

# **2020 Public Report**



## **Karnes City Independent School District**

### **A Financial Management Report for the Fiscal Year Ending August 31, 2019**

# **Karnes City Independent School District**

## **2020 Public Report**

### **Table of Contents**

School First Introduction

Notice of Public Meeting

2018-2019 District Data Summary

2018-2019 Explanations of School FIRST Indicators

2018-2019 State-wide Data Summary

2017-2018 District Data Summary

Required Supplemental Disclosures

    Superintendent Contract

    Expenditures for Superintendent and School Board Members

Glossary of Terms

## School First Introduction

December 14, 2020

Within these pages is Karnes City ISD's annual School FIRST (Financial Integrity Rating System of Texas) rating and annual financial management report. The District received a School FIRST rating of "Substandard", based on school year 2018-2019 data.

### **Background on the Financial Accountability Rating System**

This is the 18th year of School FIRST (Financial Accountability 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. 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.

### **Financial Accountability Ratings**

Under the School FIRST system, the Texas Education Agency (TEA) assigns each school district a financial accountability rating. The ratings are based on a district's overall performance on certain financial measurements, ratios, and other indicators established annually by the Commissioner of Education. The School FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, as follows:

#### SCHOOL FIRST RATINGS

"A" for "Superior Achievement"

"B" for "Above Standard Achievement"

"C" for "Standard Achievement"

"F" for "Substandard Achievement"

Districts that receive the "Substandard Achievement" rating under School FIRST must file a corrective action plan with the Texas Education Agency within one month after the school district's public hearing.

The Commissioner of Education will evaluate the rating system annually and may modify the system from year to year in order to improve its effectiveness. Any changes made to the evaluation criteria are communicated to school districts no later than May of each calendar year and apply to the ratings issued for the following fiscal year.

NOTE: The changes to the School FIRST system implemented by the Texas Education agency in August 2018. The most substantive changes in August 2018 will be implemented by the Texas Education Agency beginning with ratings year 2020-2021 based primarily on data from fiscal

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

### **School District Reporting Requirements**

Reporting the School FIRST rating to the public is a key component of the School FIRST system. Each school district is required to prepare and make available an annual financial management report that presents the district's performance on the current School FIRST indicators and a comparison with the previous year's performance. A public hearing must be held on the annual financial management report to afford interested parties the opportunity to comment on the report. The public hearing must be held within two months after receipt of the final financial accountability rating.

### **2020 School FIRST Rating**

The 2020 School FIRST ratings were based on financial data submitted to the Texas Education Agency for the 2018-2019 school year and fiscal year. Fifteen indicators were evaluated to determine the rating. The rating worksheet detailing the District's performance on each of the fifteen indicators is included in this report. Explanations of the fifteen indicators are found after the details of the District's performance. This report also includes the following disclosures, as required by 19 TAC Chapter 109 Subchapter AA:

- Superintendent's Current Employment Contract
- Summary Schedule of Total Reimbursements Received by Superintendent and Each Board Member
- Compensation and/or Fees Received by the Superintendent from Outside Entities for Professional Consulting and/or Other Personal Services
- Summary Schedule of Total Amount by Superintendent and Board Members (and First Degree Relatives) of Gifts that Had an Economic Value Exceeding \$250 in the Aggregate
- Summary Schedule of Total Dollar Amount by Board Member of Business Transactions with the District
- Additional information the district's Board of Trustees deems useful Contacting the District's Financial Management

This annual financial management report is presented in accordance with the provisions of Texas Education Code Section 39.201-39.204 and 19 TAC Chapter 109 Subchapter AA. If you have questions about the report or need additional financial information about the District, please contact, Karnes City Independent School District, 404 N Highway 123, Karnes City, Texas 78118. Additional financial information about the District, including the official budget and comprehensive annual financial report, can be found at the District's website at [www.kcisd.net](http://www.kcisd.net).

## Notice of Public Meeting

The following notice was published November 18, 2020 and November 25, 2020 in the Karnes Countywide Weekly Newspaper.

### NOTICE OF PUBLIC MEETING TO DISCUSS KARNES CITY INDEPENDENT SCHOOL DISTRICT'S

#### State Financial Accountability Rating

**NOTICE OF  
PUBLIC MEETING TO  
DISCUSS KARNES CITY  
INDEPENDENT SCHOOL  
DISTRICT'S  
State Financial  
Accountability Rating**

Karnes City Independent School District will hold a public meeting at 6:00 PM, December 14, 2020, in the Karnes City ISD Board Room at 400 N Highway 123, Karnes City, TX 78118. The purpose of this meeting is to discuss Karnes City Independent School District's rating on the Financial Integrity Rating System of Texas (F.I.R.S.T. Report).

11-19&26

RATING YEAR  DISTRICT NUMBER



**Financial Integrity Rating System of Texas**

**2019-2020 RATINGS BASED ON SCHOOL YEAR 2018-2019 DATA - DISTRICT STATUS DETAIL**

<b>Name:</b> KARNES CITY ISD(128901)	<b>Publication Level 1:</b> 8/6/2020 9:26:37 AM
<b>Status:</b> Failed	<b>Publication Level 2:</b> 8/6/2020 11:17:34 AM
<b>Rating:</b> F = Substandard Achievement	<b>Last Updated:</b> 8/6/2020 11:17:34 AM
<b>District Score:</b> 0	<b>Passing Score:</b> 60

#	Indicator Description	Updated	Score
1	<a href="#">Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</a>	3/30/2020 1:48:57 PM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A, or to both indicators 2.A and 2.B.		
2.A	<a href="#">Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</a>	3/30/2020 1:48:57 PM	Yes
2.B	<a href="#">Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)</a>	3/30/2020 1:48:57 PM	No
3	<a href="#">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.)</a>	3/30/2020 1:48:58 PM	No
4	<a href="#">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?</a>	3/30/2020 1:48:58 PM	No
5	This indicator is not being scored.		
			0 Multiplier Sum
6	<a href="#">Was the number of days of cash on hand and current investments in the general fund for the</a>	3/30/2020	10

<https://tealprod.tea.state.tx.us/First/forms/District.aspx?year=2018&district=128901>

	<u>school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)</u>	1:48:58 PM	
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	3/30/2020 1:48:59 PM	10
8	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? If the school district's increase of students in membership over 5 years was 7 percent or more, then the school district passes this indicator. See ranges below.</u>	3/30/2020 1:48:59 PM	10
9	<u>Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?</u>	3/30/2020 1:48:59 PM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	3/30/2020 1:49:01 PM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	3/30/2020 1:49:01 PM	6
12	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)</u>	3/30/2020 1:49:01 PM	10
13	<u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?</u>	3/30/2020 1:49:03 PM	10
14	<u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>	3/30/2020 1:49:03 PM	10
15	<u>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?</u>	3/30/2020 1:49:03 PM	10
			96 Weighted Sum
			0 Multiplier Sum
			0 Score

**DETERMINATION OF RATING**

<b>A.</b>	Did the district answer 'No' to Indicators 1, 3, 4, or 2.A? If so, the school district's rating is <b>F for Substandard Achievement</b> regardless of points earned.	
<b>B.</b>	Determine the rating by the applicable number of points. (Indicators 6-15)	
	<b>A = Superior</b>	90-100
	<b>B = Above Standard</b>	80-89
	<b>C = Meets Standard</b>	60-79

<b>F = Substandard Achievement</b>	<60
<b>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.</b>	

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

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

FIRST 5.9.1.0



## Explanations of School FIRST Indicators

**1. Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?**

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

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

**2.A. Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)?**

A "modified" version of the auditor's opinion in your annual audit report means that you need to correct some of your reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its Annual Financial Report. 2.A. is a simple "Yes" or "No" indicator (see instructions under "2." for evaluating performance under "2.A" and "2.B." to arrive at the score for "2.").

**2.B. Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)**

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed. 2.B. is a simple "Yes" or "No" indicator (see instructions under "2." for evaluating performance under "2.A" and "2.B" to arrive at the score for "2.").

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

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

**4. Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?**

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

**5. Was the total unrestricted Net Position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Positions greater than zero? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)**

This indicator simply asks, "Did the district's total assets exceed the total amount of liabilities (according to the very first financial statement in the annual audit report)?" Fortunately, this indicator recognizes that high-growth districts incur large amounts of debt to fund construction, and that total debt may exceed the total amount of assets under certain scenarios.

**6. Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?**

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

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

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

**8. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)**

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

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

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

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

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

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

This indicator measures the percentage of their budget that Texas school districts spent on administration. Did you exceed the cap in School FIRST for districts of your size?

**12. Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)**

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

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

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

**14. Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)**

A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds and should be immediately addressed.

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

This indicator asks if the district had to ask for an easy payment plan to return monies to TEA after spending the overpayment from the Foundation School Program state aid.

RATING YEAR  DISTRICT NUMBER



**Financial Integrity Rating System of Texas**

**OVERALL STATISTICS  
2018-2019 STATUS COUNTS**

Status	Count	% Total	Enrollment	% Total Enrollment
Passed	1,011	99.12 %	5,044,485	99.02 %
Failed	9	0.88 %	49,684	0.98 %
<b>Total</b>	<b>1,020</b>	<b>100.00 %</b>	<b>5,094,169</b>	<b>100.00 %</b>

**2018-2019 RATING COUNTS**

Ratings	Count	% Total	Enrollment	% Total Enrollment
A = Superior	898	88.04 %	4,811,053	94.44 %
B = Above Standard	81	7.94 %	180,967	3.55 %
C = Meets Standard	32	3.14 %	52,465	1.03 %
F = Substandard Achievement	9	0.88 %	49,684	0.98 %
<b>Total</b>	<b>1,020</b>	<b>100.00 %</b>	<b>5,094,169</b>	<b>100.00 %</b>

**2018-2019 ALL RESULTS BY INDICATOR**

Indicator	Result	Count	% of Districts	Enrollment	% Total Enrollment
1	Yes	1019	99.90 %	5093791	99.99 %
	No	1	0.10 %	378	0.01 %
2.A	Yes	1018	99.80 %	5093147	99.98 %
	No	2	0.20 %	1022	0.02 %
2.B	Yes	974	95.49 %	4776730	93.77 %
	No	46	4.51 %	317439	6.23 %
3	Yes	1018	99.80 %	5092670	99.97 %
	No	2	0.20 %	1499	0.03 %
4	Yes	1014	99.41 %	5048187	99.10 %

12/8/2020

Overall Statistics

	No				
		6	0.59 %	45982	0.90 %
6	10	896	87.84 %	4629662	90.88 %
	8	40	3.92 %	155168	3.05 %
	6	27	2.65 %	117987	2.32 %
	4	24	2.35 %	131722	2.59 %
	2	17	1.67 %	37743	0.74 %
	0	16	1.57 %	21887	0.43 %
7	10	834	81.76 %	3783798	74.28 %
	8	93	9.12 %	687119	13.49 %
	6	54	5.29 %	479989	9.42 %
	4	17	1.67 %	99650	1.96 %
	2	14	1.37 %	34548	0.68 %
	0	8	0.78 %	9065	0.18 %
8	10	832	81.57 %	3214684	63.11 %
	8	95	9.31 %	816911	16.04 %
	6	63	6.18 %	719329	14.12 %
	4	22	2.16 %	305865	6.00 %
	2	5	0.49 %	24348	0.48 %
	0	3	0.29 %	13032	0.26 %
9	10	997	97.75 %	5047714	99.09 %
	0	23	2.25 %	46455	0.91 %
10	10	923	90.49 %	4894467	96.08 %
	8	6	0.59 %	10957	0.22 %
	6	5	0.49 %	22545	0.44 %
	4	15	1.47 %	45621	0.90 %
	2	7	0.69 %	39537	0.78 %
	0	64	6.27 %	81042	1.59 %
11	10	774	75.88 %	4380103	85.98 %

<https://tealprod.tea.state.tx.us/First/forms/AdminStats.aspx>

2/4

12/8/2020

Overall Statistics

	8	154	15.10 %	530846	10.42 %
	6	62	6.08 %	165916	3.26 %
	4	19	1.86 %	14147	0.28 %
	2	2	0.20 %	890	0.02 %
	0	9	0.88 %	2267	0.04 %
12	10	997	97.75 %	5081262	99.75 %
	0	23	2.25 %	12907	0.25 %
13	10	1009	98.92 %	5084703	99.81 %
	0	11	1.08 %	9466	0.19 %
14	10	982	96.27 %	5053130	99.19 %
	0	38	3.73 %	41039	0.81 %
15	10	1020	100.00 %	5094169	100.00 %

2018-2019 ANSWERS BY INDICATOR

Indicator	Yes	No	10	8	6	4	2	0	Total
1	1019	1	x	x	x	x	x	x	1020
2.A	1018	2	x	x	x	x	x	x	1020
2.B	974	46	x	x	x	x	x	x	1020
3	1018	2	x	x	x	x	x	x	1020
4	1014	6	x	x	x	x	x	x	1020
6	x	x	896	40	27	24	17	16	1020
7	x	x	834	93	54	17	14	8	1020
8	x	x	832	95	63	22	5	3	1020
9	x	x	997	x	x	x	x	23	1020
10	x	x	923	6	5	15	7	64	1020
11	x	x	774	154	62	19	2	9	1020
12	x	x	997	x	x	x	x	23	1020
13	x	x	1009	x	x	x	x	11	1020
14	x	x	982	x	x	x	x	38	1020

<https://tealprod.tea.state.tx.us/First/forms/AdminStats.aspx>

3/4

12/8/2020

Overall Statistics

15      x      x      1020      x      x      x      x      x      1020

Last Updated: Thursday, November 19, 2020 10:12:05 AM

---

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

THE **TEXAS EDUCATION AGENCY**

1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734

FIRST 5.9.1.0

RATING YEAR  DISTRICT NUMBER



**Financial Integrity Rating System of Texas**

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

<b>Name:</b> KARNES CITY ISD(128901)	<b>Publication Level 1:</b> 8/7/2019 3:33:27 PM
<b>Status:</b> Failed	<b>Publication Level 2:</b> 8/8/2019 2:06:12 PM
<b>Rating:</b> F = Substandard Achievement	<b>Last Updated:</b> 8/8/2019 2:06:12 PM
<b>District Score:</b> 0	<b>Passing Score:</b> 60

#	Indicator Description	Updated	Score
1	<a href="#">Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</a>	8/5/2019 11:48:25 PM	No
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A, or to both indicators 2.A and 2.B.		
2.A	<a href="#">Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</a>	8/5/2019 11:48:25 PM	Yes
2.B	<a href="#">Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)</a>	8/5/2019 11:48:25 PM	No
3	<a href="#">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.)</a>	8/5/2019 11:48:26 PM	Yes
4	<a href="#">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?</a>	8/5/2019 11:48:26 PM	No
5	This indicator is not being scored.		
			0 Multiplier Sum
6	<a href="#">Was the number of days of cash on hand and current investments in the general fund for the school</a>	8/5/2019	10



	<u>district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)</u>	11:48:26 PM	
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	8/5/2019 11:48:26 PM	10
8	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	8/5/2019 11:48:27 PM	10
9	<u>Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?</u>	8/5/2019 11:48:27 PM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	8/5/2019 11:48:28 PM	0
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	8/5/2019 11:48:29 PM	10
12	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)</u>	8/5/2019 11:48:30 PM	10
13	<u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?</u>	8/5/2019 11:48:30 PM	0
14	<u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>	8/5/2019 11:48:30 PM	0
15	<u>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?</u>	8/5/2019 11:48:31 PM	10
			70 Weighted Sum
			0 Multiplier Sum
			0 Score

**DETERMINATION OF RATING**

<b>A.</b>	Did the district answer 'No' to Indicators 1, 3, 4, or 2.A? If so, the school district's rating is <b>F for Substandard Achievement</b> regardless of points earned.						
<b>B.</b>	Determine the rating by the applicable number of points. (Indicators 6-15)						
	<table border="1"> <tr> <td><b>A = Superior</b></td> <td>90-100</td> </tr> <tr> <td><b>B = Above Standard</b></td> <td>80-89</td> </tr> <tr> <td><b>C = Meets Standard</b></td> <td>60-79</td> </tr> </table>	<b>A = Superior</b>	90-100	<b>B = Above Standard</b>	80-89	<b>C = Meets Standard</b>	60-79
<b>A = Superior</b>	90-100						
<b>B = Above Standard</b>	80-89						
<b>C = Meets Standard</b>	60-79						

<b>F = Substandard Achievement</b>	<60
<b>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.</b>	

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

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

FIRST 5.9.1.0

## Required Supplemental Disclosures

- a. Superintendent Contract
- b. Reimbursements for Superintendent and School Board Members
- c. Outside Compensation and/or Fees for Superintendent and School Board Members
- d. Gifts Received by Executive Officers and Board Members over \$250 in aggregate
- e. Business Transactions Between School District and Board Members

## Reimbursements Received by the Superintendent and Board Members

For the Twelve-  
Month Period  
Ended August 31, 2019

<u>Description of Reimbursements</u>	Superintendent Jeanette Winn Moczygemba	Terry Johnson	Daphne Bianchi	Scott Kimble	Russell Swize	Robert Janysek	Will Johnson	Alex Kotara	Trini Gamez
Meals	\$210.40	\$121.78	\$25.25	\$25.25	\$25.25	\$25.25	\$151.83	\$25.25	\$0.00
Lodging	\$4,791.24	\$1,292.82	\$384.66	\$0.00	\$0.00	\$1,000.14	\$1,556.95	\$0.00	\$0.00
Transportation	\$2,770.29	\$459.76	\$252.72	\$0.00	\$0.00	\$0.00	\$185.00	\$32.48	\$0.00
Motor Fuel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$2,261.29	\$1,200.00	\$375.00	\$75.00	\$0.00	\$1,247.50	\$1,220.00	\$815.00	\$0.00
<b>Total</b>	<b>\$5,984.75</b>	<b>\$1,212.18</b>	<b>\$1,427.56</b>	<b>\$1,428.64</b>	<b>\$1,125.31</b>	<b>\$1,576.31</b>	<b>\$1,643.58</b>	<b>\$555.00</b>	<b>\$0.00</b>

Trini Gamez was appointed to the Karnes City ISD School Board in July 2019 after the resignation of Russell Swize.

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, 2019

<u>Name(s) of Entity(ies)</u>	Amount Received
	\$0

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

**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, 2019

	Superintendent Jeanette Winn Moczygemba	Terry Johnson	Daphne Bianchi	Scott Kimble	Russell Swize	Robert Janysek	Will Johnson	Alex Kotara	Trini Gamez
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

**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, 2019

	Terry Johnson	Daphne Bianchi	Scott Kimble	Russell Swize	Robert Janysek	Will Johnson	Alex Kotara	Trini Gamez
Amounts	\$0		\$0	\$0	\$0	\$0	\$25	\$0



## GLOSSARY

**Accounting:** A standard school fiscal accounting system must be adopted and installed by the board of trustees of each school district. The accounting system must conform to generally accepted accounting principles. This accounting system must also meet at least the minimum requirements prescribed by the state board of education, subject to review and comment by the state auditor.

**Ad Valorem Property Tax:** Literally the term means "according to value." Ad valorem taxes are based on a fixed proportion of the value of the property with respect to which the tax is assessed. They require an appraisal of the taxable subject matter's worth. General property taxes are almost invariably of this type. Ad valorem property taxes are based on ownership of the property, and are payable regardless of whether the property is used or not and whether it generates income for the owner (although these factors may affect the assessed value).

**Adopted Tax Rate:** The tax rate set by the school district to meet its legally adopted budget for a specific calendar year.

**All Funds:** A school district's accounting system is organized and operated on a fund basis where each fund is a separate fiscal entity in the school district much the same as various corporate subsidiaries are fiscally separate in private enterprise. All Funds refers to the combined total of all the funds listed below:

- The General Fund
- Special Revenue Funds (Federal Programs, Federally Funded Shared Services, State Programs, Shared State/Local Services, Local Programs)
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds for the National School Breakfast and Lunch Program

**Assessed Valuation:** A valuation set upon real estate or other property by a government as a basis for levying taxes.

**Assigned Fund Balance:** The assigned fund balance represents tentative plans for the future

use of financial resources. Assignments require executive management (per board policy to assign this responsibility to executive management prior to end of fiscal year) action to earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time. The assignment and dollar amount for the assignment may be determined after the end of the fiscal year when final fund balance is known.

**Auditing:** Accounting documents and records must be audited annually by an independent auditor. Texas Education Agency (TEA) is charged with review of the independent audit of the local education agencies.

**Beginning Fund Balance:** The General Fund balance on the first day of a new school year. For most school districts this is equivalent to the fund balance at the end of the previous school year.

**Budget:** The projected financial data for the current school year. Budget data are collected for the general fund, food service fund, and debt service fund.

**Budgeting:** Not later than August 20 of each year, the superintendent (or designee) must prepare a budget for the school district if the fiscal year begins on September 1. (For those districts with fiscal years beginning July 1, this date would be June 20.) The legal requirements for funds to be budgeted are included in the Budgeting module of the TEA Resource Guide. The budget must be adopted before expenditures can be made, and this adoption must be prior to the setting of the tax rate for the budget year. The budget must be itemized in detail according to classification and purpose of expenditure, and must be prepared according to the rules and regulations established by the state board of education. The adopted budget, as necessarily amended, shall be filed with TEA through the Public Education Information Management System (PEIMS) as of the date prescribed by TEA.

**Capital Outlay:** This term is used as both a Function and an Object. Expenditures for land, buildings, and equipment are covered under Object 6600. The amount spent on acquisitions, construction, or major renovation of school



## GLOSSARY

---

district facilities are reported under Function 80.

**Capital Project Funds:** Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds.)

**Cash:** The term, as used in connection with cash flows reporting, includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

**Chapter 41:** A key "equity" chapter in the Texas Education Code (TEC) is Chapter 41. This chapter is devoted to wealth equalization through the mechanism of recapture, the recovery of financial resources from districts defined by the state as high property wealth. Resources are recovered for the purpose of sharing them with low-wealth districts. Districts that are subject to the provisions of Chapter 41 must make a choice among several options in order to reduce their property wealth and share financial resources.

**Committed Fund Balance:** The committed fund balance represents constraints made by the board of trustees for planned future use of financial resources through a resolution by the board, for various specified purposes including commitments of fund balance earned through campus activity fund activities. Commitments are to be made as to purpose prior to the end of the fiscal year. The dollar amount for the commitment may be determined after the end of the fiscal year when final fund balance is known.

**Comptroller Certified Property Value:** The district's total taxable property value as certified by the Comptroller's Property Tax Division (Comptroller Valuation).

**Days of Cash on Hand:** The number of days the school district can disburse funds for its

operating expenditures without receiving any new revenues.

**Debt Service Fund:** Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Debt Services:** Two function areas (70 and 71) and one Object (6500) are identified using this terminology "debt services." Function 70 is a major functional area that is used for expenditures that are used for the payment of debt principal and interest including Function 71. Expenditures that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest fall under Function 71. Object 6500 covers all expenditures for debt service.

**Debt Service Coverage Ratio:** This ratio measures an organization's ability to make debt principal and interest payments that will become due during the year.

**Deferred Revenue:** Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

**Effective Tax Rate:** Provides the unit with approximately the same amount of revenue it had the year before on properties taxes in both years. A comparison of the effective tax rate to the taxing unit's proposed tax rate shows if there will be a tax increase.

**Ending Fund Balance:** The amount of unencumbered surplus fund balance reported by the district at the end of the specified school year. For most school districts this will be equivalent to the fund balance at the beginning of the next school year.

**Excess (Deficiency):** Represents receivables due (excess) or owed (deficiency) at the end of the school year. This amount is recorded as Asset Object 1200.



## GLOSSARY

**Existing Debt Allotment (EDA):** Is the amount of state funds to be allocated to the district for assistance with existing debt.

**Federal Revenues:** Revenues paid either directly to the district or indirectly through a local or state government entity for Federally-subsidized programs including the School Breakfast Program, National School Lunch Program, and School Health and Related Services Program. This amount is recorded as Revenue Object 5900.

**Fiscal Year:** A period of 12 consecutive months legislatively selected as a basis for annual financial reporting, planning, and budgeting. The fiscal year may run September 1 through August 31 or July 1 through June 30.

**Foundation School Program (FSP) Status:** The Foundation School Program (FSP) is the shared financial arrangement between the state and the school district, where property taxes are blended with revenues from the state to cover the cost of basic and mandated programs. The nature of this arrangement falls in one of the following status categories: Regular, Special Statutory, State Administered, Education Service Center, or Open Enrollment Charter School District.

**FTE: Full-Time Equivalent** measures the extent to which one individual or student occupies a full-time position or provides instruction, e.g., a person who works four hours a day or a student that attends a half of a day represents a .5 FTE.

**Function:** Function codes identify the expenditures of an operational area or a group of related activities. For example, in order to provide the appropriate atmosphere for learning, school districts transport students to school, teach students, feed students and provide health services. Each of these activities is a function. The major functional areas are:

- Instruction and Instructional-Related Services
- Instructional and School Leadership
- Support Services - Student
- Administrative Support Services
- Support Services; Non-Student Based

- Ancillary Services
- Debt Service
- Capital Outlay
- 90 Intergovernmental Charges

**Fund Balance:** The difference between assets and liabilities reported in a governmental fund.

**General Administration:** The amount spent on managing or governing the school district as an overall entity. Expenditures associated with this functional area are reported under Function 41.

**General Fund:** This fund finances the fundamental operations of the district in partnership with the community. All revenues and expenditures not accounted for by other funds are included. This is a budgeted fund and any fund balances are considered resources available for current operations.

**I&S Tax Rate:** The tax rate calculated to provide the revenues needed to cover Interest and Sinking (I&S) (also referred to as Debt Service). I&S includes the interest and principal on bonds and other debt secured by property tax revenues.

**Incremental Costs:** The amount spent by a school district with excess wealth per WADA on the purchase of attendance credits either from the state or from other school district(s). Expenditures associated with this functional area are reported under Function 92.

**Instruction:** The amount spent on direct classroom instruction and other activities that deliver, enhance or direct the delivery of learning situations to students regardless of location or medium. Expenditures associated with this functional area are reported under Function 11.

**Instructional Facilities Allotment (IFA):** (State Aid) Provides assistance to school districts in making debt service payments on qualifying bonds and lease-purchase agreements. Proceeds must be used for the construction or renovation of an instructional facility.

**Intergovernmental Charges:** "Intergovernmental" is a classification used





## GLOSSARY

when one governmental unit transfers resources to another. In particular, when a Revenue Sharing District purchases WADA or where one school district pays another school district to educate transfer students. Expenditures associated with this functional area are reported under Function 90.

**Investments in Capital Assets, Net of Related Debt:** One of three components of Net Position that must be reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

**Local & Intermediate Revenues:** All revenues from local taxes and other local and intermediate revenues. For specifics, see the definitions for Local Tax and Other Local & Intermediate Revenues. This amount is recorded under Object 5700.

**Local Tax:** This is all revenues from local real and personal property taxes, including recaptured funds from 1) Contracted Instructional Services Between Public Schools (Function 91) and 2) Incremental Costs associated with Chapter 41 of the Texas Education Code (Function 92).

**M&O Tax Rate:** The tax rate calculated to provide the revenues needed to cover Maintenance & Operations (M&O). M&O includes such things as salaries, utilities, and day-to-day operations.

**Modified Opinion:** Term used in connection with financial auditing. A modification of the independent auditor's report means there exists one or more specific exceptions to the auditor's general assertion that the district's financial statements present fairly the financial information contained therein according to generally accepted accounting principles.

**Nonspendable Fund Balance:** The portion of fund balance that is in non-liquid form, including

inventories, prepaid items, deferred expenditures, long-term receivables and encumbrances (if significant). Nonspendable fund balance may also be in the form of an endowment fund balance that is required to remain intact.

**Object:** An object is the highest level of accounting classification used to identify either the transaction posted or the source to which the associated monies are related. Each object is assigned a code that identifies in which of the following eight major object groupings it belongs:

- 1000 Assets
- 2000 Liabilities
- 3000 Fund Balances
- 5000 Revenue
- 6000 Expenditures/Expenses
- 7000 Other Resources/NonOperating Revenue/Residual Equity Transfers In
- 8000 Other Uses/NonOperating Revenue/Residual Equity Transfers Out

**Operating Expenditures:** A wide variety of expenditures necessary to a district's operations fall into this category with the largest portion going to payroll and related employee benefits and the purchase of goods and services.

**Operating Expenditures/Student:** Total Operating Expenditures divided by the total number of enrolled students.

**Operating Revenues and Expenses:** Term used in connection with the proprietary fund statement of revenues, expenses, and changes in Net Position. The term is not defined as such in the authoritative accounting and financial reporting standards, although financial statement preparers are advised to consider the definition of operating activities for cash flows reporting in establishing their own definition.

**Other Local & Intermediate Revenues:** All local and intermediate revenues NOT from local real and personal property taxes including:

- Revenues Realized as a Result of Services Rendered to Other School Districts
- Tuition and Fees
- Rental payments, interest, investment income



## GLOSSARY

- Sale of food and revenues from athletic and extra/co-curricular activities
- Revenues from counties, municipalities, utility districts, etc.

**Other Operating Costs:** Expenditures necessary for the operation of the school district that are NOT covered by Payroll Costs, Professional and Contracted Services, Supplies and Materials, Debt Services, and Capital Outlay fall into this category and include travel, Insurance and bonding costs, election costs, and depreciation. This amount is recorded as Expenditure/Expense Object 6400.

**Other Resources:** This amount is credited to total actual other resources or non-operating revenues received or residual equity transfers in. This amount is recorded under Object 7020.

**Payments for Shared Services**

**Arrangements:** Payments made either from a member district to a fiscal agent or payments from a fiscal agent to a member district as part of a Shared Services Arrangement (SSA). The most common types of SSAs relate to special education services, adult education services, and activities funded by the Elementary and Secondary Education Act (ESEA). Expenditures associated with this functional area are reported under Function 93.

**Payroll:** Payroll costs include the gross salaries or wages and benefit costs for services or tasks performed by employees at the general direction of the school district. This amount is recorded as Expenditure/Expense Object 6100. *(NOTE: Payroll amounts do not include salaries for contract workers, e.g., for food service and maintenance. Therefore, this figure will vary significantly between districts and campuses that use contract workers and those that do not.)*

**PEIMS:** A state-wide data management system for public education information in the State of Texas. One of the basic goals of PEIMS, as adopted by the State Board of Education in 1986, is to improve education practices of local school districts. PEIMS is a major improvement over previous information

sources gathered from aggregated data available on paper reports. School districts submit their data via standardized computer files. These are defined in a yearly publication, the [PEIMS Data Standards](#).

**Plant Maintenance & Operations:** The amount spent on the maintenance and operation of the physical plant and grounds and for warehousing and receiving services. Expenditures associated with this functional area are reported under Function 51.

**Property /Refined ADA:** The district's Comptroller Certified Property Value divided by its total Refined ADA.

**Property/WADA:** The district's Comptroller Certified Property Value divided by its total WADA.

**Refined ADA:** Refined Average Daily Attendance (also called RADA) is based on the number of days of instruction in the school year. The aggregate eligible days attendance is divided by the number of days of instruction to compute the refined average daily attendance.

**Restricted Fund Balance:** This is the portion of fund balance that has externally enforceable constraints made by outside parties.

**Revenues:** Any increase in a school district's financial resources from property taxes, foundation fund entitlements, user charges, grants, and other sources. Revenues fall into the three broad sources of revenues: Local & Intermediate; State; and Federal.

**Robin Hood Funds: See Wealth Equalization Transfer.**

**Rollback Tax Rate:** Provides governments other than school districts with approximately the same amount of tax revenue it spent the previous year for day-to-day operations plus an extra 8 percent cushion, and sufficient funds to pay its debts in the coming year. For school districts, the M&O portion of the rollback tax rate allows school districts to add four cents (\$.04)



## GLOSSARY

to the lesser of the prior tax year compressed operating tax rate or the effective M&O rate to generate operating funds. School districts will get to add to the compressed operating rate any additional cents approved by voters at a 2006 or subsequent rollback election, not 8 percent. The rollback rate is the highest rate that the taxing unit may adopt before voters can petition for an election to roll back the adopted rate to the rollback rate. For school districts, no petition is required; it's an automatic election if the adopted rate exceeds the rollback rate.

**School Year:** The twelve months beginning September 1 of one year and ending August 31 of the following year or beginning July 1 and ending June 30. Districts now have two options.

**Special Revenue Fund:** A governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

**State Revenues:** Revenues realized from the Texas Education Agency, other state agencies, shared services arrangements, or allocated on the basis of state laws relating to the Foundation School Program Act. This amount is recorded as Revenue Object 5800.

**Unassigned Fund Balances:** Available expendable financial resources in a governmental fund that are not the object of tentative management plans (i.e., committed or assigned). One primary criterion of rating agencies for school bonds is the relative amount of unassigned fund balance. Bond rating agencies view unassigned fund balances as a reflection of the financial strength of school districts and show concern when district fund balances decrease.

**Unmodified Opinion:** Term used in connection with financial auditing. An unmodified independent auditor's opinion means there are no stated exceptions to the auditor's general assertion that the district's financial statements present fairly the financial information contained according to generally accepted accounting principles.

**Unrestricted Net Position Balance:** The term Net Position refers to the amount of total assets less total liabilities. Unrestricted Net Position balance refers to the portion of total Net Position that is neither invested in capital assets nor restricted.

**WADA:** A Weighted Average Daily Attendance (WADA) is used to measure the extent students are participating in special programs. The concept of WADA in effect converts all of a school district's students with their different weights to a calculated number of regular students required to raise the same amount of revenue. The greater the number of students eligible for special entitlements, the greater a school district's WADA will be.

**Wealth Equalization Transfer:** The amount budgeted by districts for the cost of reducing their property wealth to the required equalized wealth level (Function 91). Sometimes referred to as Robin Hood Funds.

### DISCLAIMER

**All of the information provided is believed to be accurate and reliable; however, TASBO and TSPRA assume no responsibility for any errors, appearing in this information or otherwise. Further, TASBO and TSPRA assume no responsibility for the use of the information provided.**

---

## Superintendent Term Contract

---

This Contract is entered into between the Board of Trustees (the “Board”) of Karnes City Independent School District (the “District”) and Hector Madrigal (the “Superintendent”).

The Board and the Superintendent, for and in consideration for the terms stated in this Contract, hereby agree as follows:

1. **Term.** The Board agrees to employ the Superintendent on a twelve-month basis per year for a three (3) year term, beginning July 1, 2020 and ending June 30, 2023. The Board and the Superintendent (the “Parties”) may extend the term of this Contract by agreement.
2. **Certification.** The Superintendent agrees to maintain the required certification throughout the term of employment with the District. If the Superintendent’s certification expires, is canceled, or is revoked, this Contract is void.
3. **Representations.** The Superintendent makes the following representations:
  - 3.1 **Beginning of Contract:** At the beginning of this Contract, and at any time during this Contract, the Superintendent specifically agrees to submit to a review of his national criminal history record information (NCHRI) if required by the District, TEA, or SBEC. The Superintendent understands that a criminal history record acceptable to the Board, at its sole discretion, is a condition precedent to this Contract.
  - 3.2 **During Contract:** The Superintendent also agrees that, during the term of this Contract, the Superintendent will notify the Board in writing of any arrest or of any indictment, conviction, no contest or guilty plea, or other adjudication of the Superintendent. The Superintendent agrees to provide such notification in writing within seven calendar days of the event or any shorter period specified in Board policy.
  - 3.3 **False Statements and Misrepresentations:** The Superintendent represents that any records or information provided in connection with his or her employment application are true and correct. Any false statements, misrepresentations, omissions of requested information, or fraud by the Superintendent in or concerning any required records or in the employment application may be grounds for termination or nonrenewal, as applicable.
4. **Duties.** The Superintendent shall be the educational leader and chief executive officer of the District. The Superintendent agrees to perform his or her duties as follows:
  - 4.1 **Authority:** The Superintendent shall perform such duties and have such powers as may be prescribed by the law and the Board. The Board shall have the right to assign additional duties to the Superintendent and to make changes in responsibilities or work at any time during the contract term. All duties assigned by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent. The Superintendent cannot be reassigned from the position of

Superintendent to another position without the Superintendent's consent.

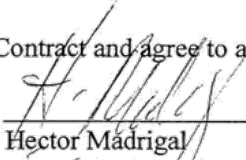
- 4.2 **Standard:** Except as otherwise permitted by this Contract, the Superintendent agrees to devote his or her full time and energy to the performance of his duties. The Superintendent shall perform his duties with reasonable care, skill, and diligence. The Superintendent shall comply with all Board directives, state and federal laws and rules, Board policy, and regulations as they exist or may hereafter be amended.
  - 4.3 **Evaluation Format and Procedures:** The evaluation format and procedure shall be selected by the Board in accordance with the provisions of the Board's policies, and state and federal law. In the event the Board deems that the evaluation instrument, format and/or procedures are to be modified by the Board and such modification would require significantly different performance expectations, the Superintendent shall be provided a reasonable period of time to demonstrate such expected performance before being evaluated.
  - 4.4 **Board Meetings.** The Superintendent shall attend, and shall be permitted to attend, all meetings of the Board, both public and closed, with the exception of those closed meetings devoted to the consideration of any action or lack of action on the Superintendent's Contract, or the Superintendent's evaluation, or for purposes of resolving conflicts between individual Board members. or when the Board is acting in its capacity as a tribunal. or when the Superintendent is requested to leave closed session at the request of the Board President. In the event of illness or Board-approved absence, the Superintendent's designee may attend such meetings, subject to prior approval by the Board President.
  - 4.5 **Confidentiality.** Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times be conducted in executive session and shall be considered confidential to the extent permitted by law. Nothing herein shall prohibit the Board or the Superintendent from sharing the content of the Superintendent's evaluation with their respective legal counsel.
5. **Compensation.** The District shall pay the Superintendent an annual salary and provide benefits as follows:
- 5.1 **Salary.** The District shall pay the Superintendent an annual salary of One Hundred Thirty Three Thousand Five Hundred Dollars and 00/100 cents (\$133,500.00). At any time during the term of this Contract, the Board may, in its sole discretion, review and adjust the salary of the Superintendent, with any adjustment being in the form of either a written addendum to this Contract or a new contract. However, in no event shall the Superintendent be paid less than the salary set forth above, except by mutual, written agreement of both the Superintendent and the District.
  - 5.2 **Benefits:** The District shall provide benefits to the Superintendent as provided by state law and Board policies. The Board reserves the right to amend its policies at any time during the term of this Contract to reduce or increase these benefits, at the Board's sole discretion.

- 5.3 **Communications Allowance:** A portion of the salary reflected in paragraph 5.1 is paid in lieu of reimbursement for the Superintendent's expenses incurred related to a mobile telephone and other communications devices or services. Additionally, the Superintendent is authorized to use District equipment such as computer and telephone for a reasonable amount of personal use.
- 5.4 **Leave:** The Superintendent is entitled to the same number days of leave as authorized by Board policy for administrative employees on twelve-month contracts, and shall be entitled to the same holidays and breaks as provided for other twelve month administrators in the Board's adopted calendar. The Superintendent shall be subject to the same schedule limitations on discretionary leave as set out in Board policy, except in extenuating circumstances as determined by the Board President. In addition, the Superintendent shall schedule leave days with prior written approval of the Board President, and at times that will least interfere with the performance of the Superintendent's duties.
- 5.5 **Transportation Allowance:** A portion of the salary reflected in paragraph 5.1 is paid in lieu of payment or reimbursement for business travel of the Superintendent to destinations within the District. For travel outside of the District's boundaries, the District shall reimburse the Superintendent as provided in District policy.
- 5.6 **Liability Insurance:** The District's Professional Liability insurance policy provides coverage for the Superintendent as set forth in the policy, and this policy or one with similar coverage will be kept in full force and effect during the term of this Contract. The Superintendent shall fully cooperate with the District in the defense of any and all claims, demands, suits, actions and legal proceedings brought against the District, including matters arising after the term of this Contract expires but which relate to events occurring during the Superintendent's employment with the District.
- 5.7 **Health Insurance.** The District shall pay the amount necessary to provide health and medical insurance for the Superintendent, in accordance with the District's plan. The Superintendent shall be responsible for the premiums and other payments associated with health and medical insurance for the Superintendent's dependents and/or spouse.
- 5.8 **Residence in District.** As a condition of employment with the Karnes City Independent School District, the Superintendent shall reside within the geographic boundaries of the District at all times while employed by the District.
6. **Membership Dues.** The Board encourages the Superintendent to become a member of and participate in professional associations and 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.
- 6.1 The District shall reimburse the Superintendent for the cost of membership in up to two state or national professional organizations of the Superintendent's choosing, subject to advance Board approval.

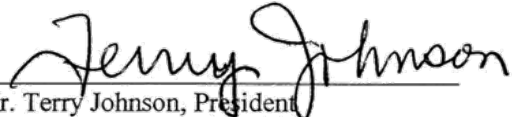
- 6.2 The District shall reimburse the Superintendent for the cost of membership in all local civic organizations in which the Superintendent participates, subject to advance Board approval.
7. **Suspension.** In accordance with Texas Education Code chapter 21, the Board may suspend the Superintendent without pay during the term of this Contract for good cause as determined by the Board.
8. **Termination and Nonrenewal of Contract.** Termination or nonrenewal of this contract, or resignation under this contract, will be pursuant to Texas Education Code chapter 21.
9. **General Provisions.**
- 9.1 **Amendment:** This Contract may not be amended except by written agreement of the Parties.
- 9.2 **Severability:** If any provision in this Contract is, for any reason, held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision of the Contract. This Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been a part of the Contract.
- 9.3 **Entire Agreement:** All existing agreements and contracts, both verbal and written, between the Parties regarding the employment of the Superintendent are superseded by this Contract. This Contract constitutes the entire agreement between the Parties.
- 9.4 **Applicable Law and Venue:** Texas law shall govern construction of this Contract. The Parties agree that venue for any litigation relating to the Superintendent's employment with the District, including this Contract, shall be the county in which the District's administration building is located. If litigation is brought in federal court, the Parties agree that venue shall be the federal district and division in which the district's administration building is located.
- 9.5 **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.
- 9.6 **Legal Representation:** Both Parties have been represented by legal counsel of their choice, or have had the opportunity to consult with legal counsel, in the negotiation and execution of this Contract.
10. **Notices.**
- 10.1 **To Superintendent:** The Superintendent agrees to keep a current address on file with the District's human resources office and the Board President. The Superintendent agrees that the Board may meet any legal obligation it has to give the Superintendent written notice regarding this Contract or the Superintendent's employment by hand-delivery, or by certified mail, regular mail, and/or express delivery service to the Superintendent's address of record.

10.2 **To Board:** The Board agrees that the Superintendent may meet any legal obligation to give the Board written notice regarding this Contract or the Superintendent's employment by providing one copy of the notice to the President of the Board and one copy to the Vice President of the Board. The Superintendent may provide such notices by hand delivery, or by certified mail, regular mail, and/or express delivery service, to the Board President and Vice President's addresses of record, as provided to the District.

I have read this Contract and agree to abide by its terms and conditions:

Superintendent:   
Hector Madriral

Date signed: 5/15/20

By:   
Mr. Terry Johnson, President  
Board of Trustees

Date signed: 5/20/2020