

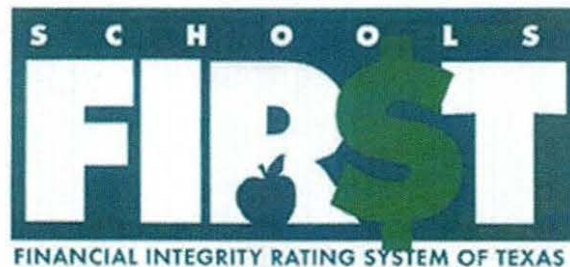
Pleasant Grove ISD
Financial Integrity Rating System of Texas (FIRST) Annual Report
Overview

The Pleasant Grove ISD received a rating of “Superior” under Texas’ Schools FIRST financial accountability rating system for the fiscal year ended August 31, 2017. The Superior rating is the state’s highest, demonstrating the quality of the financial management and reporting system of Pleasant Grove ISD.

The Schools FIRST (Financial Integrity Rating System of Texas), is 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 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.

The Schools FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest being “Superior”. The rating system consists of 15 indicators. To receive the “Superior” rating the district must have a score in the range 90 to 100. Pleasant Grove ISD had a weighted score of 100.

The 2016-2017 District Status report is attached to this report as Exhibit A. The report contains each indicator and the result for the district. The indicators cover many different areas of school operations including, finance, staffing, and accreditation. New rules established by Title 19, TAC, Section 109.1001(q)3(B) require this report include a copy of the superintendent’s current contract, Exhibit B, and summary financial disclosures pertaining to the superintendent and school board, Exhibit C. This information is being reported in the format recommended by the Texas Education Agency.



Pleasant Grove ISD

Financial Integrity Rating System of Texas (FIRST) Annual Report Exhibit A – District Status Detail

Indicator 1 Was the completed annual financial report (AFR) and data submitted to the TEA within 30 days of the January 28 deadline?

Yes. The Annual Financial Report (AFR) was submitted to TEA on **January 17, 2018**

Indicator 2-A Was there an unmodified opinion in the AFR on the financial statements as a whole? (Unmodified opinion is defined by the American Institute of Certified Public Accountants (AICPA) and is determined by the external independent auditor.)

Yes. An unmodified opinion was the determination of the district's external independent auditors.

Indicator 2-B Did the external independent auditor report that the AFR was free of any instance of material weakness in internal controls over financial reporting and compliance for local, state, and federal funds? (Material weakness is defined by the AICPA)

Yes. The external independent auditor reported that there were no material weakness in internal controls for the district.

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

Yes.

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

Yes. The district made timely payments to government agencies.

Indicator 5 Was the total unrestricted net position balance 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 five years was 10% or more, then the school district also passes this indicator.)

Yes. The school district's net position balance was \$3,767,009 (greater than zero).

Indicator 6

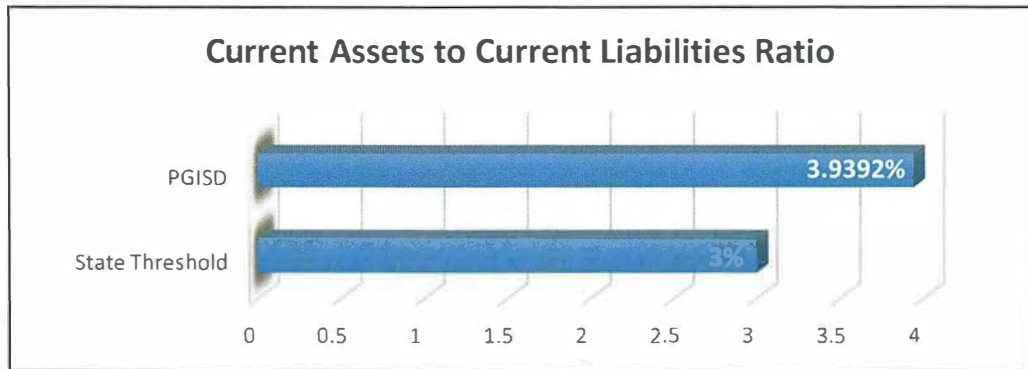
Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover the operating expenditures?

Yes (score of 10).

Indicator 7

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

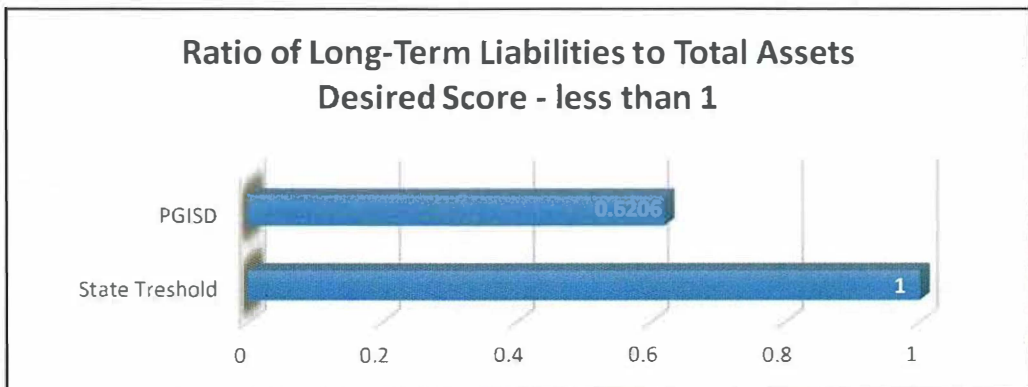
Yes (score of 10). The school district's current assets were \$9,589,297. The district's current liabilities were \$2,434,311. To determine the ratio, TEA divided the current assets by the current liabilities. This calculation results in a ratio of 3.9392. To score 10 points for Indicator 7, the district's ratio must have been greater than 3.



Indicator 8

Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the district's change in students in membership over five years was 10 percent or more, then the school district also passes this indicator.)

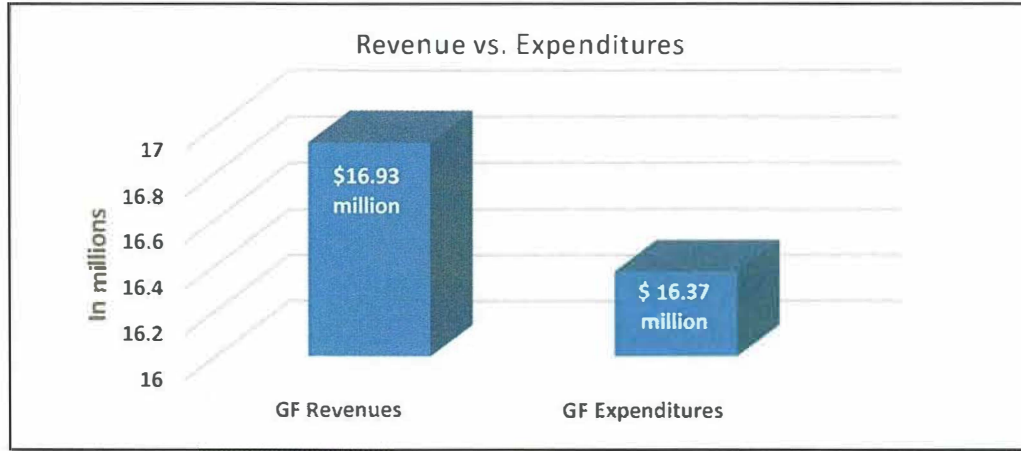
Yes (score of 10). The school district's long-term liabilities were \$33,217,666. The district's total assets were \$53,527,557. To determine the ratio, TEA divided the long-term liabilities by the total assets. This calculation results in a ratio of 0.6206. To score 10 points for Indicator 8, the district's ratio must have been less than 1.



Indicator 9

Did the school district’s general fund revenues equal or exceed expenditures?

Yes (score of 10). The school district’s general fund revenues were \$16,932,966, which exceeds the expenditures of \$16,374,982.



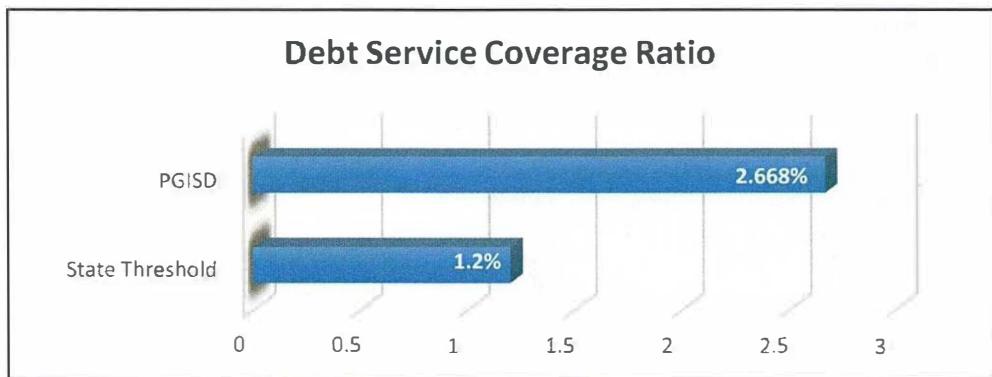
Indicator 10

Was the debt service coverage ratio sufficient to meet the required debt service?

Yes (score of 10). The ratio is determined by subtracting the total expenditures for all funds from the total revenue for all funds; adding back the debt service expenditures (General Fund and Debt Service Fund), ending Debt Service fund balance, and Capital Outlay expenditures; and dividing this total by the debt service expenditures (General Fund and Debt Service Fund).

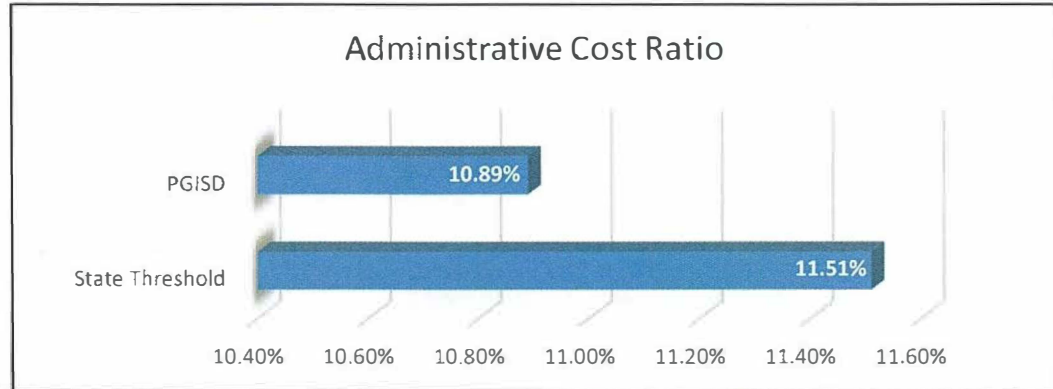
Total Revenues from all funds	\$20,070,362
minus Total Expenditures from all funds	\$18,663,451
plus Debt Service Expenditures (GF/Debt Service)	\$2,503,981
plus Ending Debt Service Fund Balance	\$2,771,063
plus Capital Outlay Expenditures	<u>\$0.00</u>
	\$6,681,955
divided by Debt Service Expenditures (GFD/Debt Svc)	<u>\$2,503,981</u>
	2.668

To score 10 points for Indicator 10, the district’s ratio must have been greater than 1.20.



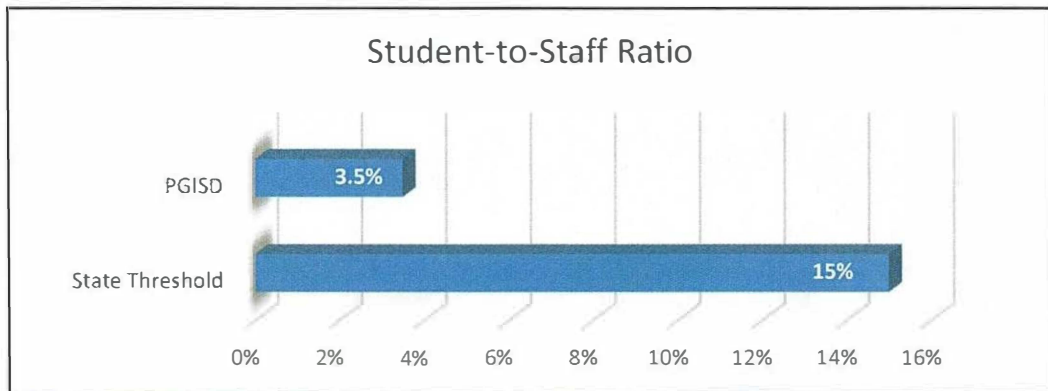
Indicator 11 Was the school district's administrative cost ratio equal to or less than the threshold ratio?

Yes (score of 10). The district's administrative cost of 10.89% was less than the state threshold ratio for a school district of our size of 11.51%.



Indicator 12 Did the school district not have a 15 percent decline in the student to staff ratio over three years?

Yes (score of 10). The district's student to staff ratio in 2014-2015 was 8. The student to staff ratio in 2016-2017 was 7.72. This results in a decline of 3.5% in a five-year period versus the state threshold of 15 percent.



Indicator 13 Did the comparison of Public Education Information Management System (PEIMS) data to like information in the district's annual financial review (AFR) result in a total variance of less than three percent of all expenditures by function.

Yes (score of 10). The district had zero variance between the PEIMS data and like information reported in the AFR.

Indicator 14 Did the external independent auditor indicate the AFR was free of any instances of material non-compliance for grants, contracts, and laws related to local, state, or federal funds?

Yes (score of 10).

Indicator 15 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 because of a financial hardship?

Yes (score of 10).



Superintendent Term Contract

This Contract is entered into between the Board of Trustees (the "Board") of PLEASANT GROVE INDEPENDENT SCHOOL DISTRICT (the "District") and LOYD JASON SMITH (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 school year, beginning SEPTEMBER 2, 2018 and ending JUNE 30, 2021. 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(s) mandated by the Texas Education Code throughout the term of employment with the District. If the Superintendent's certification expires, is canceled, is suspended, is voluntarily surrendered, 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 or her 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, criminal information, criminal complaint, conviction, no contest or guilty plea, or other adjudication of the Superintendent in any jurisdiction. 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.
- 4.2 **Exclusivity:** Except as otherwise permitted by this Contract, the Superintendent agrees to devote his or her full time and energy to the performance of his or her duties. The Superintendent shall perform his or her 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 **Unrelated Businesses:** Superintendent hereby discloses that Superintendent (or a member of his immediate family) owns an interest in one or more partnerships or other legal entities that own and/or operate one or more businesses commonly known as "TeacherTube.com", "Teacher Tube", and Teacher Tube, LLC, a Texas limited liability company (hereinafter called the "Unrelated Businesses"). The parties hereto agree as follows in relation to Unrelated Businesses of Superintendent:
- a. Superintendent may continue to participate in the ownership and operation of the Unrelated Businesses, provided that such activities do not unreasonably interfere with the Superintendent's duties to the District, including any such District duties that may fall outside of normal business hours.
 - b. Superintendent shall not perform any duties or activities of the Unrelated during normal District business hours.
 - c. Superintendent shall not require or mandate that other District employees make use of any products or services of the Unrelated Businesses, and will not exert any undue influence as Superintendent over any other District employee to make use of the goods or services provided by the Unrelated Businesses.
5. **Compensation.** The District shall pay the Superintendent an annual salary as follows:

- 5.1 **Salary:** ONE HUNDRED EIGHTY EIGHT THOUSAND AND NO/100th Dollars (\$ 188,000.00) per year effective July 1, 2018, and shall be prorated for any partial year of service. Said salary is payable in accordance with the District's regular payroll schedule and policies.

The salary of the superintendent is subject to annual review and upward adjustment in such amounts as may be agreed by and between the District and the Superintendent. An offer of an upward adjustment in the Superintendent's annual salary, if any, shall be at the sole discretion of the District Board of Trustees, and no such adjustments are guaranteed or promised.

(a) **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.

(b) **Furlough.** If the Board implements a furlough under Texas Education Code section 21.4021, the Superintendent 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.

- 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.

6. **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.

7. **Termination and Nonrenewal of Contract.** Termination or nonrenewal of this contract, or resignation under this contract, will be pursuant to the requirements of Texas Education Code chapter 21.

8. **General provisions.**

- 8.1 **Amendment:** This Contract may not be amended except by written agreement of the Parties.

- 8.2 **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.

- 8.3 **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.
- 8.4 **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' administration building is located.
- 8.5 **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.
- 8.6 **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.

9. **Notices.**

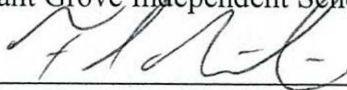
- 9.1 **To Superintendent:** The Superintendent agrees to keep a current address on file with the District's human resources office and the Board President. The Superintendent agrees that the Board may meet any legal obligation it has to give the Superintendent written notice regarding this Contract 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.
- 9.2 **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: 

Date signed: 8-29-2018

Pleasant Grove Independent School District

By: 
President, Board of Trustees

Date signed: 8-29-2018

Pleasant Grove ISD

Financial Integrity Rating System of Texas (FIRST) Annual Report
Exhibit C – Financial Disclosures for Superintendent and School Board

Title 19 Texas Administrative Code, Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner’s Rule Concerning Financial Accountability Rating System, Section 109.001(o).

Table 1 Reimbursements Received by the Superintendent and Board Members								
For the Twelve-Month Period Ending August 31, 2017								
Description of Reimbursement	Superintendent	Fred Meisenheimer	Lorie Son	Chris Barker	Mark Addington	Amy Damron	Ross Sarine	Kathaleen Young
Meals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor Fuel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

All "reimbursement" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. Items reported per category include:
 Meals - Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings).
 Lodging - Hotel charges
 Transportation - Airfare and car rental
 Other - Registration fees, telephone/call phone, internet service, fax machine, and other reimbursements

Table 2 Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services	
For the Twelve-Month Period Ending August, 31, 2017	
Name of Entity	Amount Received
	\$ -
Total	\$ -
Compensation does not include business revenues generated from a family business (Farming, ranching, etc.) that has no relation to school district business.	

Table 3								
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 Ending August 31, 2017								
	Superintendent	Fred Meisenheimer	Lorie Son	Chris Barker	Mark Addington	Amy Damron	Ross Sarine	Kathaleen Young
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Table 4								
Business Transactions between School District and Board Members								
For the Twelve-Month Period Ending August 31, 2017								
	Fred Meisenheimer	Lorie Son	Chris Barker	Mark Addington	Amy Damron	Ross Sarine	Kathaleen Young	
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

