be paid a salary of \$343,000 per year, payable in equal installments in accordance with Board policy governing payment to other professional staff members in the District. The Board shall have the right to further adjust the annual salary of the Superintendent at any time during the term of this Contract, provided that no such adjustment shall reduce the annual salary herein set forth. Any such further adjustment in the Superintendent's salary made during the term of this Contract shall be in the form of an amendment and shall become part of the Contract. The annual salary shall be predicated on 226 work days each year.

5. In addition to the annual salary above, the Superintendent shall receive a one thousand five hundred dollars (\$1,500) allowance per month during the Superintendent's employment with the District to cover the costs of all reasonable and necessary expenses incurred in the continuing performance of the Superintendent's duties under this contract. This allowance covers, but is not limited to, all travel expenses within the District and Region VI Education Service Center/Greater Houston area and other incidental expenses. This allowance excludes out-of-District/Region VI/Greater Houston area travel expenses, which shall be reimbursed by the District, and further excludes expenses pertaining to mobile phone use or portable e-mail service, which shall be the Superintendent's responsibility. The Superintendent shall comply with all policies, procedures, and documentation requirements established by the Board, the District's independent auditors, and state and federal laws regarding such expenses to be reimbursed. The District shall




also pay for hospitalization, major medical and life insurance coverage for the Superintendent under the same program or policy as provided to other employees of the District. The Superintendent shall observe the same legal holidays and receive the same sick leave and personal leave benefits as authorized by Board policies for administrative employees who serve 226 duty days each year.

6. Beginning January 1, 2015, the District will no longer direct funds in any amount to an annuity for the Superintendent.

7. As supplemental salary, the District shall pay an amount equal to the Superintendent's portion of the monthly contribution to the Texas Teacher Retirement System (TRS) in the percentage amount required by the TRS for the account of the Superintendent. This additional salary supplement shall be paid to the Superintendent by regular monthly payroll installments and shall be reported as creditable compensation to TRS.

8. The Superintendent shall furnish throughout the term of this Contract a valid and appropriate certificate as defined in the Texas Education Code to act as a superintendent in this state. The Superintendent hereby agrees to devote his time, skill, labor and attention exclusively to said employment during the term of this Contract. The Superintendent may, with prior notice to the Board, undertake consulting work, speaking engagements, writing, lecturing, or other professional duties and obligations that do not conflict or interfere with the Superintendent's professional services to the District or result in any financial cost to the District. Such outside endeavors are distinguishable from participation in professional meetings and/or seminars as referenced in paragraph 9, below.

9. The Board and the Superintendent shall maintain a working relationship that is in the best interests of the District. To that end, all criticisms, complaints or suggestions received by the Board, or any individual Board member(s) shall, prior to any action being taken as to same, be



referred to the Superintendent for appropriate resolution, study or recommendation; and the Superintendent shall be permitted to attend all meetings of the Board, both open and closed, and participate in all deliberations of the Board, except those meetings from which he may be excluded as a matter of law, or as due process may require.

10. The Board shall provide the Superintendent with periodic opportunities to discuss the Superintendent-Board relationship. The Board shall evaluate the Superintendent annually in writing.

11. The Superintendent may attend and participate in appropriate professional meetings and/or seminars at the local, state and national level, with notice to the Board. The District shall pay the annual dues of the Superintendent for membership in relevant professional organizations. The District shall also pay the reasonable and customary dues for the Superintendent's membership in up to three local civic and community organizations of the Superintendent's choice.

12. This Contract can be terminated at any time with mutual consent of the Board and the Superintendent, or for good cause under applicable law and Board policy. Renewal or non-renewal of this Contract shall be in accordance with Board policy and applicable state law.

13. The Board agrees that the District shall defend, hold harmless, and indemnify Superintendent from any and all demands, claims, suits, actions, judgments, expenses, and attorney's fees incurred in any legal proceedings brought against Superintendent in his individual capacity or in his official capacity provided the incident(s) which is (are) the basis of any claim or lawsuit arose while Superintendent was acting within the course and scope of his employment with the District. The District may provide insurance coverage to protect the Superintendent under this paragraph.

14. This Contract supersedes all prior agreements and resolutions concerning

employment of the Superintendent into one document. This Contract may only be amended by written instrument, executed by both parties.

15. 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.

16. 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.

EXECUTED this the 20th day of January, 2015.



President, Board of Trustees



Superintendent