



# Annual Financial Management Report 2017





**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**2017 Annual Financial Management Report**  
**Table of Contents**

<b>Exhibit</b>	<b>Item Description</b>	<b>Page</b>
---	Letter of Transmittal	1
Exhibit A-1	Schools FIRST Rating Worksheet	5
Exhibit A-2	Explanations of Schools FIRST Indicators	9
Exhibit B-1	Superintendent's Current Employment Contract	12
Exhibit B-2	Summary Schedule of Total Reimbursements Received by Superintendent and Each Board Member	19
Exhibit B-3	Compensation and/or Fees Received by the Superintendent from Outside Entities for Professional Consulting and/or Other Personal Services	20
Exhibit B-4	Summary Schedule of Total Amount by Superintendent and Board Members (and First Degree Relatives) of Gifts that Had an Economic Value Exceeding \$250 in the Aggregate	21
Exhibit B-5	Summary Schedule of Total Dollar Amount by Board Member of Business Transactions with the School District	22
Exhibit B-6	Summary Schedule of Data Submitted under the Financial Solvency Provisions of TEC 39.082	23

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November 16, 2017

To the Board of Trustees and Citizens of Arlington Independent School District,

Within these pages is Arlington ISD's annual School FIRST (Financial Integrity Rating System of Texas) rating and annual financial management report. **The District received a School FIRST rating of "A - Superior" for 2017.**

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

School FIRST was initially authorized by the 76<sup>th</sup> Texas Legislature in 1999. HB 5, passed by the 83<sup>rd</sup> Texas Legislature in 2013, enacted major changes to the law that effectively directed the Commissioner of Education to include metrics in the financial accountability rating system to rate the future financial solvency of each school district and open-enrollment charter school in Texas. The changes required by HB 5 are described in more detail, below.

As stated by TEA, School FIRST "ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes." This is the 15<sup>th</sup> year that ratings have been assigned under the School FIRST system.

### ***Financial Accountability Ratings***

Under the School FIRST system, the Texas Education Agency (TEA) assigns each school district a financial accountability rating based on a district's overall performance on certain financial measurements, ratios, and other indicators established by the Commissioner of Education. As mentioned above, major changes occurred in the Commissioner's Rule for the School FIRST rating system as authorized by HB 5. Due to the complexity of the changes, modifications to the system are being phased in over a three-year period that began with the 2015 ratings. During this phase-in period different worksheets are in place for each year through 2017, with the final worksheet in 2017 remaining in effect for all future periods. Additionally, the 2017 (and beyond) worksheets require higher scores for ratings compared to the 2016 worksheet.

The worksheet for 2015 contained only 7 indicators, and only allowed for a P for "Passed" or an F for "Substandard Achievement" rating for all districts. In contrast, the worksheets for 2016 and 2017 and subsequent years contain 15 indicators and result in ratings as follows:

<b>SCHOOL FIRST RATINGS</b> <b>2016, 2017 and Beyond</b>	
A – Superior Achievement	
B - Above-Standard Achievement	
C – Standard Achievement	
F – Substandard Achievement	
SOURCE: 19 TAC Chapter 109, Subchapter AA	

Districts that receive the F or “Substandard” rating under School FIRST for any year must file a corrective action plan with the TEA.

In the future, the Commissioner of Education will evaluate the rating system every three years and may modify the system in order to improve its effectiveness. Any changes made to the rating system will be communicated to school districts by TEA along with the effective dates of the changes.

### ***School District Reporting Requirements***

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

### ***2017 School FIRST Rating***

The 2017 School FIRST rating was based on an analysis of staff and financial data submitted to the Texas Education Agency for the 2015-2016 school year and fiscal year. Fifteen indicators were evaluated to determine the rating.

**The Arlington Independent School District received the rating of “A” for “Superior Achievement” for 2017, the highest School FIRST rating awarded by the State for this year.** Similarly, the District received the highest rating for all prior years since School FIRST was established. The rating worksheet detailing the District’s performance on each of the 15 indicators for 2017 can be reviewed at Exhibit A-1. Explanations of the 15 indicators can be found at Exhibit A-2.

This report also includes the following disclosures, as required by 19 TAC Chapter 109, Subchapter AA:

Exhibit B-1	Superintendent's Current Employment Contract
Exhibit B-2	Summary Schedule of Total Reimbursements Received by Superintendent and Each Board Member
Exhibit B-3	Compensation and/or Fees Received by the Superintendent from Outside Entities for Professional Consulting and/or Other Personal Services
Exhibit B-4	Summary Schedule of Total Amount by Superintendent and Board Members (and First Degree Relatives) of Gifts that Had an Economic Value Exceeding \$250 in the Aggregate
Exhibit B-5	Summary Schedule of Total Dollar Amount by Board Member of Business Transactions with the School District
Exhibit B-6	Summary Schedule of Data Submitted under the Financial Solvency Provisions of TEC 39.082

#### ***Contacting the District's Financial Management***

This annual financial management report is presented in accordance with the provisions of Texas Education Code Section 39.082 and 19 TAC Chapter 109, Subchapter AA. If you have questions about the report or need additional financial information about the District, please contact the Finance Department at Arlington Independent School District, 1203 W. Pioneer Parkway, Arlington, Texas, 76013. Additional financial information about the District, including the official budget and comprehensive annual financial report, can be found at the District's website at [www.aisd.net](http://www.aisd.net).

Respectfully,



Dr. Marcelo Cavazos  
Superintendent

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Financial Integrity Rating System of Texas

2016-2017 RATINGS BASED ON SCHOOL YEAR 2015-16 DATA –  
DISTRICT STATUS DETAIL

		Name: <b>Arlington ISD (220901)</b>		
		<b>2016-2017 Rating:</b> A for Superior Achievement <b>2015-2016 Rating:</b> A for Superior Achievement		
FY17 #	FY16 #	Indicator Description	Current Year Score	Prior Year Score
1	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?	Yes	Yes
2A	2A	(NOTE: The District fails indicator number 2 if it responds "No" to 2A or to both 2A and 2B.) Was there an unmodified opinion in the AFR on the financial statements as a whole?	Yes	Yes
2B	2B	Was the AFR free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	Yes	Yes
3	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.)	Yes	Yes
4	4	Did the District make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes	Yes
5	5	Was the total unrestricted net position balance (net of accretion of interest on capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (If the District's 5 year % change in students was a 10% increase or more then answer Yes)	Yes	Yes
6	6	Was the number of days of cash on hand and current investments in the general fund sufficient to cover operating expenditures (excluding facilities acquisition and construction)?	10	10
7	7	Was the measure of current assets to current liabilities ratio sufficient to cover short-term debt?	10	10
8	8	Was the ratio of long-term liabilities to total assets sufficient to support long-term solvency? (If the District's 5 year % change in students was a 10% increase or more then answer Yes)	10	10

9	9	Did the 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?	10	10
10	10	Was the debt service coverage ratio sufficient to meet the required debt service?	10	N10
11	11	Was the administrative cost ratio equal to or less than the threshold ratio?	10	10
12	12	Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)	10	10
13	13	Did the comparison of PEIMS data to like information in the AFR result in an aggregate variance of less than 3 percent of all expenditures by function?	10	10
14	14	Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts and laws related to local, state or federal funds?	10	10
15	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 funds as a result of a financial hardship?	10	10
			100 Score	100 Score

### 2017 DETERMINATION OF RATING

<b>A.</b>	Did The District Answer ' <b>No</b> ' To Indicators 1, 3, 4, 5, or 2.A.? If So, The school district's rating is F for <b>Substandard Achievement</b> regardless of points earned.	
<b>B.</b>	Determine rating by the applicable number of points. (Indicators 6-15)	
	<b>A = Superior Achievement</b>	90-100
	<b>B = Above Standard Achievement</b>	80-89
	<b>C = Meets Standard Achievement</b>	60-79
	<b>F = Substandard Achievement</b>	<60

### 2016 DETERMINATION OF RATING

<b>A.</b>	Did The District Answer ' <b>No</b> ' To Indicators 1, 3, 4, 5, or 2.A.? If So, The school district's rating is F for <b>Substandard Achievement</b> regardless of points earned.	
<b>B.</b>	Determine rating by the applicable number of points. (Indicators 6-15)	
	<b>A = Superior Achievement</b>	70-100
	<b>B = Above Standard Achievement</b>	50-69
	<b>C = Meets Standard Achievement</b>	31-49
	<b>F = Substandard Achievement</b>	<31

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## 2017 SCHOOL FIRST – EXPLANATION OF INDICTORS

NO.	INDICATOR	EXPLANATION
1	<b>Was the complete Annual Financial Report (AFR) and data submitted to 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?</b>	A simple indicator. Was the Annual Financial Report filed with the Texas Education Agency prior to the deadline?
2	<b>The District fails indicator number 2 if it responds "No" to 2A or to both 2A and 2B.</b>	N/A
2A	<b>Was there an unmodified opinion in the AFR on the financial statements as a whole?</b>	A "modified" version of the auditor's opinion in the annual audit report means corrections are necessary for some reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its Annual Financial Report.
2B	<b>Was the AFR free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?</b>	A clean audit indicates the district has no material weaknesses in internal controls. 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.
3	<b>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.)</b>	This indicator verifies whether the district has timely paid all obligations and bills, including financing arrangements/bond payments for school construction, buses, copy machines, etc.

## 2017 SCHOOL FIRST – EXPLANATION OF INDICATORS

NO.	INDICATOR	EXPLANATION
4	<b>Did the District make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?</b>	This indicator seeks to ensure all obligations to TRS, TWC and the IRS were fulfilled, including the transfer of payroll withholdings and any additional payroll-related obligations.
5	<b>Was the total unrestricted net position balance (net of accretion of interest on capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (If the District's 5 year % change in students was a 10% increase or more then answer Yes)</b>	Simply ensures the district's total assets exceed the total amount of liabilities as presented in the first financial statement in the AFR. This indicator recognizes high growth districts incur large amounts of debt due to construction, and that total debt may exceed total assets in some scenarios.
6	<b>Was the number of days of cash on hand and current investments in the general fund sufficient to cover operating expenditures (excluding facilities acquisition and construction)?</b>	This indicator measures how long in days after the end of the fiscal year the district could have met its operating expenditures without receiving any new revenue.
7	<b>Was the measure of current assets to current liabilities ratio sufficient to cover short-term debt?</b>	Measures whether the district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities.
8	<b>Was the ratio of long-term liabilities to total assets sufficient to support long-term solvency? (If the District's 5 year % change in students was a 10% increase or more then answer Yes)</b>	This question is similar to asking if an individual's mortgage exceeds the market value of their home. This indicator recognizes that fast growing districts may incur additional operating costs when opening new instructional campuses.
9	<b>Did the 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?</b>	A simple indicator that seeks to determine if a district spent more than it earned. The district will automatically pass this indicator if it had at least 60 days cash on hand.
10	<b>Was the debt service coverage ratio sufficient to meet the required debt service?</b>	Determines whether the district had the ability to make debt principal and interest payments that were due during the year.
11	<b>Was the administrative cost ratio equal to or less than the threshold ratio?</b>	Measures the percentage of a district's budget that was spent on administration.
12	<b>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? The district automatically passes if no decline.</b>	If the district had a decline in students over 3 school years, this indicator asks if the number of staff on the payroll decreased proportionately.

## 2017 SCHOOL FIRST – EXPLANATION OF INDICTORS

NO.	INDICATOR	EXPLANATION
13	<b>Did the comparison of PEIMS data to like information in the AFR result in an aggregate variance of less than 3 percent of all expenditures by function?</b>	Measures the quality of audited financial data reported to PEIMS. If the difference in any fund type is 3 percent or more the district fails this measure.
14	<b>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?</b>	A clean audit of the AFR would indicate the district has no material weaknesses in internal controls. Material weaknesses create a risk of not being able to properly account for the use of public funds, and should be addressed immediately.
15	<b>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program funds as a result of a financial hardship?</b>	Asks if the district has to request an easy payment plan to return funds to TEA after spending overpayments from the Foundation Program state aid.

## **SUPERINTENDENT TERM CONTRACT**

This Contract is entered into between the Board of Trustees (the "Board") of the **ARLINGTON INDEPENDENT SCHOOL DISTRICT** (the "District") and **DR. JOSE MARCELO CAVAZOS** (the "Superintendent").

The Board and Superintendent, for and in consideration for the terms stated in this Contract, and pursuant to Section 11.201(b) and Chapter 21 of the Texas Education Code, hereby agree as follows:

1. **Term.** The Board agrees to employ the Superintendent for a term of five (5) years, on a twelve-month basis per school year, beginning October 6, 2017 and ending December 31, 2022.
2. **Certification.** The Superintendent agrees to maintain the required certification throughout the term of his employment with the District. If the Superintendent's certification expires, is canceled, or is revoked, this Contract is void.
3. **Representations.** The Superintendent makes the following representations:
  - 3.1 **Beginning of Contract.** At the beginning of this Contract, and at any time during this Contract, the Superintendent specifically agrees to submit to a review of his national criminal history record information (NCHRI) if required by the District, TEA, or SBEC. The Superintendent understands that a criminal history record acceptable to the Board, at its sole discretion, is a condition precedent to this Contract.
  - 3.2 **During Contract.** The Superintendent also agrees that, during the term of this Contract, the Superintendent will notify the Board in writing of any arrest or of any indictment, conviction, no contest or guilty plea, or other adjudication of the Superintendent for any felony, any offense involving moral turpitude, including but not limited to any single act constituting public intoxication, operating a motor vehicle while under the influence of alcohol, or disorderly conduct, any Class A or B misdemeanor, and any of the other offenses set forth in Board policy DH (LOCAL). The Superintendent agrees to provide such notification in writing within forty-eight (48) hours 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 employment application are true and correct. Any material false statements, misrepresentations or 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 duties as follows:



4.1 **Authority.** 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, Section 11.201(d) of the Education Code and as may be lawfully assigned by the Board, and 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 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, but all duties assigned by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.

4.2 **Standard.** Except as otherwise permitted by Board action, the Superintendent agrees to devote his full time and energy to the performance of his duties. The Superintendent shall perform his duties with reasonable care, skill, and diligence. The Superintendent shall comply with all lawful Board directives, state and federal laws and rules, Board policy, and regulations as they exist or may hereafter be amended. The Superintendent may not accept any outside employment and/or engagement for compensation. The Superintendent may, with specific prior written consent of the Board president, undertake speaking engagements, writing, lecturing, and other professional duties and obligations that do not conflict or interfere with the Superintendent's professional responsibilities to the District, and may accept reimbursement of expenses for such at no expense to the District. For any speaking engagement, writing, lecturing, or other professional duty or obligation that involves an offer of honoraria, the Superintendent shall notify the Board and agrees to comply with applicable ethics rules, laws, and Board policy regarding reporting potential and actual conflicts of interest.

## 5. **Compensation.**

5.1 **Salary.** The District shall pay the Superintendent an annual salary of TWO HUNDRED NINETY-SIX THOUSAND EIGHTY-SIX and 98/100 DOLLARS (\$296,086.98) per year. In no event shall the Superintendent be paid less than the salary set forth in this section except by mutual agreement of the two parties or as otherwise permitted by law.

5.2 **Mid-Contract Salary Adjustments.** After the first full year of this Contract, the Board may, in its sole discretion and based upon the Board's evaluation of the Superintendent, increase the Superintendent's current base salary of (\$296,086.98) by up to five percent (5%). This salary adjustment shall be permanent and shall carry forward for the remainder of this Contract. In addition, at any time during the term of this Contract, the Board may, in its sole discretion, review and increase the Superintendent's salary as may be permitted by law. Nothing in this Contract shall be construed as granting any contract or other legal right or entitlement to any salary increase.

5.3 **Performance Incentives.** The District may, at the Board's sole discretion, pay monetary performance incentives in lump sums to the Superintendent up to fifteen



percent (15%) of the Superintendent's current base salary if the Superintendent demonstrates exceptional performance on measurable performance indicators mutually agreed upon in writing between the Board and Superintendent. Nothing in this Contract shall be construed as granting any contract or other legal right or entitlement to any performance incentive payments.

#### **5.4 Benefits.**

**5.4.1 Vacation Days.** The Superintendent shall receive five (5) vacation days in addition to the vacation days and any leave available to administrative employees on 12-month contracts. The Superintendent shall observe the same holidays and breaks as provided for other 12-month administrators in the Board's adopted annual calendar. The Superintendent shall schedule vacation and leave days with prior written approval of the Board President and at times that will least interfere with the performance of the Superintendent's duties. Accrued but unused vacation days, up to a maximum of ten (10) days annually, shall accumulate and carry forward from year to year. The maximum days permitted to be accumulated and carried forward at any one time during the term of this Contract is thirty (30). At the sole option of the Superintendent, either at the end of each year of the term of this Contract, at retirement, or when the Contract is terminated, either voluntarily or involuntarily, the District shall pay in a lump sum to the Superintendent such accrued but unused vacation days at the Superintendent's daily rate of pay as of the payment date.

**5.4.2 Transportation and Technology.** The District shall pay the Superintendent the sum of One Thousand and No/100 Dollars (\$1,000.00) per month during the term of this Contract in lieu of mileage expense reimbursement, gasoline, insurance, or other charges associated with such travel in Tarrant County and contiguous counties, and for the purchase and maintenance of communication devices, technology devices, national phone service plans, internet and other connectivity fees and other miscellaneous needs of this nature.

**5.4.3 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 reasonable actual and incidental costs incurred by the Superintendent for travel outside of Tarrant County and contiguous counties. Such actual or incidental costs may include, but are not limited to, gasoline, hotels and accommodations, meals, rental car, and other reasonable 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.

**5.4.4 Professional Activities and Civic Organizations.** The Board encourages the Superintendent to become a member of clubs in the community and to participate in professional associations and community and civic affairs, including the chamber of commerce, civic clubs, governmental



committees, and educational organizations. The Board concludes that such membership and participation will serve a legitimate purpose related to the educational mission of the District. The District will reimburse the Superintendent for the reasonable expense of membership in these clubs and organizations, to a maximum amount of Five Thousand and No/100 Dollars (\$5,000.00) each District fiscal year.

**5.4.5 Life and Disability Insurance.** The District shall pay the Superintendent's annual premiums for maximum coverage under any life and disability insurance policies offered by the District. In addition, the District shall also pay the annual premiums for any life and disability insurance policies which the Superintendent obtains outside the District in an aggregate cost not to exceed Two Thousand and No/100 Dollars (\$2,000.00) annually. The Superintendent shall provide the Board with proof of such policies and the premium amounts. The District shall pay all of these premiums during the term of this Contract.

**5.4.6 Business Expense Allowance.** The District shall pay the Superintendent One Thousand and No/100 Dollars (\$1,000.00) per month for discretionary District business expenses that may be incurred by the Superintendent in the performance of his duties but that are not directly reimbursed by the District, e.g., meal and event expenses for gatherings with Board members, employees, business contacts and others who have a relationship with the District.

**5.4.7 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 administrative employees.

**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 lawfully 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 Texas Education Code Chapter 21. In the event that the Board terminates this Contract for "good cause," the Superintendent shall be afforded all the rights as set forth in the Board's policies and state and federal law.

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

b. **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.

**8. In-District Residence.** As a condition of the Superintendent's employment and continued employment with the District, and for the convenience of the District, the

Superintendent shall be required to reside within the District's boundaries and such residence must be the Superintendent's permanent and primary residence.

9. **Annual Background Checks.** The Superintendent acknowledges and agrees that he will consent to and be subject to a review of his national criminal history record information (NCHRI) and credit check during January of each year, in accordance with applicable law and Board policy.

10. **General Provisions.**

- 10.1 **Amendment.** This Contract may not be modified or amended except by written agreement of the Board and the Superintendent (the "Parties").

- 10.2 **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.

- 10.3 **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.

- 10.4 **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 Tarrant County, Texas. If litigation is brought in federal court, the Parties agree that venue shall be in the Northern District of Texas.

- 10.5 **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.

- 10.6 **Legal Representation.** Both Parties have been represented by legal counsel of their choice, or have had the opportunity to consult with legal counsel, in the negotiation and execution of this Contract.

- 10.7 **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.

11. **Notices.**

- 11.1 **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 by delivering the notice through hand-delivery, certified mail, and/or express delivery service to the Superintendent's address of record.

- 11.2 **To Board.** The Board agrees that the Superintendent may meet any legal obligation to give the Board written notice 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, certified mail, and/or express delivery service to the Board President and Vice President's addresses of record, as provided to the District.

## **12. Review of Performance.**

- 12.1 **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 the Superintendent's job description and shall be based on the District's progress towards accomplishing the written goals adopted by the Board for the Superintendent.
- 12.2 **Confidentiality.** Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times be conducted in executive session and shall be considered confidential to the extent permitted by law. Nothing herein shall prohibit the Board or the Superintendent from sharing the content of the Superintendent's evaluation with their respective legal counsel.
- 12.3 **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 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, the Superintendent shall be provided a reasonable period of time to demonstrate such expected performance before being evaluated.
13. **Reassignment.** The Superintendent cannot be reassigned from the position of Superintendent to another position without the Superintendent's express written consent.
14. **Board Meetings.** The Superintendent shall attend, and shall be permitted to attend, all meetings of the Board, both public and closed, with the exception of those closed meetings devoted to the consideration of any action or lack of action on the Superintendent's Contract, or the evaluation or discipline of the Superintendent 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.
15. **Indemnification.** To the extent it may be permitted to do so 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 the 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 ("Covered Claim"); 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 District's obligation to defend, hold harmless and indemnify does not apply to criminal investigations or criminal proceedings.

The selection of Superintendent's legal counsel shall be with the mutual agreement of the Superintendent and the District if such legal counsel is not also the District's legal counsel for any Covered Claim. A legal defense may be provided through insurance coverage, in which case the 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 15 exceeds the authority provided and limitations imposed by Texas Civil Practice & Remedies Code, Chapter 102, it shall be construed and modified accordingly. The provisions of this Section 15 shall survive the termination of this contract.

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

Superintendent: \_\_\_\_\_

Dr. Jose Marcelo Cavazos

Date signed: \_\_\_\_\_

10-17-17

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**

By: \_\_\_\_\_

Aaron D. Reich

President, Board of Trustees

Date signed: \_\_\_\_\_

10/17/17

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Summary Schedule of Total Reimbursements Received by Superintendent and Each Board Member**  
**For the Twelve-Month Period Ended June 30, 2017**

Description of Reimbursements	Dr. M Cavazos Superintendent	Jamie Sullins Board President	Aaron Reich Board Vice Pres.	John Hibbs Board Secretary	Kecia Mays Board Asst. Sec.
Meals	650.00	268.01	415.84	361.00	351.67
Lodging	2,817.88	1,331.40	1,627.68	729.84	1,057.09
Transportation	3,471.55	927.04	983.92	298.62	1,552.53
*Other	2,020.00	1,020.00	985.00	955.00	990.00
Totals	8,959.43	3,546.45	4,012.44	2,344.46	1,935.19

Description of Reimbursements	Bowie Hogg Board Member	Kristen Hudson Board Member	Polly Walton Board Member	Totals
Meals	267.98	320.66	336.93	2,972.09
Lodging	856.57	1,440.54	1,464.33	11,325.33
Transportation	299.16	0.00	647.18	8,180.00
*Other	255.00	930.00	930.00	8,085.00
Totals	1,678.71	2,691.20	3,378.44	30,562.42

**Note** - The schedule above reflects total reimbursements paid to and expenditures paid on behalf of the Superintendent and each Board member. The expenditures were incurred for travel and other functions directly related to official school district business.

\*Other - Includes registration fees for conferences, meetings, special events, etc.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Compensation and/or Fees Received by the Superintendent from**  
**Outside Entities for Professional Consulting and/or Other Personal Services**  
**For the Twelve-Month Period Ended June 30, 2017**

Dr. Marcelo Cavazos, Superintendent	Not Applicable	\$0
<b>Total</b>		<b>\$0</b>

**Note 1-** The preceding information was reported to the District by the Superintendent.



**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Summary Schedule of Total Amount by Superintendent and Board Members (and First Degree Relatives)**  
**of Gifts that had an Economic Value Exceeding \$250 in the Aggregate**  
**For the Twelve-Month Period Ended June 30, 2017**

	<b>M. Cavazos Supterintendent</b>	<b>Jamie Sullins Board President</b>	<b>Aaron Reich Board Vice Pres.</b>	<b>John Hibbs Board Secretary</b>	<b>Kecia Mays Board Asst. Sec.</b>
<b>Total Value</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

	<b>Bowie Hogg Board Member</b>	<b>Kristen Hudson Board Member</b>	<b>Polly Walton Board Member</b>
<b>Total Value (Continued)</b>	\$0.00	\$0.00	\$0.00

**Note** - The information presented above was reported to the District by the Superintendent and each individual Board member.

**ARLINGTON INDEPENDENT SCHOOL DISTRICT**  
**Summary Schedule of Total Dollar Amount by Board Member of Business Transactions With School District**  
**For the Twelve-Month Period Ended June 30, 2017**

	<b>M. Cavazos Supterintendent</b>	<b>Jamie Sullins Board President</b>	<b>Aaron Reich Board Vice Pres.</b>	<b>John Hibbs Board Secretary</b>	<b>Kecia Mays Board Asst. Sec.</b>
<b>Total Amount</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

	<b>Bowie Hogg Board Member</b>	<b>Kristen Hudson Board Member</b>	<b>Polly Walton Board Member</b>
<b>Total Amount (Continued)</b>	\$0.00	\$0.00	\$0.00

**Summary Schedule of Data Submitted under the Financial Solvency Provisions of TEC 39.082**

General Fund - First-Quarter Expenditures By Object Code

Report **2016-2017 first-quarter (first three months)** of fiscal year 2016-2017) GENERAL FUND expenditures by object code using whole numbers.

<b>Payroll-</b>	Expenditures for payroll costs	object codes 6110-6149	\$ 79,663,975
<b>Contract Costs-</b>	Expenditures for services rendered by firms, individuals, and other organizations	object code series 6200	\$ 8,589,117
<b>Supplies and Materials-</b>	Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	object code series 6300	\$ 4,586,582
<b>Other Operating-</b>	Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	object code series 6400	\$ 973,641
<b>Debt Service-</b>	Expenditures for debt service	object code series 6500	\$ 347,481
<b>Capital Outlay-</b>	Expenditures for land, buildings, and equipment	object code series 6600	\$ (2,965)

Additional Financial Solvency Questions

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

Within the last two years, did the school district	Yes	No
1) draw funds from a short-term financing note (term less than 12 months) between the months of September and December, inclusive, and	<u>N/A</u>	<u>N/A</u>
2) for the prior fiscal year, have a total General Fund balance of less than 2 percent of total expenditures for General Fund function codes 11-61?	<u>N/A</u>	<u>N/A</u>

Districts with a July 1- June 30 fiscal year:

Within the last two years, did the school district		
1) draw funds from a short-term financing note (term less than 12 months) between the months of July and October, inclusive, and	_____	<u>X</u>
2) for the prior fiscal year, have a total General Fund balance of less than 2 percent of total expenditures for General Fund function codes 11-61?	_____	<u>X</u>

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

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

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

N/A

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

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