Mansfield Independent School District
Mansfield, Texas

2009 Schools FIRST - Annual Financial Management Report

For the Year Ended August 31, 2008

Dr. Bob Morrison, Superintendent of Schools
Ms. Lou Spiegel, CPA, Associate Superintendent of Business

MANSFIELD INDEPENDENT SCHOOL DISTRICT
SCHOOLS FIRST REPORT FOR 2007-08

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Introduction

During the 77th regular session of the Texas Legislature (2001), Senate Bill 218 was passed and Governor Perry signed it into law shortly thereafter. This law requires each school district to prepare an annual financial accountability report, effective no later than September 1 each year. TEA issued the preliminary and final financial accountability ratings for the 2007-08 fiscal year in August of 2009. The District's final rating of "Superior Achievement" is included in this report.

Many business-related issues are covered in this report. The primary reporting tool, however, is the Financial Accountability Ratings Worksheet. This worksheet was developed by representatives of the Texas Education Agency (TEA), the Texas Business & Education Council (TBEC), the Comptroller's office and the Texas Association of School Business Officials (TASBO). It is administered by TEA and calculated on information submitted to the Agency via our PEIMS submission each year and other documentation procured by TEA. The accuracy of PEIMS data has always been critical on the student side of the submission, and this reporting requirement adds a high degree of importance to our finance submission each year.

The worksheet consists of 24 indicators, each weighted with numeric values with the exception of the Critical Indicators. A "No" response to one of indicators 1-6 will automatically result in a rating of Substandard Achievement, so these six indicators are of utmost importance.

Currently, the District enjoys a rating of ***"Superior Achievement"***, scoring an 80 and having "Yes" to all indicators except #21 (Optimum Fund Balance) on the financial accountability worksheet. The worksheet itself and a discussion of its salient points follow.

Financial Integrity Rating System of Texas

2007-2008 DISTRICT STATUS DETAIL

Name: MANSFIELD ISD(220908)	**Publication Level 1:** 6/8/2009 4:39:05 PM
Status: Passed	**Publication Level 2:** 8/25/2009 1:41:58 PM
Rating: Superior Achievement	**Last Updated:** 8/25/2009 1:41:58 PM
District Score: 80	**Passing Score:** 55

#	Indicator Description	Updated	Score
1	Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?	5/13/2009 4:30:44 PM	Yes
2	Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) In the Governmental Activities Column in the Statement of Net Assets Greater than Zero? (If the District's 5 Year % Change in Students was 10% more)	5/13/2009 4:30:44 PM	Yes
3	Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?	5/13/2009 4:30:44 PM	Yes
4	Was The Annual Financial Report Filed Within One Month After November 27th or January 28th Deadline Depending Upon The District's Fiscal Year End Date (June 30th or August 31st)?	5/13/2009 4:30:45 PM	Yes
5	Was There An Unqualified Opinion in Annual Financial	5/13/2009	Yes

	Report?	4:30:45 PM	
6	Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?	5/13/2009 4:30:45 PM	Yes
			1 Multiplier Sum
7	Did the Districts Academic Rating Exceed Academically Unacceptable?	5/13/2009 4:30:45 PM	5
8	Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?	5/13/2009 4:30:45 PM	5
9	Did The Comparison Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 3 Percent Of Expenditures Per Fund Type (Data Quality Measure)?	5/13/2009 4:30:46 PM	5
10	Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < $250.00 Per Student? (If The District's Five-Year Percent Change In Students = Or > 7%, Or If Property Taxes Collected Per Penny Of Tax Effort > $200,000 Per Student)	5/13/2009 4:30:46 PM	5
11	Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?	5/13/2009 4:30:47 PM	5
12	Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)	5/13/2009 4:30:47 PM	5
13	Was The Percent Of Operating Expenditures Expended For Instruction More Than 65%? (Functions 11, 36, 93, 95) (Phased in over three years, 55% for 2006-2007; 60% for 2007-2008; and 65% for 2008-2009)	5/13/2009 4:30:47 PM	3
14	Was The Percent Of Operating Expenditures Expended	5/13/2009	3

	For Instruction More Than or equal to 65%? (Functions 11, 12, 31, 33, 36, 93, 95)	4:30:48 PM	
15	Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?	5/13/2009 4:30:48 PM	5
16	If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating Or Adding To The Fund Balance Deficit Situation)	5/13/2009 4:30:49 PM	5
17	Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent Taxes Receivable) In The General Fund Greater Than Or Equal To 1:1? (If Deferred Revenues Are Less Than Net Delinquent Taxes Receivable)	5/13/2009 4:30:49 PM	5
18	Was The Administrative Cost Ratio Less Than The Threshold Ratio?	5/13/2009 4:30:49 PM	5
19	Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?	5/13/2009 4:30:49 PM	5
20	Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?	5/13/2009 4:30:49 PM	5
21	Was The Total Fund Balance In The General Fund More Than 50% And Less Than 150% Of Optimum According To The Fund Balance And Cash Flow Calculation Worksheet In The Annual Financial Report?	5/13/2009 4:30:50 PM	0
22	Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years?(If 1.5 Times Optimum Fund Balance < Total Fund Balance In General Fund Or If Total Revenues > Operating Expenditures In The General Fund,Then District Receives 5 Points)	5/13/2009 4:30:50 PM	5

23	Was The Aggregate Total Of Cash And Investments In The General Fund More Than $0?	5/13/2009 4:30:50 PM	5
24	Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than $20 Per Student?	5/13/2009 4:30:51 PM	4
			80 Weighted Sum
			1 Multiplier Sum
			80 Score

DETERMINATION OF RATING

A.	Did The District Answer '**No**' To Indicators 1, 2, 3 Or 4? **OR** Did The District Answer '**No**' To Both 5 and 6? If So, The District's Rating Is **Substandard Achievement**.
B.	Determine Rating By Applicable Range For summation of the indicator scores (Indicators 7-24)

Superior Achievement	75-85 and Yes to indicator 7
Above Standard Achievement	65-74 or >= 75 and No to indicator 7
Standard Achievement	55-64
Substandard Achievement	<55 or No to one default indicator

INDICATOR 19 & 20 RATIOS

Indicator 19	Ranges for Ratios			**Indicator 20**	Ranges for Ratios	
District Size - Number of Students Between	Low	High		District Size - Number of Students Between	Low	High

< 500	7	22	< 500	5	14
500-999	10	22	500-999	5.8	14
1000-4999	11.5	22	1000-4999	6.3	14
5000-9999	13	22	5000-9999	6.8	14
=> 10000	13.5	22	=> 10000	7.0	14

Overview of the Worksheet Criteria

Critical Indicators

Criteria #1 through #6 are the critical indicators. Any "NO" response in this category is a signal indicator of fiscal distress. These six criteria revolve around the audit report, fund balance, the auditor's findings and a new indicator for the total unrestricted net asset balance. If General Fund Balance and total unrestricted net asset balance is greater than zero and the auditors issue a "clean" opinion, a District will pass the critical indicators. For the 2007-08 fiscal year, Mansfield ISD had a General Fund Balance of $76,935,021 million, a Total Unrestricted Net Asset Balance of $80,247,815 million and passed all other critical indicator criteria.

Academic Rating

Criteria #7 concern academic rating. A district must have a rating above academically unacceptable to be in the Superior Achievement category and a numeric score 75-85. A numeric score of 65-74 and a "No" on this indicator will receive Above Standard Achievement. Mansfield ISD has a rating of academically acceptable and we received a numeric score of 80.

Fiscal Performance

Criteria #8 through #17 concern fiscal performance. Mansfield ISD's percentage of tax collections easily exceeds the new minimum standard of 98% over a three year average. For the year under review, taxes were collected at a three year average rate of 101.22% the prior year was 101.60%. The District is essentially exempt from Criterion #10 due to its percentage change in students over five years of 41.25% is greater than 7% and the property taxes collected of $784,765 per penny of tax effort is greater than $200,000. Criteria #11 and #12 are very similar to the Critical Indicators and Mansfield easily passed these two on audit and full financial accreditation status.

Items #13 through #17 concerns budgeting, management and cash flow practices. The District budgets slightly more than 61.32% of its operating expenditures for direct classroom instruction, exceeding the 60% requirement. This criterion will increase again next year to a required 65%. The District adequately funds its budget and capital projects. Most importantly, as addressed in Criterion #16, the District does not spend cash it cannot afford to spend or cannot recognize as revenue.

Staffing Patterns

Items #18 through #20 address staffing patterns. For the 2007-08 year, the District's administrative cost ratio was well below that of the State standard of 11.05% at 4.66%. This item is addressed in more detail later in the report. Items #19 and #20 deals with staffing patterns, specifically students to classroom teachers and students to total staff. A District must fall into a certain range to meet these criteria, which means understaffing or overstaffing can trigger a "NO" response. The District falls safely within the prescribed ranges for each criterion

at 16.1028 students per classroom teacher and 8.59 students per employee for 2007-08 compared to 16.2854 and 8.8019 for 2006-07 respectively.

Cash Management Practices

The final four criteria deal with cash management practices. #21 concerns the fund balance figure and whether it is too high or low. Mansfield's General Fund Balance for the 2005-06 year was $64,366,403 and $76,935,021 for 2007-08 which falls outside the range for the TEA-Calculated optimum fund balance, so we did not meet this criterion for the first time. However, this was one item that helped the District receive a bond rating upgrade with Fitch bond rating agency. Item #22 deals with any decrease in General Fund Balance over two years. Since our fund balance increased, the District met this criteria easily also. Cash and Investments were greater than $0, so Criterion #23 was easily surpassed, and investment earnings were approximately $129.8215 per student, easily exceeding the minimum standard of $20 per student as set forth in Criterion #24.

Other Data Concerning the District's Financial Operations

The purpose of this section of the report is to discuss other aspects of our business operations not covered by the worksheet, but suggested by law as items of significance meriting discussion. We should view the worksheet as a good basic tool with which to assess our primary business practices. However, we should not stop there! We should always be working towards improvement in all aspects of our operation to maximize funds available to campuses for educational purposes and to our ancillary departments that support our campuses. Briefly, we review a number of business practices not covered by the Financial Accountability Worksheet directly.

Financial Strength

The state of Texas recommends we discuss financial strength in this report. This is a difficult topic to address because there are many measures of financial strength, some are better than others, and it's hard to tell which one is the best measure. For Mansfield ISD, we believe the most significant financial indicator of strength is our ability to meet our cash flow needs from September to December each year without borrowing money. In the past fourteen years, we have not had to borrow funds for operating purposes prior to tax collection season, which tells us that we have adequate financial strength and liquidity at this time.

Operating Cost Management

Only a small portion of our total General Fund expenditures are flexible or variable in nature. Salaries and benefits comprise the biggest expenditure each year. Utility payments fluctuate greatly from year to year, but still make up a large single expenditure. Once you remove these large expenditures from the equation, you are left with a small portion of our budget that retains some semblance of control for us. Supplies, materials, travel and training and a few contracted services comprise this remaining balance. We consider these costs to be our controllable operating costs. The chart below demonstrates how our total operating costs per student have increased only slightly over time for the last nine years except for 2005-06 when for the first time we saw a slight decrease.

Operating Costs Comparison

Year	Operating Costs Per Student	$$$ Change from prv year	%%% Change from prv year
1998-99	$4,512	-	-
1999-00	$4,928	$416	9.22%
2000-01	$5,156	$228	4.63%
2001-02	$5,336	$180	3.49%
2002-03	$5,415	$ 79	1.48%
2003-04	$5,643	$228	4.21%
2004-05	$5,678	$ 35	.65%
2005-06	$5,533	$(145)	(2.5%)
2006-07	$5,662	$129	2.33%
2007-08	$6,117	$455	8.03%

One measure the state of Texas uses to evaluate operating cost efficiency is the administrative cost ratio. Texas has a legal cap on administrative costs and a formula for calculating the percentage that is mandated by law. Simply, it takes administrative costs and divides them by instructional costs to arrive at a percentage. A district's size determines their administrative cost limitation. Based on Mansfield ISD's size, our administrative cost limit is 11.05%. This criterion is covered in the worksheet for last year only, but since it deals with the sensitive issue of administrative costs, we felt it prudent to demonstrate how our ratio has actually hovered well below the cap over the past several years.

Administrative Cost Comparison

Year	State Limit	District Actual	$$$ Under Limit
1998-99	11.05%	6.43%	$ 1,674,444
1999-00	11.05%	5.82%	$ 2,329,343
2000-01	11.05%	5.53%	$ 2,870,860
2001-02	11.05%	5.73%	$ 3,208,143
2002-03	11.05%	5.33%	$ 3,994,356
2003-04	11.05%	5.25%	$ 4,609,916
2004-05	11.05%	5.08%	$ 5,118,110
2005-06	11.05%	5.10%	$ 5,522,542
2006-07	11.05%	5.07%	$ 6,104,535
2007-08	11.05%	4.66%	$ 7,480,405

In a time of rising salaries and increased costs, Mansfield ISD has actually reduced administrative costs as a percentage of instructional costs for the year under review. The District has also maintained a sizeable gap between its actual administrative cost percentage and the maximum amount allowed by law. We have done so via a conscious and concerted effort to contain administrative costs while funneling every possible dollar to the campuses to serve the needs of the students first.

Personnel Management

Second only to our students' welfare and education, attracting and retaining a quality teaching staff has been a priority with Mansfield ISD. The Personnel Department of Mansfield ISD has

as its central goal to maintain a competitive salary so that we can attract and retain quality professionals to our district. All areas of our compensation structure, from teachers to administrators to support personnel, are market-based and are geared to enable the district to be competitive in all areas of hiring. The District has a quality benefits program that compares very favorably with surrounding districts from a benefits coverage and employee contribution standpoint.

The requirements of the No Child Left Behind Act have dictated more stringent certification requirements than we have used in the past; we are staffed with "highly qualified" employees in all of our schools. The District will begin the 2009-2010 school year with a certified teacher in every classroom in the district.

Debt Management

Of course, debt management is easier if local taxes are collected at a high collections rate consistently over the years. One of the worksheet criterion deals with this issue. Mansfield's collection rate for the past seven years has consistently exceeded 99%. The District has managed its debt burden well over the years in response to rapid student growth. Over the past 14 years, the District has issued new bonded debt fifteen times and issued refunding bonds nine times. The District's debt burden as a percentage of taxable values has increased from 4.72% in 1999-00 to 8.76% with issuance of the 2008 bonds; however the length of maturity of bonds is still at 25 years, which is a strong indication of prudent debt management. The District's financial advisor has played a key role in this debt management process over this period of time.

Facility Acquisition and Construction Management

The District patrons passed a bond authorization on October 4, 2003 for $226.1 million. It contained Proposition 1 for $193.3 million for new schools and support facilities; Proposition 2 for $19.5 million new sports stadium and Proposition 3 for $13.3 million for a new natatorium. All three propositions were approved by the voters. There were $80 million issued in April 2004, $80 million issued in July 2005, and $66.1 million issued in July 2006. The voters passed a $241.5 million proposition on May 13, 2006. This proposition included new schools, renovations and support facilities. There were $33.9 million bonds issued in July 2006, $75 million in May 2007, and $80 million in June 2008 currently leaving $52.555 million in bonds remaining to be issued, with plans to issue as funds are required for construction.

Cash Management

The worksheet addresses a couple of cash / investment issues, but only in a very basic manner. The worksheet criteria essentially require that a District have cash available, and that a minimal rate of return is earned. In truth, our investment and cash management program is much more complex.

First, we have a state and local board policy that requires us to invest funds with six objectives in mind. In order of importance, they are: safety, liquidity, diversity, yield, suitability, and marketability.

Suitability, safety and liquidity are almost redundant. If a security is suitable and safe, it's probably pretty liquid. If it's liquid and suitable, it's safe. State and local policy specify what

types of securities we can purchase, and virtually all of them fall within these restrictions. We do not purchase securities that do not fall within our interpretation of these policy restrictions.

There are a few investments that are legal for us to purchase, but they aren't very marketable. Consequently, we don't buy them. Bonds of the state of Israel are a good example. We strive to maintain diversity in our portfolio, balancing cash in our bank accounts with money invested in three different investment pools. To enhance the diversity of our portfolio, we directly purchase some government agency issued securities.

Additionally, we benchmark our portfolio's yield each month to the Federal Funds rate, and 90-day Treasury bill rate. We use these as a comparison only to determine if our portfolio is yielding a comparable market rate of return each month.

Lastly, we perform a quarterly review of investment activity and performance, submitting these quarterly reports to the Board of Trustees for review, as required by law.

Tax Collections

Criterion #8 discusses tax collections as a three year average which was a new requirement for the 2006-07 data. As important as this criterion is from year to year, we felt additional discussion was warranted. The minimum criterion for the three year average has been set at 98% compared to 96% on a year to year basis, which our District had exceeded each year for the prior nine years.

For Year Ended	Total Tax Collections	
1999	99.86%	
2000	101.26%	
2001	99.99%	
2002	100.50%	
2003	101.91%	
2004	102.53%	
2005	102.26%	
2006	101.28%	
2007	101.60%	Start of three year average
2008	101.22%	

Total tax collections include delinquent collections from previous years, which is why the District can collect in total more than the current year's levy. Mansfield ISD is continuously working with the delinquent tax attorneys to collect those taxes that are delinquent in the District.

Budgetary Planning & Financial Allocations

The District's budget process begins usually in January each year. During the first month of planning, budget allocations are developed for each campus and department; a budget manual is updated for the new year and distributed to all budget managers. Most school districts have some rational basis for allocating funds to campuses and operating departments. In Mansfield ISD, we allocate funds to campuses based on their number of students in attendance. Support

departments get funds based on previous year's budgets adjusted (up or down) for future years' needs. In March, we begin attempting to calculate state and local tax revenues and the budget starts to take on some form. June is the month we are first able to give the Board and the public a preliminary view of how the next year's budget looks. In odd-numbered years, the legislature is in session, and that complicates and delays our budgeting process. Summer is busy fine-tuning the budget and finalizing revenue estimates in time for August adoption by the Board of Trustees.

Our budget process is a proactive and highly participatory one, and campuses and departments are given a great deal of discretion as to how to budget their funds. After the budget is adopted, each campus or department is given equal latitude regarding amending their budget when their plans or needs change. This decentralized style of budget management is required by the state of Texas to a certain degree. We call it site-based decision making. It's our version of campus empowerment. Most importantly, it is a system that works best in the long run for all of us by allocating resources where they are needed, even when those needs change.

Other Issues

The District is always looking for new and innovative ways to improve our overall business management practices. Occasionally we codify new ideas into formal Board goals. More often, we make changes to our practices based on what we learn from our school business peers, who struggle daily with many of the same issues as us. The Texas Association of School Business Officials (TASBO) has provided many of our learning opportunities through various workshops, clinics and conferences during the year. Our external auditors also provide us with an annual check-up on our practices and procedures, suggesting improvements during the course of their audit procedure.

For a number of years now, Texas has been a leader in data management, collection and quality of comparability. Texas' Public Education Information Management System (PEIMS) is far ahead of other state's data collection and comparability modules for financial, student, staffing, attendance and academic achievement data. The quality of the financial data collected in PEIMS has taken on a new significance now that it is incorporated into one of the FIRST criteria, covered earlier in the report. Financial data submitted via the PEIMS system must closely match that in the audit report in order to satisfy the requirement in criterion #9. We will continue to pay close attention to our data submissions in recognition of the importance of this state requirement.

Summary

Although it is difficult to find fault with the top ranking on this important ratings worksheet, we know we always have some room for improvement. We will continually seek improvement in our practices and procedures. We will adapt to changing circumstances and strive to overcome obstacles in pursuit of our mission – maximizing educational opportunities for all students. The Mansfield ISD School Board, administration and the community have worked hard to maintain and improve the financial position and condition of the District over the past 14 years, despite the continued rapid student growth. This report demonstrates our commitment to all concerned.

EDUCATION CODE

SUBTITLE H. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY

CHAPTER 39. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY

SUBCHAPTER I. FINANCIAL ACCOUNTABILITY

§ 39.201. DEFINITIONS. In this subchapter:

(1) "Parent" includes a guardian or other person having lawful control of a student.

(2) "System" means the financial accountability rating system.

Added by Acts 2001, 77th Leg., ch. 914, § 1, eff. Sept. 1, 2001.

§ 39.202. DEVELOPMENT AND IMPLEMENTATION. (a) The commissioner shall, in consultation with the comptroller, develop and implement a financial accountability rating system for school districts in this state.

(b) The system must include uniform indicators adopted by the commissioner by which to measure a district's financial management performance.

Added by Acts 2001, 77th Leg., ch. 914, § 1, eff. Sept. 1, 2001.

§ 39.203. REPORTING. (a) The commissioner shall develop, as part of the system, a reporting procedure under which:

(1) *each school district is required to prepare and distribute an annual financial management report*; and

(2) *the public is provided an opportunity to comment on the report at a hearing.*

(b) The annual financial management report must include:

(1) *a description of the district's financial management performance based on a comparison, provided by the agency, of the district's performance on the indicators* adopted under Section 39.202(b) to:

(A) state-established standards; and

(B) the district's previous performance on the indicators; and

(2) any descriptive information required by the commissioner.

(c) *The report may include:*

(1) information concerning the district's:

(A) financial allocations;

(B) tax collections;

(C) financial strength;

(D) operating cost management;

(E) personnel management;

(F) debt management;

(G) facility acquisition and construction management;

(H) cash management;

(I) budgetary planning;

(J) overall business management;

(K) compliance with rules; and

(L) data quality; and

(2) *any other information the board of trustees determines to be necessary or useful*.

(d) *The board of trustees of each school district shall hold a public hearing on the report.* The board shall give notice of the hearing to owners of real property in the district and to parents of district students. In addition to other notice required by law, notice of the hearing must be provided:

(1) to a newspaper of general circulation in the district; and

(2) through electronic mail to media serving the district.

(e) After the hearing, the report shall be disseminated in the district in the manner prescribed by the commissioner.

Added by Acts 2001, 77th Leg., ch. 914, § 1, eff. Sept. 1, 2001.

EMPLOYMENT CONTRACT-SUPERINTENDENT

STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS
COUNTY OF TARRANT §

THIS CONTRACT is made and entered into by and between the Board of Trustees ("Board") of the MANSFIELD INDEPENDENT SCHOOL DISTRICT ("District") and DR. BOB MORRISON ("Superintendent").

THE BOARD AND THE SUPERINTENDENT, for and in consideration of the terms hereinafter established, and pursuant to Texas Education Code Sections 11.201 and 21.201, et seq., have agreed, and do hereby agree, as follows:

1. TERM

1.1. Employment. The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment as Superintendent for the District for a term of three (3) years, commencing on July 1, 2009 and ending June 30, 2012.

1.2. Extension of Contract. With the Superintendent's consent, the Board may substitute and supersede this Contract by issuing a new contract, beginning prior to the end of this Contract term, thereby extending the contract term for one or more years. Such an action shall have the effect of extinguishing this Contract and replacing it with an entirely new Contract. Failure to extend shall not constitute nonrenewal.

1.3. No right of Tenure. The Board has not adopted any policy, rule, regulation, law or practice providing for tenure. No express or implied property interest, right of tenure, contractual obligation, expectancy of continued employment, or claim of entitlement is created beyond the contract term.

2. 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 in the job description and as may be lawfully assigned by the Board and shall comply with all lawful Board directives, state and federal law, and District policy, rules, and regulations as they exist or may hereafter be adopted or amended.

2.2. Standard of Performance. The Superintendent agrees to devote his time, skill, labor, and attention to performing his duties. Specifically, it shall be the duty of the Superintendent to recommend for employment all professional employees of the District, subject to the Board's approval. It shall be the further duty of the

Superintendent to employ all other personnel consistent with the Board's policies. It shall be the further duty of the Superintendent to direct, assign, and evaluate all of the employees of the District, except the Superintendent, consistent with Board policies and federal and state law. It shall be the further duty of the Superintendent to organize, reorganize, and arrange the staff of the District, and to develop and establish administrative regulations, rules, and procedures which the Superintendent deems necessary for the efficient and effective operation of the District consistent with the Board's lawful directives, the Board's policies, and state and federal law. It shall be the further duty of the Superintendent to accept all resignations of employees of the District consistent with the Board's policies, except the Superintendent's resignation, which must be accepted by the Board. The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, diligence, skill, and expertise, and in a thorough, prompt, and efficient manner.

2.3. Medical Fitness. The Superintendent agrees to have a comprehensive medical examination, at District's expense, by a physician acceptable to both the Board and Superintendent, once a year, and to obtain a statement certifying that he is physically able to perform his duties. This statement shall be filed with the President of the Board by June 30 of each year, and shall be confidential to the extent permitted by law.

2.4. Professional Certification and Records. This Contract is conditioned on the Superintendent's providing the necessary certification and experience records, oath of office, and other records reasonably required for the personnel files or for payroll purposes. The Superintendent shall at all times, during the term of this Contract, hold a valid certificate required of a Superintendent by the State of Texas. Failure to provide necessary certification shall render this Contract void. Any material misrepresentation by Superintendent in such records may be grounds for dismissal.

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

2.6. Criticisms, Complaints, and Suggestions. The Board, individually and collectively, shall refer all substantive criticisms, complaints, and suggestions called to the Board's attention to the Superintendent for study and appropriate action, and the Superintendent shall investigate such matters and inform the Board of the results of such efforts.

2.7. Board Meetings. The Superintendent shall attend, and shall be permitted to attend, all meetings of the Board, both public and closed, with the exception of those closed meetings devoted to the consideration of any action or lack of action on the Superintendent's Contract, or the Superintendent's evaluation, or for purposes of resolving conflicts between individual Board members, or when the Board is acting in its capacity as a tribunal. In the event of illness or Board-approved absence, the Superintendent's designee shall attend such meetings.

3. COMPENSATION

3.1. Salary. The District shall provide the Superintendent with an initial total annual salary in sum of TWO HUNDRED TEN THOUSAND AND NO/100 DOLLARS ($210,000.00). This annual salary 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. The Superintendent's salary shall be subject to a minimum annual increase of four percent (4%) unless the Board takes action to not grant such increase pursuant to a documented unacceptable level of performance exhibited on the Superintendent's written annual evaluation. The annual salary increase may be higher than four percent (4%) based on Board approval. The Superintendent is not eligible for other raise amounts granted to administrators, teachers or other employee groups.

3.3. Supplemental Retirement Plan Contribution. The District agrees to make an annual contribution for the Superintendent to a Supplemental Retirement Plan, as defined herein, in an amount equal to ELEVEN THOUSAND TWO HUNDRED AND NO/100 DOLLARS ($11,200.00) for the purpose of purchasing Out-of-State Service Credit with the Teacher Retirement System of Texas ("TRS"). The Supplemental Retirement Plan shall be a plan established under Section 403(b) of the Internal Revenue Code (the "Code") and/or a plan established under Section 457(b) of the Code. The 403(b) plan shall be established as an employer-paid plan with non-discretionary contributions by the District and the Superintendent shall have no right to receive such contributions in cash. The 403(b) plan and/or 457(b) plan shall each be established under a written plan document that meets the requirements of the Code and such documents are hereby incorporated herein by reference. The funds for the 403(b) plan and/or 457(b) plan shall each be invested in such investment vehicles as are allowable under the Code for the applicable type of plan. The Superintendent shall have sole discretion as to (1) the service providers for the Supplemental Retirement Plan, within the provisions of the laws of the State of Texas, and (2) how the funds in the Supplemental Retirement Plan are invested. The Superintendent shall at all times be 100% vested in his account under the Supplemental Retirement Plan. Contributions by the District shall first be made to the Section 403(b) plan, up to the contribution limit under the Code. Contributions by the District shall next be made to the Section 457(b) plan, up to the contribution limit under the Code. Any contributions by the District that exceed all contribution limits for the Supplemental Retirement Plan shall be carried forward to the next calendar year and shall then be made to the Supplemental Retirement Plan in the order specified herein.

3.4. Medical and Dental Insurance. The District shall pay the premiums for hospitalization and major medical insurance coverage for the Superintendent and eligible members of his family, pursuant to, and in accordance with the amounts paid by the District in conjunction with, the group health care plan(s) provided by

the District for its administrative employees. The District shall pay the premiums for dental insurance coverage for the Superintendent and all eligible members of this family, in accordance with the amounts paid by the District for its administrative employees, as long as all District administrative employees may obtain group dental insurance. In addition to the amounts paid by the District for the Superintendent's and eligible family members' medical and dental coverage, the District shall pay the Superintendent the sum of THREE THOUSAND AND NO/100 DOLLARS ($3,000.00) per year to compensate the Superintendent for additional medical and dental health insurance costs associated with his employment as Superintendent.

3.5. Automobile Allowance. The District shall provide the Superintendent with an automobile allowance in the sum of EIGHT HUNDRED THIRTY-THREE AND 33/100 DOLLARS ($833.33) per month. This allowance is paid in lieu of mileage expense reimbursement for the Superintendent's business travel to destinations in the District in his personal automobile.

3.6. Out-of-District Travel Expenses. The District shall pay or reimburse the Superintendent for reasonable out-of-district travel expenses directly incurred by the Superintendent in the continuing performance of the Superintendent's duties under this agreement. Such expenses may include, but are not limited to, 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.

3.7. Cell Phone and Home Fax Allowance. The District shall provide the Superintendent with an allowance in the amount of SEVENTY-FIVE AND NO/100 DOLLARS ($75.00) per month to reimburse the Superintendent for business use of his personal cell phone and home fax.

3.8. Vacations, Holidays, Sick Leave. The Superintendent may take, at the Superintendent's choice, subject to the Board's approval, the same number of days of vacation as authorized by policies adopted by the Board for administrative employees on twelve (12) month contracts. The vacation may be taken within any month of the year in which it is earned, 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 and Board policy. The Superintendent shall observe the same legal holidays as provided for administrative employees on twelve (12) month contracts. The Superintendent is hereby granted the same sick leave benefits as authorized by Board policies for administrative employees on twelve (12) month contracts.

3.9. 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 reasonable attendance and participation in appropriate professional meetings at the local, regional, state and national levels, as approved by the Board. 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 information 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 to attend such seminars, courses, or meetings. The District shall pay the Superintendent's membership dues to the American Association of School Administrators and the Texas Association of School Administrators, as well as other memberships necessary to maintain and improve the Superintendent's professional skills. Reasonable expenses of such professional growth activities shall also be borne by the District.

3.10. Final Month of Service Benefit. If the Superintendent retires during the term of this contract, for Texas Teacher Retirement System purposes, the District agrees that his last day of service will be June 14 with no reduction in salary and benefits for the month of June.

3.11. Civic Activities, Etc. The Superintendent is encouraged to participate in community and civic affairs in accordance with the Board's policies, including the Chamber of Commerce. The expenses of such activities shall be borne by the District.

3.12. Outside Consultant Activities, Etc., Benefit. The Superintendent may serve as a consultant at no expense to the District, subject to Board approval. Consultation provided by the Superintendent under the terms and conditions of this paragraph must be consistent with state and federal law and shall not be conducted during times when the Superintendent is providing services to the District.

3.13. Indemnification. The Board agrees, as further consideration for the employment of Superintendent, that to the extent permitted by law, it shall defend, hold harmless, and indemnify the Superintendent from any and all demands, claims, suites, actions, and legal proceedings brought against the Superintendent in his individual capacity, or in his official capacity as agent and employee of the District, regardless of whether the claims arise during or after the Superintendent's employment with the District, if damages are based on an act or omission by the Superintendent in the course and scope of his employment with the District and if the damages arise out of a cause of action for negligence, except a willful or wrongful act or omission or an act or omission constituting gross negligence or for official misconduct. However, if there is a potential conflict of interest regarding defense of the claim between the legal position of the Superintendent and the legal position of the Board, the Superintendent may engage separate legal counsel, in which event, under this paragraph, the liability of the Board is limited to the amounts set out in Tex. Civ. Prac. & Rem. Code §101.023(b) or any future corresponding statute. To the extent this Section 3.13 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 3.13 shall survive the termination of this Contract.

4. RESIDENCE

4.1. Residence. The Superintendent shall maintain a residence within the geographical boundaries of the District.

5. ANNUAL PERFORMANCE GOALS

5.1 Development of Goals. The Superintendent shall submit to the Board each year, for the Board's consideration and adoption, a preliminary list of goals for the District. 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 Board agrees to work with and support the Superintendent in achieving the District Goals.

6. REVIEW OF PERFORMANCE

6.1. Time and Basis of Evaluation. The Board shall evaluate and assess in writing the performance of the Superintendent at least once a year during the term of this Contract. The evaluation and assessment shall be reasonably related to the duties of the Superintendent as outlined in the Superintendent's job description and shall be based on the District's progress towards accomplishing the District Goals.

6.2. 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.

6.3. Evaluation Format and Procedure. The evaluation format and procedure shall be in accordance with the evaluation instrument selected by the Board in accordance with Article V of this Contract, 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.

7. RENEWAL/NONRENEWAL

7.1. Renewal/Nonrenewal. Renewal and/or nonrenewal shall be in accordance with Board policy, Texas Education Code Chapter 21, Subchapter E, 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 sixty (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 with the District.

8. TERMINATION OF EMPLOYMENT CONTRACT

8.1. 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.

8.2. Death, Retirement. This Contract shall be terminated upon the death of the Superintendent or upon the Superintendent's retirement under the Teacher Retirement System of Texas.

8.3 Dismissal for Good Cause. The Board may dismiss the Superintendent at any time for good cause. The term "good cause" includes but is not limited to:

(a) Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this Contract;
(b) Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication from the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the Superintendent a reasonable opportunity to remediate any incompetency or inefficiency;
(c) Insubordination or failure to comply with lawful written Board directives;
(d) Failure to comply with the Board's policies or the District's administrative regulations;
(e) Neglect of duties;
(f) Drunkenness or excessive use of alcoholic beverages;
(g) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
(h) Conviction of a felony or crime involving moral turpitude;
(i) Failure to meet the District's standards of professional conduct;
(j) Failure to comply with reasonable District professional development requirements regarding advanced course work or professional development;
(k) Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent;
(l) Immorality, which is conduct the Board determines is not in conformity with the accepted moral standards of the community encompassed by the District. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency, or depravity;
(m) Assault on an employee or student;
(n) Knowingly falsifying records or documents related to the District's activities;
(o) Conscious misrepresentation of facts to the Board or other District officials in the conduct of the District's business;
(p) Failure to fulfill requirements for superintendent certification; or,
(q) Any other reason constituting "good cause" under Texas law.

8.4 Termination Procedure. In the event that the Board terminates this Contract for good cause, the Superintendent shall be afforded all the rights set forth in the Board's policies and in state and federal law.

8.5 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.

9. MISCELLANEOUS

9.1. Controlling Law. This Contract shall be governed by the laws of the State of Texas, and is fully performable in Tarrant County, Texas.

9.2. Complete Agreement. This Contract embodies the entire agreement between the parties and cannot be amended except by written agreement of the parties.

9.3. Supersedure. This Contract shall have the effect of extinguishing and superseding all prior contracts effective as of the commencement of the term set forth in Section 1.1, above.

9.4. 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.

9.5. Conflicts. The Superintendent is subject to the Board's policies, provided however, in the event of a conflict between the express 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.

EXECUTED in duplicate originals this 4th day of March, 2009.

SUPERINTENDENT:

Dr. Bob Morrison

BOARD:

By: Gale Moericke, President
Mansfield I.S.D
Board of Trustees

ATTEST:

BY: Michael Leasor, Secretary

MANSFIELD INDEPENDENT SCHOOL DISTRICT
Summary Schedule of Total Reimbursements Received by Superintendent and Each Board Member
For Twelve-Month Period Ended August 31, 2008

For the Twelve- Month Period ended August 31, 2008								
Description of Reimbursements	Vernon Newsom Superintendent	Dan Phillips	Gale Moericke	Sandra Vatthauer	Mike Leasor	Terry Moore	Beth Light	Michael Evans
Meals	$839.33	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Lodging	5,166.95	0.00	410.55	0.00	0.00	0.00	0.00	0.00
Transportation	4,059.36	0.00	532.10	0.00	0.00	0.00	0.00	0.00
Registration	3,079.36	0.00	615.00	185.00	10.00	255.00	255.00	375.00
Other	995.58	123.36	123.36	108.98	144.26	110.98	108.98	108.98
Total	$14,140.58	$123.36	$1,681.01	$293.98	$154.26	$365.98	$363.98	$483.98

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.

MANSFIELD INDEPENDENT SCHOOL DISTRICT
Compensation and/or Fees received by the Superintendent from
Outside Entities for Professional Consulting and/or Other Personal Services
For Twelve-Month Period Ended August 31, 2008

For the Twelve-Month Period Ended August 31, 2008	
Name of Entity	
Total	$0.00

Note - Superintendent Newsom is not available to furnish the above information for the report.

Exhibit 4

MANSFIELD INDEPENDENT SCHOOL DISTRICT
Summary Schedule of Total Amount by Superintendent and Board Members (First Degree Relatives)
of Gifts with Economic Value Exceeding $250 in the Aggregate
For Twelve-Month Period Ended August 31, 2008

For the Twelve- Month Period ended August 31, 2008								
Description of Reimbursements	Vernon Newsom Superintendent	Dan Phillips Board President	Gale Moericke Board Vice President	Sandra Vatthauer Board Secretary	Mike Leasor Board Member	Terry Moore Board Member	Beth Light Board Member	Michael Evans Board Member
Summary Amounts	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

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

MANSFIELD INDEPENDENT SCHOOL DISTRICT
Summary Schedule of Total Dollar Amount by Board Member of Business Transactions with School District
For Twelve-Month Period Ended August 31, 2008

For the Twelve- Month Period ended August 31, 2008							
Description of Reimbursements	Dan Phillips Board President	Gale Moericke Board Vice President	Sandra Vatthauer Board Secretary	Mike Leasor Board Member	Terry Moore Board Member	Beth Light Board Member	Michael Evans Board Member
Summary Amounts	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00