



Stephenville
Independent School District

**Annual Financial Accountability
Management Report**

2021-2022 Rating
2020-2021 Fiscal Year Data

**Rating: "A" –
Superior Achievement**

Stephenville Independent School District Annual Financial Accountability Management Report

Introduction

The primary goal of Schools 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. A secondary objective is to measure and report the extent to which financial resources in Texas public schools assure the maximum allocation possible for direct instructional purposes. Other objectives reflect the implementation of a rating system that fairly and equitably evaluates the quality of financial management decisions. After full implementation of the rating system, the districts' ratings will be openly reported to the general public and to other interested persons and entities.

This is the 20th year of the 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 Schools FIRST report underwent sweeping changes under HB 5, Section 49, of the 83rd. Texas Legislature, Regular Session, 2013. Those changes require the commissioner of education to include processes in the financial accountability rating system for anticipating the future financial solvency of each school district and open enrollment charter school. The Commissioner's Rule for School FIRST changes under HB 5 were finalized in August 2015.

Additional changes were made to the School FIRST system in 2018. The most substantive changes from 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. The worksheet for rating year 2014- 2015 contained only 7 indicators as opposed to 20 indicators used in 2013-2014. The worksheets for rating years 2015-2016 and 2016-2017 increased to 15 indicators. The ratings for years 2017-2018 through 2019-2020 will use the same 15 indicators. Also, the worksheets for rating years 2016-2017 and beyond require higher scores for select ratings compared to the worksheet for rating year 2015-2016.

Legislative rules require the district to present a FIRST management report that includes the following: A) The district's financial management performance rating provided by the Texas Education Agency (TEA) based on its comparison with indicators established by the Commissioner of Education for the state's new Financial Accountability System; B) The district's financial management performance under each indicator for the current and previous years' financial accountability ratings; and C) Additional information

required by the Commissioner of Education. In addition, the district must advertise and hold a public meeting to discuss the report.

The district's School FIRST rating is based upon an analysis of data reported for the 2020 -2021 school year. This information is submitted through the district's annual PEIMS (Public Education Information Management System) submissions. The financial accountability rating of the district is based on its overall performance on certain financial measurements, ratios, and other indicators established by the commissioner of education with the financial accountability rating worksheet.

For the first 12 years of the reporting system, Stephenville ISD received ratings of **"Superior Achievement" with the exception of the 2010-2011 rating year, Stephenville ISD received "Above Standard Achievement", scoring 71 out of 80 possible points.** A significant change under HB 5 in 2013 was to move to a rating scale of simply **"Pass"** or **"Fail"**. For the 2014-2015 rating year, Stephenville ISD was rated as "Pass" and achieved a score of 30 out of 30 with positive responses to each of the 7 indicators on the worksheet. Starting with the rating year, 2017-2018, the rating system assigns one of four financial accountability ratings to Texas school districts as follows:

- A = Superior Achievement
- B = Above Standard Achievement
- C = Standard Achievement
- F = Substandard achievement

The Stephenville Independent School District is once again rated as **Superior Achievement with a score of 98 out of 100.** This report briefly focuses on how this passing rating was achieved.

For 2021-2022 the Stephenville Independent School District received a
School FIRST rating of:

A = SUPERIOR ACHIEVEMENT

Resulting in a status of

PASSED

Reporting, Notices and Public Meetings

The Board of Trustees will publish an annual report describing the financial management performance of the district. The report must include the information provided by the Texas Education Agency and any supplemental information as may be determined by the local board of trustees. **A copy of the report is available, upon request, at the District's administrative offices and on the district's website.**

As required by State law, the Board of Trustees shall hold a public meeting within two months of receiving the final School FIRST rating. Notice of the meeting to discuss the school financial accountability rating must be published in a local newspaper. The first notice must be no more than thirty days or less than ten days prior to the scheduled meeting date. The District has complied with the public hearing notification in the local newspaper. **The public meeting was held in conjunction with the regularly called Board of Trustees meeting on November 14, 2022.**

Schools FIRST
Financial Integrity Rating System of Texas
Stephenville Independent School District
2021 - 2022 Rating based on 2020 - 2021 Data

State Indicator	Indicator Background	State Yes, or Points Avail.	SISD 19-20 Result
<p>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?</p> <p>Additional Information: <i>Stephenville ISD's Fiscal Year end date is August 31st. The January deadline is applicable to Stephenville ISD. TEA received the audit report on January 24, 2022 which was three days prior to the deadline.</i></p>	<p>Was the Annual Financial Report filed with TEA by the deadline?</p>	Yes	Yes
<p>2. Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</p> <p>Additional Information: <i>Snow Garrett Williams. Certified Public Accountants, the District's external auditors, issued an unmodified opinion for the year ending August 31, 2021.</i></p>	<p>This indicator will be considered PASSED if the district received an unmodified opinion in the AFR.</p>	Yes	Yes
<p>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.)</p> <p>Additional Information: <i>Stephenville ISD has never defaulted on any of its bond indebtedness obligations. Payments on all debt agreements were made timely.</i></p>	<p>This indicator will be considered PASSED if there were no disclosures in the annual financial report and/or other sources of information concerning default on debt agreements.</p>	Yes	Yes
<p>4. Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</p> <p>Additional Information: <i>Stephenville ISD is current with all payment's due other government agencies</i></p>	<p>This indicator will be considered PASSED if the district made timely payments to the TRS, TWC, IRS, and other government agencies. This indicator will be considered PASSED for the Ceiling if the district was not issued a warrant hold.</p>	Yes Ceiling Passed	Yes Ceiling Passed

Schools FIRST
Financial Integrity Rating System of Texas
Stephenville Independent School District
2021 - 2022 Rating based on 2020 - 2021 Data

State Indicator	Indicator Background	State Yes, or Points Avail.	SISD 19-20 Result
5. This Indicator is not being Scored.		NA	NA
6. Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	This indicator will be considered PASSED for the Ceiling if the average change in fund balances over 3 years had less than a 25 percent decrease or the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures.	Ceiling Passed	Ceiling Passed
Additional Information: <i>The District "Ceiling Passed" with a 0.0508% increase in Fund Balance and greater than 75 days of operational expenditures.</i>			
7. Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? See ranges below in the Determination of Points section.	This indicator measures whether the district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities. Did the district meet or exceed the target amount?	10	10
Additional Information: <i>Points are earned based on where the District's ratio falls on a sliding scale. To achieve the full 10 points assigned to this measure, the District's cash on hand and investments to cover operating expenditures must be 90 days or more. For the 2020-2021 period, the district had 245 days of cash on hand and investments to cover operating expenditures. The district scored a ten, the highest score based on those days.</i>			
8. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.	This indicator questions the district's debt to "market value" of the assets that debt is attributable to. This indicator recognizes that fast-growth districts incur additional operating costs to open new campuses.	10	10
Additional Information: <i>Points are earned based on where the District's ratio falls on a sliding scale. To achieve the full 10 points assigned to this measure, the District's ratio of assets to debt must exceed 3 percent. For the 2020-2021 period, current assets increased to \$37,325,581 while current liabilities increased to \$7,346,573 so, the district's ratio of assets to debt was 5.0807%. The maximum 10 points were received based on the ratio.</i>			
9. Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days? See ranges below in the Determination of Points section.	This indicator asks simply "did the district spend more than it earned?" If the district had at least 60 days cash on hand the indicator is automatically passed.	10	10
10. This Indicator is not being Scored.		NA	NA

Schools FIRST
Financial Integrity Rating System of Texas
Stephenville Independent School District
2021 - 2022 Rating based on 2020 - 2021 Data

State Indicator	Indicator Background	State Yes, or Points Avail.	SISD 19-20 Result
<p>11. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? If the school district's increase of students in membership over 5 years was 7 percent or more, then the school district automatically passes this indicator. See ranges below in the Determination of Points section.</p> <p>Additional Information: <i>All 10 points are earned if the district's Long-Term Liabilities divided by Total Assets is less than or equal to 1. Stephenville ISD's Long Term Liabilities = 77,594,129 and our Total Assets were 126,341,389 which allowed SISD to pass this portion. Stephenville ISD had 3,680 students in 2017 and 3,645 in 2021 resulting in a decrease of students of 35 students. That equates to a 0.07 decrease resulting in a score of 8 out of 10 points.</i></p>	<p>This indicator questions the district's debt to "market value" of the assets that debt is attributable to. This indicator recognizes that fast-growth districts incur additional operating costs to open new campuses.</p>	10	8
<p>12. Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? See ranges below in the Determination of Points section.</p> <p>Additional Information: <i>The district's ratio for 2020-2021 was 3.638 below the target of 4 to receive the full 10 points for this indicator.</i></p>	<p>This indicator asks about the district's ability to make debt principal and interest payments that will become due during the next year. Did the district meet or exceed the target amount?</p>	10	10
<p>13. Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</p> <p>Additional Information: <i>Points are earned based on where the district's ratio falls on a sliding scale. To achieve the full 10 points assigned to this measure, the district's administrative cost ratio must be below 8.55%. The State of Texas establishes limits on the amount of money school districts are allowed to spend on administrative costs. The limit is set as a ratio of administrative costs to instructional costs and is titled the "Administrative Cost Ratio". Administrative costs are defined as Instructional Leadership and General Administration. Instructional Leadership includes costs to provide leadership for staff and all instructional services. This excludes campus leadership. General Administration includes costs for managing the school district as an overall entity. The district's administrative cost ratio for 2020-2021 was 0.93%, which is in the highest of six ranges. Scoring the district 10 Of 10 possible points.</i></p>	<p>This indicator measures the percentage of a district's budget that was spent on administration. Did the District exceed the cap in School FIRST for districts its size?</p>	10	10
<p>14. Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? If the student enrollment did not decrease, the school district will automatically pass this indicator.</p> <p>Additional Information: <i>The district had a 0.15% decrease in the student to staff ratio over 3 years resulting in the full 10 points being awarded for this indicator.</i></p>	<p>If a decline in students over the 3 school years was experienced, this indicator asks if the district decreased the number of staff paid in proportion to the decline in students. (This indicator is automatically passed if there was no decline in students.)</p>	10	10

**Schools FIRST
Financial Integrity Rating System of Texas
Stephenville Independent School District
2021 - 2022 Rating based on 2020 - 2021 Data**

State Indicator	Indicator Background	State Yes, or Points Avail.	SISD 19-20 Result
15. This Indicator is not being Scored.		NA	NA
16. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	This indicator measures the quality of data reported to PEIMS and in the 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 more than 3 percent, the District "fails" this measure.	Ceiling Passed	Ceiling Passed
Additional Information: <i>There were no significant differences between the Comprehensive Annual Financial Report and the PEIMS financial data.</i>			
17. Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)	A clean audit of the Annual Financial Report would state the district has no material weaknesses in the internal controls. Any internal weaknesses create a risk of the District not being able to properly account for its use of public funds, and should be immediately addressed. This is a simple "Yes" or "No" indicator.	Ceiling Passed	Ceiling Passed
Additional Information: <i>Snow Garrett Williams, Certified Public Accountants, the District's external auditors, reported no material weakness in internal controls over local, state, or federal funds in the 2020-2021 audit.</i>			
18. Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)	A clean audit of the Annual Financial Report would state the district has no material noncompliance for grants, contracts, and laws related to local, state or federal funds. This is a simple "Yes" or "No", however, it does assign 10 points for "Yes" and zero points for "No".	10	10
Additional Information: <i>Snow Garrett Williams, Certified Public Accountants the District's external auditors, reported no material noncompliance for grants, contracts, and laws related to local, state, or federal funds in the 2020-2021 audit resulting in Stephenville ISD receiving a score of ten.</i>			

**Schools FIRST
Financial Integrity Rating System of Texas
Stephenville Independent School District
2021 - 2022 Rating based on 2020 - 2021 Data**

State Indicator	Indicator Background	State Yes, or Points Avail.	SISD 19-20 Result
<p>19. Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?</p> <p>Additional Information: <i>Snow Garrett Williams, Certified Public Accountants, the District's external auditors, reported Stephenville ISD did post all required financial information on our website in the 2020-2021 audit resulting in the district receiving a score five.</i></p>	<p>This is a simple "yes" or "no" indication worth 5 points to ensure district post all required financial documents on their website for the public.</p>	5	5
<p>20. Did the schoolboard members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</p> <p>Additional Information: <i>Snow Garrett Williams, Certified Public Accountants, the District's external auditors, reported Stephenville ISD Board of Trustees did discuss the school district property values at a board meeting within 120 days before the school district adopted its budget in 2020-2021 audit.</i></p>	<p>This indicator will be considered PASSED for the Ceiling if the school board discussed property values at a meeting within 120 days before the district adopted its budget.</p>	Ceiling Passed	Ceiling Passed
Total Points Available / Earned		98	100

**Required Disclosures for
Stephenville Independent School District
2021-2022 FIRST Rating
November 14, 2022**

Required Supplementary Information

The District's annual financial management report must include specific disclosures regarding the superintendent's contract, reimbursements received by the superintendent and board members and other compensation and gifts received. This information is being presented below to comply with the requirements.

Superintendent's Current Employment Contract

A copy of the superintendent's current employment contract at the time of the School FIRST hearing is to be provided. In lieu of publication in the annual School FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's internet site. If published on the internet, the contract is to remain accessible for twelve months.

A copy of the superintendent's current employment contract is attached following TEA's FIRST Report.

Reimbursements Received by the Superintendent and Board Members

A summary schedule for the twelve-month period of total reimbursements received by the superintendent and each board member is to be included in the annual financial management report. All reimbursement expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. The summary schedule is to report separately items per category including:

Meals – Meals consumed off of the school district's premises, 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.

The disclosure of reimbursements received by the Superintendent and Board Members is provided at the end of this report.

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

A summary schedule for the fiscal year of the dollar amount of compensation and/or fees received by the superintendent from another school district or any other outside entity in exchange for professional consulting and/or other personal services is to be reported. The disclosure of outside compensation received by the Superintendent for professional consulting and/or other personal services is provided at the end of this report.

Gifts Received by Executive Officers and Board Members

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.

The disclosure of gifts received by Executive Offices and Board Members is provided at the end of this report.

Business Transactions Between School District and Board Members

Finally, a summary schedule for the fiscal year of the dollar amount by board member for the aggregate amount of business transactions with the school district is to be included. This reporting requirement is not to duplicate the items disclosed in the schedule of reimbursements.

The disclosure of business transactions between the school district and Board Members is provided at the end of this report.

**School FIRST Annual Financial Management Report
STEPHENVILLE INDEPENDENT SCHOOL DISTRICT
Reimbursements Received by the Superintendent and Board
Members**

For the Twelve-Month Period
Ended August 31, 2021

<u>Description of Reimbursements</u>	Dr. Eric Cederstrom, Superintendent	Mr. Chad Elms, President, Place 3	Mr. Donny Hill, Vice President, Place 7	Mrs. Phyllis Steward, Secretary, Place 6	Dr. Robert Barberee, Place 1	Mrs. Sherrie Evans, Place 2	Mr. Luke Sims, Place 4	Mr. Matt Miller, Place 5
Meals	108	90	80	90	90	90	72	72
Lodging	920.82	663.51	663.51	663.51	663.51	663.51	703.51	708.51
Transportation		120.96	120.96	120.96	120.96		235.2	155.73
Motor Fuel								
Other	5,138	42	96	96				
Total	\$6,166.82	\$916.47	\$960.47	\$970.47	\$874.47	\$753.51	\$1,010.71	\$936.24

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.

**School FIRST Annual Financial Management Report
STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**

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, 2021

Name(s) of Entity(ies)	Amount Received
	\$ -
Total	\$0.00

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, 2021

	Dr. Eric Cederstrom, Superintendent	Mr. Chad Elms, President, Place 3	Mr. Donny Hill, Vice President, Place 7	Mrs. Phyllis Steward, Secretary, Place 6	Dr. Robert Barberee, Place 1	Mrs. Sherrie Evans, Place 2	Mr. Luke Sims, Place 4	Mr. Matt Miller, Place 5
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.

**School FIRST Annual Financial Management Report
STEPHENVILLE INDEPENDENT SCHOOL DISTRICT**

**Business Transactions Between School District and Board
Members**

For the Twelve-Month Period
Ended August 31, 2021

	Dr. Eric Cederstrom, Superintendent	Mr. Chad Elms, President, Place 3	Mr. Donny Hill, Vice President, Place 7	Mrs. Phyllis Steward, Secretary, Place 6	Dr. Robert Barberee, Place 1	Mrs. Sherrie Evans, Place 2	Mr. Luke Sims, Place 4	Mr. Matt Miller, Place 5
Amounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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.

**Required Disclosures for
Stephenville Independent School District
2021-2022 FIRST Rating
November 14, 2022**

RATING YEAR **2021-2022**DISTRICT NUMBER **district #**

Select An Option

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Financial Integrity Rating System of Texas

2021-2022 RATINGS BASED ON SCHOOL YEAR 2020-2021 DATA - DISTRICT STATUS DETAIL

Name: STEPHENVILLE ISD(072903)	Publication Level 1: 8/2/2022 2:05:39 PM
Status: Passed	Publication Level 2: 8/4/2022 12:15:48 PM
Rating: A = Superior Achievement	Last Updated: 8/4/2022 12:15:48 PM
District Score: 98	Passing Score: 70

#	Indicator Description	Updated	Score
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</u>	7/12/2022 8:33:18 AM	Yes
2	<u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>	5/16/2022 10:49:36 AM	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>	5/16/2022 10:49:36 AM	Yes
4	<u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</u>	5/16/2022 10:49:37 AM	Yes Ceiling Passed
5	This indicator is not being scored.		
			1 Multiplier Sum
6	<u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	5/17/2022 9:42:57 AM	Ceiling Passed

7	<u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? See ranges below in the Determination of Points section.</u>	5/16/2022 10:49:38 AM	10
8	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.</u>	5/16/2022 10:49:38 AM	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? See ranges below in the Determination of Points section.</u>	5/16/2022 10:49:39 AM	10
10	This indicator is not being scored.		10
11	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? If the school district's increase of students in membership over 5 years was 7 percent or more, then the school district automatically passes this indicator. See ranges below in the Determination of Points section.</u>	5/16/2022 10:49:41 AM	8
12	<u>Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? See ranges below in the Determination of Points section.</u>	5/16/2022 10:49:41 AM	10
13	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</u>	6/9/2022 10:54:19 AM	10
14	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? If the student enrollment did not decrease, the school district will automatically pass this indicator.</u>	5/16/2022 10:49:42 AM	10
15	This indicator is not being scored.		5
16	<u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	5/16/2022 10:49:43 AM	Ceiling Passed
17	<u>Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u>	5/16/2022 10:49:43 AM	Ceiling Passed
18	<u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>	5/16/2022 10:49:44 AM	10
19	<u>Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?</u>	5/16/2022 10:49:44 AM	5
20	<u>Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	5/16/2022 10:49:44 AM	Ceiling Passed
			98 Weighted Sum
			1

	Multiplier Sum
	(100 Ceiling)
	98 Score

DETERMINATION OF RATING

A.	Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is F for Substandard Achievement regardless of points earned.	
B.	Determine the rating by the applicable number of points.	
	A = Superior Achievement	90-100
	B = Above Standard Achievement	80-89
	C = Meets Standard Achievement	70-79
	F = Substandard Achievement	<70
<p>No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.</p> <p>The school district receives an F if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.</p>		

CEILING INDICATORS

Did the school district meet the criteria for any of the following **ceiling indicators** 4, 6, 16, 17, or 20? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.

Determination of rating based on meeting ceiling criteria.	Maximum Points	Maximum Rating
Indicator 4 (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
Indicator 6 (Average Change in Fund Balance) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 16 (PEIMS to AFR) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 17 (Material Weaknesses) - Response to indicator is <i>No</i> .	79	C = Meets Standard Achievement
Indicator 20 (Property Values and Tax Discussion) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement

SUPERINTENDENT'S EMPLOYMENT CONTRACT

STATE OF TEXAS §
 §
COUNTY OF ERATH §

THIS SUPERINTENDENT'S EMPLOYMENT CONTRACT ("Contract") is made and entered into by and between the Board of Trustees (the "Board") of the Stephenville Independent School District (the "District") and Dr. Eric Cederstrom (the "Superintendent"), to be effective upon execution by both parties.

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

I. Term

1.1 Term. The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment as Superintendent of Schools for the District for a term commencing on December 13, 2021, and ending on June 30, 2026. The District may, by action of the Board, and with the consent and approval of the Superintendent, extend the term of this Contract as permitted by state law.

1.2 No Tenure. The Board has not adopted any policy, rule, regulation, law, or practice providing for 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.

II. Employment

2.1 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 by §11.1513 and §11.201 of the Texas Education Code, by the job description, and as may be lawfully assigned by the Board. The Superintendent shall comply with all lawful Board directives, state and federal law, district policy, rules, and regulations as they exist or may hereafter be amended. The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, diligence, skill, and expertise. All duties assigned to the Superintendent by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.

2.2 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 State Board for Educator Certification or the Texas Education Agency and any other certificates required by law.

2.3 Reassignment. The Superintendent cannot be reassigned from the position of Superintendent to another position without the Superintendent's express written consent.

2.4 Board Meetings. The Superintendent 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 evaluation, or for purposes of resolving conflicts between individual Board members, or when the Board is acting in its capacity as a tribunal. In the event of illness or Board-approved absence, the Superintendent's designee shall attend such meetings.

2.5 Criticisms, Complaints, and Suggestions. The Board, individually and collectively, shall refer in a timely manner all substantive criticisms, complaints, and suggestions called to the Board's attention to the Superintendent for review and appropriate action. The Superintendent will either refer such matter(s): (a) to the appropriate District employee or shall investigate such matter(s) and shall within a reasonable time inform the Board of the results of such efforts; or (b) to the appropriate complaint resolution procedure as established by Board policies.

2.6 Indemnification. To the extent it may be permitted to do by applicable law, including, but not limited to Texas Civil Practice & Remedies Code Chapter 102, the District does hereby agree to defend, hold harmless, and indemnify Superintendent from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against Superintendent in the Superintendent's individual or official capacity as an employee and as Superintendent of the District, providing the incident(s), which is (are) the basis of any such demand, claim, suits, actions, judgments, expenses and attorneys' fees, arose or does arise in the future from an act or omission of Superintendent as an employee of the District, acting within the course and scope of Superintendent's employment with the District; excluding, however, any such demand, claim, suits, actions, judgments, expenses and attorneys' fees for those claims or any causes of action where it is determined that Superintendent committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith; and excluding any costs, fees, expenses or damages that would be recoverable or payable under an insurance contract, held either by the District or by Superintendent. The selection of Superintendent's legal counsel shall be with the mutual agreement of Superintendent and the District if such legal counsel is not also the District's legal counsel. A legal defense may be provided through insurance coverage, in which case Superintendent's right to agree to legal counsel provided for him will depend on the terms of the applicable insurance contract. To the extent this Section 2.6 exceeds the authority provided and limitations imposed by Texas Civil Practice and Remedies Code, Chapter 1.02, it shall be construed and modified accordingly. The provisions of this Section 2.6 shall survive the termination of this Contract.

III. Compensation

3.1 Salary. The District shall provide the Superintendent with an annual salary in the sum of One Hundred Ninety Thousand and No/100 Dollars (\$190,000.00). This annual salary rate shall be paid to the Superintendent in equal installments consistent with the Board's policies.

3.2 Salary Adjustments. At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary set forth in Section 3.1 of this Contract except by mutual agreement of the two parties. Such adjustments, if any, shall be made pursuant to a lawful

Board resolution. In such event, the parties agree to provide their best efforts and reasonable cooperation to execute a new contract incorporating the adjusted salary.

3.3 Workdays, Vacation, Holiday, and Personal Leave. The Superintendent may take, at the Superintendent's choice, 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 number of personal leave benefits as authorized by Board policies for administrative employees on twelve-month contracts.

3.4 Insurance. The District shall pay the same premiums for hospitalization and major medical insurance coverage for the Superintendent as it does for other administrators on twelve-month contracts, pursuant to the group health care plan provided by the District for its administrative employees.

3.5 Professional Growth. The superintendent shall devote the Superintendent's time, attention and energy to the direction, administration and supervision of the District. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's active attendance at and participation in relevant professional meetings at the local, regional, state and national levels. The Board shall encourage the use of data and information sources and shall encourage the participation of the Superintendent in pertinent education seminars and courses offered by public or private institutions or by educational associations, as well as the participation in informational meetings with those individuals whose particular skills, expertise or backgrounds would serve to improve the capacity of the Superintendent to perform the Superintendent's professional responsibilities for the District. In its encouragement of the Superintendent to grow professionally, the Board shall permit a reasonable amount of release time for the Superintendent as the Superintendent and the Board deem appropriate, to attend such seminars, courses or meetings. The District shall pay membership fees and dues of the Superintendent to 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 cost and expense for registration, travel, meals, lodging and other related expenses for such attendance and membership.

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

3.7 Outside Consultant Activities. The Superintendent may serve as a consultant or undertake speaking engagements, writing, teaching or other professional duties and obligations outside the District (referred to collectively herein as "Consulting Services") that do not conflict or interfere with the Superintendent's professional responsibilities to the District. The Superintendent may accept a reimbursement of expenses for such Consulting Services at no expense to the District. Consulting Services provided by the Superintendent under the terms and conditions of this paragraph must be consistent with state and federal law.

3.8 Expenses. 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 costs incurred by the Superintendent for travel. Such actual costs may include, but are not limited to, the IRS rate for mileage reimbursement for travel greater than 100 miles (roundtrip), 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.

3.9 Moving Expenses. The District expects the Superintendent to reside within the District after a reasonable period of time in which to obtain housing. The District will reimburse the Superintendent the actual cost of relocating to the District, provided, however, that reimbursement for such expenses shall not exceed \$5,000. The Superintendent will be reimbursed for moving and relocation costs upon presentation of a receipt(s) for such costs.

3.10 Benefits. In addition to the benefits expressly set forth herein, the District shall provide other benefits to the Superintendent as provided to District employees by state law and Board policies. The Board reserves the right to amend its policies at any time during the term of this Contract to reduce or increase the benefits not expressly provided herein, at the Board's sole discretion.

IV. Annual Performance Goals

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

V. Review of Performance

5.1 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 Board's evaluation and assessment of the Superintendent shall be reasonably related to the duties of the Superintendent as outlined in Policy BJA (Legal) and (Local) and the Superintendent's job description and shall be based on the District's progress towards accomplishing the District Goals.

5.2 Confidentiality. Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times be conducted in closed 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.

5.3 Evaluation Format and Procedures. The evaluation format and procedure shall be in accordance with the Board's policies and state and federal law. In the event that the Board determines that the performance of the Superintendent is unsatisfactory in any respect, it shall describe in writing, in reasonable detail, specific instances of unsatisfactory performance. The evaluation shall include recommendations as to areas of improvement in all instances where the Board deems performance to be unsatisfactory. A copy of the written evaluation shall be delivered to the Superintendent. The Superintendent shall have the right to make a written response to the evaluation within thirty (30) days of receipt of the written evaluation from the board. That response shall become a permanent attachment to the evaluation in the Superintendent's personnel file. Within sixty (60) days of the delivery of the written evaluation to the Superintendent, the Board shall meet with the Superintendent to discuss the evaluation. The Board shall devote a portion of, or all of, one executive session annually to a discussion of the working relationship between the Superintendent and the Board. In the event the Board deems that the evaluation instrument, format, and/or procedure is to be modified by the Board and such modifications would require new or different performance expectations, such modifications must be adopted with input from the Superintendent and the Superintendent shall be provided a reasonable period of time to demonstrate such expected performance before being evaluated.

VI. Extension or Nonrenewal of Employment Contract

6.1 Extension/Nonrenewal. Extension or nonrenewal shall be in accordance with section 21.212 of the Texas Education Code and applicable law. Notwithstanding anything to the contrary in Section 21.212(a) of the Texas Education Code, the Superintendent shall be entitled to written notice, containing reasonable notice of the reason for the proposed nonrenewal, not later than 60 days before the last day of the contract term, containing reasonable notice of the reason(s) for the proposed nonrenewal of the Superintendent's Contract.

VII. Termination of Employment Contract

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

upon.

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

7.3 Dismissal for Good Cause. This Contract may be terminated at any time for good cause determined in accordance with sections 21.211 and/or 21.212 of the Texas Education Code and other applicable Texas law.

7.4 Resignation of Superintendent. The Superintendent may leave the employment of the District at the end of a school year without penalty by filing a written resignation with the Board. The resignation must be addressed to the Board and filed not later than the 45th day before the first day of instruction of the following year. The Superintendent may resign with the consent of the Board at any other time.

Miscellaneous

8.1 Controlling Law. This Contract shall be governed by the laws of the State of Texas and shall be performable in Erath County, Texas, unless otherwise provided by law.

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

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

8.4 Savings Clause. In the event any one or more of the provisions contained in this Contract shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. All existing agreements and contracts, both verbal and written, between the parties hereto regarding the employment of the Superintendent 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.

8.5 Merger Clause. 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.

8.6 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.

8.7 **Authority.** The Board President and Secretary have been authorized to execute this Contract on behalf of the District by action of a majority of a quorum of the Trustees present at a properly called and posted meeting on December 13, 2021.

[Signatures on Next Page]

IN WITNESS WHEREOF, all the parties hereto have executed the Contract in multiple originals to be effective from and after December 13 2021.

STEPHENVILLE INDEPENDENT
SCHOOL DISTRICT

By: M. Ann Calahan
Dr. Ann Calahan
President, Board of Trustees

SUPERINTENDENT

By: E. Cederstrom
Dr. Eric Cederstrom

ATTEST:

By: Minnie Elan
Secretary, Board of Trustees

Executed this 13th day of December, 2021.