



***Management Report  
Fiscal Year 2016***

***Gatesville I.S.D.  
December 18, 2017***

# Financial Integrity Rating System of Texas

## 2016-2017 RATINGS

*Based Upon School Year 2015-2016 Data*

### District Status Detail

Name: <b>GATESVILLE ISD (50902)</b>	Publication Level 1: 8/8/2017
Status: <b>Passed</b>	Publication Level 2: 8/8/2017
Rating: <b>Pass</b>	Last Updated: 8/8/2017
District Score: <b>100</b>	Passing Score: 60

#	Indicator Description	Score
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</u>	Yes
2.A	<u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>	Yes
2.B	<u>Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)</u>	Yes
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>	Yes
4	<u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?</u>	Yes

#	Indicator Description	Score
5	<u>Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)</u>	Yes
6	<u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)</u>	10
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>	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 10 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	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>	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	10

#	Indicator Description	Score
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>	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>	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>	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>	10
	<b>TOTAL SCORE</b>	<b>100</b>

## **Determination of Rating**

<b>A.</b>	<b>Did The District Answer 'No' To Indicators 1, 3, 4, 5, or 2.A? If so, The District's Rating Is F for Substandard Achievement regardless of points earned.</b>	
<b>B.</b>	<b>Determine Rating By Applicable Range For Summation of the Indicator Scores (Indicators 6-15)</b>	
<b>A = Superior</b>	<b>90-100</b>	
<b>B = Above Standard</b>	<b>80-89</b>	
<b>C = Meets Standard</b>	<b>60-79</b>	
<b>F = Substandard Achievement</b>	<b>&lt;60</b>	

## Determination of Points

INDICATOR NUMBER	GISD Value	Points					
		10	8	6	4	2	0
6	300.3849	$\geq 90$	$< 90$ $\geq 75$	$< 74$ $\geq 60$	$> 60$ $\geq 45$	$< 45$ $\geq 30$	$< 30$
7	10.4566	$\geq 3.00$	$< 3.00$ $\geq 2.50$	$< 2.50$ $\geq 2.00$	$< 2.00$ $\geq 1.50$	$< 1.50$ $\geq 1.00$	$< 1.00$
8	0.2296	$\leq 0.60$	$> 0.60$ $\leq 0.70$	$> 0.70$ $\leq 0.80$	$> 0.80$ $\leq 0.90$	$> 0.90$ $\leq 1.00$	$> 1.00$
9	0.1036	$\geq 0.00$					$< 0.00$
10	3.0986	$\geq 1.20$	$< 1.20$ $\geq 1.15$	$< 1.15$ $\geq 1.10$	$< 1.10$ $\geq 1.05$	$< 1.05$ $\geq 1.00$	$> 1.00$
11	0.0665	DISTRICTS WITH ADA SIZE OF 1,000 TO 4,999					
		$\leq 0.1151$	$> 0.1151$ $\leq 0.1401$	$> 0.1401$ $\leq 0.1651$	$> 0.1651$ $\leq 0.1901$	$> 0.1901$ $\leq 0.2151$	$> 0.2151$



# Disclosures

## 1. Superintendent's Employment Contract

Attached is the superintendent's employment contract that is effective December 18, 2017, the date of the Schools FIRST hearing.

## 2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2016

Description of Reimbursements	Eric Penrod	Lisbeth Appelman	Michelle Edwards	Deborah Ford	Amy Hays	Mary Anne Leib	Joe Nolte	Dr. Stephen Norris	Gerald Poe
	Superintendent	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member	Board Member
Meals	\$1,523.36			\$21.43	\$46.98		\$21.43	\$21.43	
Lodging	\$2,654.17	\$431.92	\$431.92	\$1,136.45	\$590.70	\$520.68	\$431.92	\$1,061.08	
Transportation	\$1,742.29	\$165.17		\$141.28	\$116.40	\$134.00		\$168.00	
Conference Registration, Professional Membership Dues & Other	\$4,755.00	\$310.00	\$360.00	\$375.00	\$355.00	\$620.00	\$375.00	\$375.00	\$50.00
<b>Total</b>	<b>\$10,674.82</b>	<b>\$907.09</b>	<b>\$791.92</b>	<b>\$1,674.16</b>	<b>\$1,109.08</b>	<b>\$1,274.68</b>	<b>\$828.35</b>	<b>\$1,625.51</b>	<b>\$50.00</b>

## 3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2016

For the Twelve-Month Period Ended August 31, 2016	
Name(s) of Entity(ies)	Amount
NONE	\$0
Total	\$0





THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF CORYELL

THIS AGREEMENT is made and entered into this, the 17<sup>th</sup> day of January 2017, by and between the Board of Trustees of the Gatesville Independent School District and Eric L. Penrod, (the "Superintendent").

WITNESSETH:

NOW, THEREFORE, the Board and the Superintendent, for and in consideration of the terms hereinafter established and pursuant to Section 23.28 of the Texas Education Code, have agreed, and do hereby agree, as follows:

**Term**

- 1) 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; of three (3) years, two hundred and twenty-six (226) days per year, commencing on July 1, 2017 and ending on June 30, 2020. 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.
- 2) The Board has not adopted any policy, rule, regulation, law, or practice providing tenure. No right of tenure is created by this Contract. No property interest, express or implied, is created in continued employment beyond the Contract term.

**Employment**

- 1) **Duties:** The Superintendent is the chief executive of the District and shall faithfully perform the duties of the Superintendent of Schools for the District as prescribed in the job description and as may be assigned by the Board, and shall comply with all 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 direct, assign, reassign, and evaluate all of the employees of the District consistent with Board policies and federal and state law. It shall further be the duty of the Superintendent to 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. The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, skill, diligence and expertise.
- 2) **Professional Certification:** The Superintendent shall at all times during the term of this Contract, and any renewal or extension thereof, hold and maintain a valid certificate required of a superintendent by the State of Texas and issued by the Texas Education Agency and all other certificates required by law.
- 3) **Reassignment:** The Superintendent cannot be reassigned from the position of Superintendent to another position without the Superintendent's express written consent.
- 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 or the Superintendent's evaluation and to interpersonal relationships between individual Board members.
- 5) **Criticisms, Complaints, and Suggestions:** The Board, individually and collectively, shall refer all substantive criticisms, complaints, and suggestions called to the Board's attention to the Superintendent for study and appropriate action, and the Superintendent shall investigate such matters and inform the Board of the results of such efforts.

- 6) **Residence in District:** As a condition of employment with Gatesville I.S.D., the Superintendent shall reside within the geographic boundaries of the district at all times while employed by the District.

#### **Compensation**

- 1) **Salary:** The District shall pay the Superintendent an annual salary of ONE HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS. The annual salary shall be paid to the Superintendent in equal monthly instalments consistent with the Board's policies.
- i) **Widespread Salary Reduction:** If the Board implements a widespread salary reduction under Texas Education Code Section 21.4023, the Superintendent's annual salary shall be reduced by the percent or fraction of a percent that is equal to the average percent or fraction of a percent by which teacher salaries have been reduced.
  - ii) **Furlough:** If the Board implements a furlough under Texas Education Code Section 21.4021, the Superintendent's shall be furloughed for the same number of days as other contract personnel, and the Superintendent's salary shall be reduced in proportion to the number of furlough days.
- 2) **Insurance:** The District shall pay the same premiums for hospitalization and major medical insurance coverage for the Superintendent pursuant to the group health care plan provided by the District for its employees.
- 3) **Salary Adjustments:** At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary set forth in this contract except by mutual agreement of the two parties. Such adjustments, if any, shall be in the form of a written addendum to this Contract or a new contract.
- 4) **Other Benefits:** The District shall pay or reimburse the Superintendent for reasonable expenses incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract. The District agrees to pay the actual and incidental costs incurred by the Superintendent for travel; such costs may include, but are not limited to, hotels and accommodations, meals, rental car, and other expenses incurred in the performance of the business of the District. The Superintendent shall comply with all procedures and documentation requirements in accordance with Board policies.
- 5) **Automobile/Automobile Expenses:** The District shall pay the Superintendent two-hundred fifty dollars per month for a vehicle, insurance, repairs, maintenance, fuel and other expenses of operating a vehicle. The Superintendent shall maintain liability insurance for his automobile. The Superintendent shall be reimbursement rate for travel outside the District at the District's approved reimbursement rate for travel on District business.
- 6) **Information Technology/Communication Allowance:** The District shall provide the Superintendent with a communications allowance (to cover all expenses, if any, for mobile telephone and home internet access expenses) in the sum of one hundred dollars per month. The Superintendent shall maintain a personal account for mobile telephone service, FDA, and home internet access ("Personal Accounts") and shall have total responsibility for payment of Personal Accounts and the District shall have no obligation or responsibility related to such Personal Accounts other than the monthly payment to the Superintendent of the communications allowance stated herein.
- 7) **Civic Activities:** The Superintendent is encouraged to participate in community and civic affairs, including chamber of commerce and civic clubs. GISD shall reimburse the Superintendent for membership dues and meal assessments, if any, in the Chamber of Commerce and one civic club of the Superintendent's choice.
- 8) **Outside Consultant Activities, Etc., Benefit Options:** The Superintendent shall devote his time, attention, and energy to the business of the school district; however, the Superintendent may serve as a consultant, lecturer, or engage in writing activities or other activities at his discretion and receive a reimbursement of expenses and/or be paid an honorarium for such consultant services at no expense to the District. In such

cases, the honoraria paid the Superintendent in connection with such activities shall be retained by the Superintendent. If such activities occur on contract dates, the Superintendent must take personal or vacation days. Consultation provided by the Superintendent under the terms and conditions of this paragraph must be consistent with state and federal law.

- 9) **Professional Growth Benefit Option:** The Superintendent shall devote the Superintendent's time, attention, and energy to the direction, administration, and supervision of the District. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's active attendance at and participation in appropriate professional meetings at the local, regional, state, and national levels. The Board shall encourage the use of data and information sources, and shall encourage the participation of the Superintendent in pertinent education seminars and courses offered by public or private institutions or by educational associations, as well as the participation in informational meetings with those individuals whose particular skill, expertise, or backgrounds would serve to improve the capacity of the Superintendent to perform the Superintendent's professional responsibilities for the District. In its encouragement of the Superintendent to grow professionally, the Board shall permit a reasonable amount of release time for the Superintendent as the Superintendent and the Board deem appropriate, to attend such seminars, courses, or meetings. The District shall pay the Superintendent's membership dues to the American Association of School Administrators and the Texas Association of School Administrators, as well as other memberships necessary to maintain and improve the Superintendent's professional skills. The District shall bear the reasonable costs and expenses for such attendance or membership.
  
- 10) **Vacation, Holidays, Sick Leave Benefit Option:** The Superintendent may take, at the Superintendent's choice, subject to the Board's approval, the same number of days of vacation authorized by policies adopted by the Board for administrative employees on twelve-month contracts, the days to be 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 least 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 sick leave benefits as authorized by Board policies for administrative employees on twelve-month contracts.
  
- 11) **Teacher Retirement System of Texas Supplement:** The District shall supplement the Superintendent's annual salary by an amount equal to the Superintendent's monthly member contribution to the TRS in the percentage amount required by the Texas Retirement System for the account of the Superintendent. This additional supplement shall be paid to the Superintendent in regular monthly payroll instalments as earned and shall be reported as "creditable compensation" by the district for purposes of TRS, to the extent permitted by TRS.
  
- 12) **District Service Retirement Plan - Deferred Compensation:** To promote a long-term employment relationship between the Superintendent and the District, on or before September 1 of each year during the term of this Contract commencing September 1, 2017, the District shall contribute FIVE THOUSAND AND NO/100 DOLLARS to a fund, plan or annuity that is acceptable to the Superintendent (the "Fund"). The Superintendent's right to the Fund, including principal and interest or other earnings, if any, on the monies in the Fund, shall not vest in the Superintendent and he shall have no rights thereto, except the Superintendent shall be vested in the percentage amounts of the Fund and the dates ("Vesting Dates") as set forth below if he remains employed by the District ("Vesting Schedule"):
  - (1) Seventy-Five Percent (75%), on September 2, 2018
  - (2) One Hundred percent (100%), on September 2, 2019
  - (3) One Hundred percent (100%), hence thereafter June 30, 2020.

In the event, the Superintendent resigns, or this Contract is terminated, the Superintendent shall not be eligible for vesting beyond those vesting benchmarks that have already been achieved. Those monies in which the Superintendent is vested, if any, shall be paid to the Superintendent upon the termination of this contract, unless otherwise mutually agreed to in writing and signed by the parties hereto.

**Review of Performance**

- 1) **Time and Basis of Evaluation:** The Board shall evaluate and assess in writing the performance of the Superintendent at least once each year during the term of this Contract. The evaluation and assessment shall be reasonably related to the duties of the Superintendent as outlined in the Superintendent's job description.
- 2) **Confidentiality:** 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 Superintendent from sharing the content of the Superintendent's evaluation with their prospective legal counsel.
- 3) **Evaluation Format and Procedure:** The evaluation format and procedure shall be in accordance with Board's policies, and state and federal law.

**Renewal or Nonrenewal of Employment Contract**

- 1) **Renewal/Nonrenewal:** Renewal or nonrenewal shall be in accordance with Board policy and applicable law.

**Termination of Employment Contract**

- 1) **Mutual Agreement:** This contract can 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.
- 2) **Retirement or Death:** This Contract shall be terminated upon the retirement or death of the Superintendent.
- 3) **Dismissal for Good Cause:** The Board may dismiss the Superintendent during the term of the Contract for good cause.

**Miscellaneous**

- 1) All existing agreements and contracts, both verbal and written, between the parties hereto regarding the employment of the Superintendent have been superseded by this Contract, and this Contract constitutes the entire agreement between the parties unless amended pursuant to the terms of this Contract.
- 2) I have read this contract and agree to abide by its terms and conditions:

ATTEST:

By: Stephen A. Norris M.D.  
President, Board of Trustees

2/9/17  
Date Signed

By: Deborah Appelmeier  
Secretary, Board of Trustees

2-2-17  
Date Signed

By: [Signature]  
Superintendent of Schools

2-2-17  
Date Signed