



Mansfield Independent School District

**2017 Schools FIRST
Annual Financial Management Report**

For the Ten-Months Ended June 30, 2016

**Dr. Jim Vaszauskas, Superintendent of Schools
Dr. Karen Wiesman, CPA, Associate Superintendent of Business and Finance**

**MANSFIELD INDEPENDENT SCHOOL DISTRICT
SCHOOLS FIRST REPORT FOR 2015-2016**

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Introduction

Passed during the 77th regular session of the Texas Legislature (2001), Senate Bill 218 requires each Texas school district to prepare an annual financial accountability report on the District's Schools FIRST (Financial Accountability Rating System of Texas) rating. Many business-related issues are covered in this report and the District must hold a public meeting to discuss the report.

Since its inception, the FIRST rating has been modified several times to reflect changes in legislation and serve as a better measurement of a district's financial position. The rating system has been reduced from an original 22 indicators to currently 15 indicators. Measurements based on student performance have been removed to focus strictly on financial matters. In addition, six disclosures are now required along with the report; 1) the Superintendent's employment contract, 2) reimbursements received by the Superintendent and Board members, 3) outside compensation and/or fees received by the Superintendent for professional consulting and/or other personal services, 4) gifts received by the executive officer(s) and Board members (and first degree relatives, if any), 5) business transactions between the school district and Board members, and finally 6) a summary schedule of the data submitted under the Financial Solvency Provisions of TEC Section 39.0822.

The District's Schools FIRST rating is based upon budgetary and actual financial data along with an analysis of staff and student data reported for the 2015-2016 fiscal year. This information is submitted through the District's annual PEIMS (Public Education Information Management System) submissions. TEA issued the preliminary financial accountability ratings for the 2015-2016 fiscal year in August 2016. The District's rating of "Passed" with an "A = Superior" is included in this report.

The financial accountability rating of the District is based on its overall performance on certain financial measurements, ratios, and other indicators established by the Commissioner of Education with the financial accountability rating worksheet. 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). The worksheet consists of 15 indicators, each weighted with numeric values with the exception of the Critical Indicators. A "No" response to one of the Critical Indicators 1-5 will automatically result in a rating of Substandard Achievement, giving these five indicators high importance.

For the sixteenth year in a row, Mansfield ISD continues its financial excellence with a rating of "Superior" for the 2015-2016 fiscal year, scoring positive responses on all 15 indicators and an overall score of 94 out of 100. Included in this report is the Rating Report received from TEA used in determining the District's score, an explanation of each of the Indicators, and the required disclosures.

Financial Integrity Rating System of Texas

2016-2017 RATINGS BASED ON SCHOOL YEAR 2015-2016 DATA

Name: MANSFIELD ISD (220908)

Status: Passed

Rating: A = Superior

#	Indicator Description	Score
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
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.	
2.A	Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)	Yes
2.B	Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)	Yes
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
4	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes

5	Was the total unrestricted net position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)	Yes
6	Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)	10
7	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)	8
8	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.) (See ranges below.)	6
9	Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?	10
10	Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)	10
11	Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)	10
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
13	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?	10
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? (The AICPA defines material noncompliance.)	10
15	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	10

DETERMINATION OF RATING

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

DISCUSSION OF BASE INDICATORS

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?**

This indicator seeks to make certain the MISD has filed the Annual Financial Report by the required deadline.

Mansfield ISD's Annual Financial report was received at TEA on November 18, 2016.

- 2.A. **Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)**

A "modified" opinion on a financial report means that the district needs to correct some of the reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its AFR.

Mansfield ISD passed this indicator by receiving an unmodified opinion on our AFR.

- 2.B. **Did the external auditor report that the AFR was free of any instance(s) of material weaknesses in internal control over financial reporting and compliance for local, state, or federal funds?**

Mansfield ISD passed this indicator by not receiving any findings regarding material weaknesses in internal controls or findings in non-compliance for local, state, or federal funds.

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.)**

This indicator seeks to make certain that the Mansfield ISD has paid our bills/obligations on financing arrangements to pay for school construction, school buses, photocopiers, etc.

Mansfield ISD AFR did not have any disclosures concerning default on bonded indebtedness obligations and were able to make all bond payments.

4. **Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?**

Mansfield ISD made timely payments on governmental agency requirements.

5. **Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)**

This indicator simply asks, "Did the district's total assets exceed the total amount of liabilities?"

Although the district's change in the student membership was less than 10% (from 2012 to 2016, the change in the district's membership was 3.70%), the district passed this indicator because the sum of Total Unrestricted Net Asset Balance in the governmental activities column in the Statement of Net Assets, Accretion of Interest for Capital Appreciation Bonds, and Net Pension Liability was greater than zero.

6. **Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)**

In order to receive the maximum number of points (10) for this indicator, the district needs more than 90 days of operating expenditures on hand. Mansfield ISD had 141 days on hand to receive the maximum points.

7. **Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)**

Mansfield ISD's ratio of current assets (\$213,939,411) to current liabilities (\$73,940,585) was 2.8934 did not exceeded the 3.00 benchmark to receive the maximum points of 10 for this indicator, but earned 8 points in this category.

8. **Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.) (See ranges below.)**

Although the district's change in the student membership was less than 10% (from 2012 to 2016, the change in the district's membership was 3.78%), the district received 6 points out of 10 for this indicator. The district's total long-term liabilities less the net pension liability was \$744,561,255 compared to total assets of \$942,137,412 was a .79 ratio with 6 points awarded.

- 9. Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?**

General fund revenues (\$259,993,859) were more than expenditures (\$239,489,293), and the district also met the indicator by having more than 60 days of cash on hand (141 days).

- 10. Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)**

Mansfield ISD was awarded 10 points for this indicator. General Fund and Debt Service Fund revenues less General Fund and Debt Service Fund expenditures plus debt service payments plus debt service fund balance plus expenditures for facilities acquisition and construction calculation was 1.4945. Range for this indicator is greater than 1.2 in order to receive the 10 points.

- 11. Was the district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)**

TEA sets a cap on the percentage of their budget that Texas school districts can spend on administration. Did the district exceed the cap for districts our size?

Mansfield ISD's administrative cost ratio was .0523. The threshold ratio to receive 10 full points for this indicator had to be less than or equal to .0855. We received the highest points possible for this indicator.

- 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.)**

This indicator was automatically passed since Mansfield ISD is still growing and not in an area of declining enrollment.

- 13. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?**

This indicator measures the quality of data reported to PEIMS and in our AFR to make certain that the data reported in each case "matches." If the difference in data reported in any fund type is 3 percent or more, our district "fails" this indicator.

The variance of the AFR data to the PEIMS data submitted was not calculated and the points forced due to the change in the fiscal year. We received the highest points possible for this indicator.

- 14. Did the external independent auditor report that the AFR was free of any**

instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)

A clean audit of your AFR would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds, and should be immediately addressed.

Mansfield ISD did not have any report by the external independent auditor of material weaknesses in our internal controls. We received the highest points possible for this indicator.

15. Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?

Mansfield did not receive a repayment schedule for an over allocation of Foundation School Program (FSP) funds.

OTHER DATA CONCERNING THE DISTRICT'S OPERATIONS

The purpose of this section is to discuss other aspects of the District's business operations not covered by the Schools FIRST Worksheet directly.

Financial Strength

Considering the impact that minimal funding from the state has had on Mansfield ISD, the District has weathered the public school finance crisis better than many other districts because of its history of exercising strategic financial planning and investing as a standard practice. The District continually evaluates programs and services in order to continue to provide quality education while addressing demands associated with being a fast growth district.

Administrative Cost Comparison

One measure the State of Texas uses to measure operating cost efficiency is the administrative cost ratio. The administrative costs are divided by instructional costs to arrive at a percentage. A district's size determines its administrative cost limitations.

Year	Threshold	District Actual
2007-08	11.05%	4.66%
2008-09	11.05%	4.55%
2009-10	11.05%	4.50%
2010-11	11.05%	4.73%
2011-12	11.05%	4.93%
2012-13	11.05%	5.26%
2013-14	8.55%	5.51%
2014-15	8.55%	5.26%
2015-16	8.55%	5.23%

Personnel Management

The District's longstanding personnel goal is to attract and retain qualified staff and to offer a competitive salary and benefit package each year. Even more of a challenge has been to present a comprehensive health insurance package to employees, along with other benefits such as the Teacher/Employee Recruitment & Retention Program. Attracting and retaining a quality teaching staff is always a priority with Mansfield ISD. The District has implemented a health clinic as an employee benefit in order to assist those employees that are not able to afford the Teacher Retirement System (TRS) Active Care health insurance.

Debt Management

The taxpayers of the District authorized a \$198,530,000 bond program in November 2011 to fund construction, renovation, technology projects and improvements. In May 2017 the taxpayers authorized a \$275,000,000 bond program to fund three new schools and renovations for existing campuses. At June 30, 2017, the total outstanding general obligation and refunding bonds was \$735,495,000 with interest rates ranging from 1.75% - 5.50% and maturities until 2045. The District has worked diligently to schedule bond maturities and interest payments to smooth out the impact on the tax rate and to match the useful life of capital assets being purchased and/or constructed.

Facilities Acquisition and Construction Management

With proceeds of the above-mentioned bonds, as of June 30, 2017 the District has construction underway for one replacement elementary schools scheduled to open in August 2017, in addition to several major renovation projects scheduled for other campuses. Planning has begun for the redesign of the three planned new campuses. Due to the increased student growth, the District must meet these demands with new and improved facilities.

Tax Collections

A consistent tax collection rate aids in the management of debt. As shown below, the District maintains a high collection rate.

<u>Year</u>	<u>Collection Rate</u>
2007-08	101.02%
2008-09	111.81%
2009-10	113.32%
2010-11	107.88%
2011-12	99.81%
2012-13	105.57%
2013-14	105.08%
2014-15	99.98%
2015-16	99.66%

Cash Management

The Schools FIRST worksheet addresses cash and investment issues, but only in a very basic manner. The worksheet criteria essentially provide that cash should be available and earn a minimal rate of return. In truth, the District's investment and cash management program is much more complex.

The District has a legal and local board policy that requires the District to invest funds within specific guidelines meant to ensure liquidity and safety. The District maintains a diverse portfolio consisting of investment pools, Federal Agency Securities, and Federal Instrumentality Securities. The District has increased yield with longer term instruments based on cash flow analysis.

Budgetary Planning & Financial Allocations

Mansfield ISD opted to change their fiscal year to end June 30, therefore the 2015-2016 fiscal period covered ten months rather than twelve. This was done in order to align the district's financial year closer to the operational year for instruction.

The District's budget process usually begins in January each year. During the first month of planning, budget allocations are developed for each campus and department. The District allocates funds to campuses based on an estimate of student count. Support departments receive funds based on the previous year's budgets adjusted (up or down) for future years' needs. Special project requests for amounts supplemental to allocations are considered individually each year. Budget input is scheduled for February. In March, calculations of state and local tax revenues are completed and the budget starts to take on some form. April is the month the District is able to give the Board a view of how the next year's budget looks. In odd-numbered years, the legislature is in session, and that complicates and delays the budgeting process. The optimal time for making a public salary decision is May. Decisions are made on special project requests, revenue data is fine-tuned and a final budget is submitted to the Board of Trustees for approval in June.

The 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. It is called site-based decision making. It is a system that works best in the long run for the District by allocating resources where they are needed, even when those needs change.

Annual Audit Report

Each year, an audit of the District's financial statements is performed by the independent auditors, Whitley Penn, LLP. The auditors' responsibility is to report on the District's financial status and to ensure that the District is accurately handling the financial records within required standards. This report is a critical element of the accountability ratings worksheet, covering five criteria.

For the ten months ended June 30, 2016, the District received an "unmodified" opinion with no reportable conditions or material weaknesses.

Awards and Recognitions

Mansfield ISD prides itself in its professional and proper handling of its internal accounting procedures and financial reporting abilities. The District has been awarded the Certificate of Excellence in Financial Reporting from the Association of School Business Officials, International (ASBO), and from the Government Finance Officers Association (GFOA). In addition, the District also received the Meritorious Budget Award from the Association of School Business Officials. Both associations have stringent requirements for their award, and it is a credit to the District and the taxpayers to be recognized nationally in such a manner.

Schools FIRST Disclosures

In fiscal year 2007, new reporting requirements became effective for the financial management report that is to be distributed at the Schools FIRST public hearing. Per Title 19 Administrative Code Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, the five (5) disclosures listed below are included in the appendix. The disclosures will include:

For Superintendents:

- Current employment contract (Fig. A-1).
- Compensation and fees received from another school district or other outside entity in exchange for professional consulting or other personal services (Fig. A-3).

For Board Members and Superintendents:

- Certain reimbursable expenses incurred by the District on behalf of the superintendent and each board member, including amounts for meals, lodging, transportation, motor fuel and other items (Fig. A-2).
- Gifts valued at \$250 or more received by board members, superintendents and their immediate family members (and other "executive officers" named by the board) from school district vendors and competing vendors that were not awarded contracts (Fig. A-4).
- Business transactions between board members and the District (Fig. A-5).

Appendix A
Required Disclosures

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

MANSFIELD INDEPENDENT SCHOOL DISTRICT SUPERINTENDENT EMPLOYMENT CONTRACT

This Superintendent Employment Contract ("Contract") is made and entered into by and between the Board of Trustees (the "Board") of the MANSFIELD INDEPENDENT SCHOOL DISTRICT (the "District") and DR. JIM VASZAUSKAS (the "Superintendent").

NOW, THEREFORE, the Board and the Superintendent, for and in consideration of the terms hereinafter established and pursuant to Sections 11.201 and 21.201, *et seq.*, of the Texas Education Code, do hereby agree as follows:

I. Term.

1.1 The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment as Superintendent of Schools for the District on a twelve-month basis per school year for a term of approximately three (3) years, commencing on September 23, 2014 and ending on September 23, 2017. The District may, by action of the Board, and with the consent and approval of the Superintendent, extend the term of this Contract as permitted by state law.

1.2 The Board has not adopted any policy, rule, regulation, law, or practice for tenure. No right of tenure is created by this Contract. No property interest, express or implied, is created in continued employment beyond the term of this Contract.

II. Employment.

2.1 **Duties.** The Superintendent is the chief administrator and executive officer 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 administer the District in accordance with all Board directives, policies, rules, and regulations and state and federal law, as they exist or may hereinafter be amended or adopted. As such, the Superintendent shall assign the administrative and supervisory staff in the manner that, in his judgment, best serves the public schools of the District. The responsibility for selection and/or promotion of personnel shall be vested in the Superintendent and his staff, subject to the approval of the Board. Except as provided in this Contract, the Superintendent agrees to devote his full time and energy to the performance of these duties in a faithful, diligent, conscientious and efficient manner. The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, skill and expertise and in a thorough, prompt and efficient manner. All duties assigned to the Superintendent by the Board shall be appropriate to and consistent with the professional role and responsibility of the Superintendent.

2.2 **Professional Certification and Records.** The Superintendent shall at all times during the term of this Contract, and any renewal thereof, hold and maintain a valid certificate required of a superintendent by the State of Texas and issued by the Texas Education Agency and any other certificates required by law. The Superintendent also shall provide evidence of educational attainment, degrees earned, previous professional experience and other records required for the personnel files of the District. If the

Superintendent's certification expires, is canceled, or is revoked, this Contract is void.

2.3 Reassignment. The Superintendent is employed specifically and solely to perform the duties of Superintendent of Schools for the District and may not be reassigned from the position of superintendent to another position in the District except by mutual written agreement of the parties.

III. 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. The Superintendent agrees to provide such notification in writing within seven (7) calendar days of the event or any shorter period specified in Board policy.

3.3 False Statements and Misrepresentations. The Superintendent represents that any records or information provided in connection with his employment application are true and correct. Any false statements, misrepresentations, omissions of requested information, or fraud by the Superintendent in or concerning any required records or in the employment application may be grounds for termination or nonrenewal, as applicable.

IV. Compensation and Benefits.

4.1 Salary. The District shall pay the Superintendent an annual salary of TWO HUNDRED THIRTY NINE THOUSAND AND 700 DOLLARS (\$239,700.00) per year, effective the first duty date of the current school year.

4.1.1 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 4.1 of this Contract.

4.2 Benefits. The District shall provide benefits to the Superintendent as provided by state law and Board policies. The Board reserves the right to amend its policies at any time during the term of this Contract to reduce or increase these benefits, at the Board's sole discretion.

4.3 Expense Benefits for Travel Outside of District. 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 reasonable actual and incidental costs necessarily incurred by the Superintendent for travel outside of the District; such costs may include, but are not limited to gasoline, hotels and

accommodations, meals, rental car, and other expenses incurred in the performance of the business of the District. The Superintendent shall comply with all procedures and documentation requirements in accordance with Board and District policies.

4.4 Supplemental Retirement Plan Contribution. The District agrees to make an annual contribution for the Superintendent to a Supplemental Retirement Plan (the "Retirement Plan"), as defined herein, in an amount equal to TEN THOUSAND AND NO/100 DOLLARS (\$10,000.00), to be paid on June 30th, or the last contract day of each year included in this Contract. 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 be invested in such investment vehicles as are allowable under Code for 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 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 be made to the Supplemental Retirement Plan in the order specified herein.

4.5 Retirement Benefit. Per District past practice for administrators, upon retirement from the Mansfield Independent School District, the Superintendent will be paid his daily rate of pay for all accumulated state and local days, not to exceed a maximum cap of 60 days.

4.6 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 in his personal vehicle to destinations within a twenty-five (25) mile radius from the District Administration Building located at 605 East Broad Street, Mansfield, Texas 76063.

4.7 Cell Phone Allowance. The District shall provide the Superintendent with an allowance in the amount of ONE HUNDRED AND NO/100 DOLLARS (\$100.00) per month to reimburse the Superintendent for business use of his personal cell phone.

4.8 Relocation Expenses. The District shall provide the Superintendent with a one-time payment of TEN THOUSAND AND NO/100 DOLLARS (\$10,000.00), to be paid upon relocation of his primary residence to the Mansfield ISD, for relocation and living expenses associated with relocation to the Mansfield ISD.

4.9 Insurance Benefits. Upon request by the Superintendent, the District shall pay the premiums for hospitalization and major medical insurance plus Gap coverage for the

Superintendent and eligible members of his family, pursuant to the group health care plan(s) provided by the District for its administrative employees, as well as the premiums for dental insurance coverage for the Superintendent and all eligible members of his family, in accordance with the Dental care plan(s) the District provides for its District employees, as long as all District employees may obtain group dental insurance; Additionally, upon request, the District shall pay the premiums for basic disability insurance for the Superintendent in accordance with the disability plan provided its District employees, as well as Cancer and Critical Illness insurance.

4.10 Vacation, Holidays, and Leave Benefits. The Superintendent may take, at the Superintendent's choice, the same number of days of vacation authorized by policies adopted by the Board for administrative employees on twelve-month contracts, the days to be in a single period or at different times. The vacation days taken by the Superintendent will be taken at such time or times as will least interfere with the performance of the Superintendent's duties as set forth in this Contract. The Superintendent shall observe the same legal holidays provided by Board policies for administrative employees on twelve-month contracts. The Superintendent is hereby granted the same sick and personal leave benefits as authorized by Board policies for administrative employees on twelve-month contracts.

4.11 Professional Growth Benefits. The Superintendent shall devote the Superintendent's time, attention, and energy to the direction, administration, and supervision of the District. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's active attendance and participation in appropriate professional meetings at the local, regional, state, and national levels. The Board shall encourage the use of data and information sources and shall encourage the participation of the Superintendent in pertinent education seminars and courses offered by public or private institutions or by educational associations, as well as the participation in informational meetings with those individuals whose particular 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, not to exceed five days per year, as the Superintendent and Board deem appropriate, to attend such seminars, course(s), or meetings. The District shall pay the Superintendent's membership dues to the American Association of School Administrators and the Texas Association of School Administrators, as well as other memberships necessary to maintain and improve the Superintendent's professional skills. The District shall bear the reasonable costs and expenses for such attendance or membership.

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

V. Superintendent Evaluation, Board Meetings, Complaints, Indemnification, Outside Employment, and Residence.

5.1 Superintendent Evaluation.

5.1.1 Development of Goals. No later than the last Friday of September, the Superintendent shall submit to the Board a preliminary list of goals for the District each year for the Board's consideration and adoption. The Superintendent and the Board shall then meet, and the Board shall approve or revise the list of goals. The Superintendent shall submit to the Board for its approval a plan to implement the goals. The Superintendent and the Board shall meet biannually to assess the goals and may adjust or revise the goals either by action of the Board or upon recommendation of the Superintendent and approval of the Board. The goals approved by the Board shall at all times be reduced to writing ("District Goals") and shall be among the criteria on which the Superintendent's performance is reviewed and evaluated. The Board agrees to work with and support the Superintendent in achieving the District Goals.

5.1.2 Time and Basis of Evaluation. The Board shall evaluate and assess in writing the performance of the Superintendent at least once each contract 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.

5.1.3 Confidentiality. Except as otherwise provided by law, the evaluation of the Superintendent shall at all times be conducted in executive session of the Board and shall be considered confidential. Nothing herein shall prohibit the Board or the Superintendent from sharing the content of the Superintendent's evaluation with their respective legal counsel.

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

5.2 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.

5.3 Criticisms, Complaints, and Suggestions. With the exception of those directed at the performance or conduct of the Superintendent, the Board, individually and collectively, shall refer all substantive criticisms, complaints, and suggestions called to the Board's attention to either: (a) the Superintendent for study and appropriate action; or (b) to the appropriate complaint resolution procedure established by District Board policies. The Superintendent shall refer such matters to the appropriate employee(s), or he shall investigate such matters and inform the Board of the results of such efforts within a reasonable period of time as required under the circumstances.

5.4 Indemnification. The District shall indemnify, defend, and hold the Superintendent harmless regarding any claims, demands, duties, actions or other legal proceedings against the Superintendent, or damages incurred by the Superintendent, including court costs and reasonable attorney's fees, in his individual or official capacity for any act or failure to act involving the exercise of judgment and discretion within the normal course and scope of his duties as Superintendent of the District, to the extent and to the limits permitted by law. This paragraph does not apply if the Superintendent is found to have materially breached this Contract, to have acted with gross negligence or with intent to violate a person's clearly established legal rights, or to have engaged in official misconduct or criminal conduct, nor does it apply to criminal investigations or proceedings. The District may, at its discretion, fulfill its obligation under this paragraph by purchasing appropriate insurance coverage for the benefit of the Superintendent or by including the Superintendent as a covered party under any contract providing errors and omissions insurance coverage purchased for the protection of the Board and the professional employees of the District. The Board may retain attorneys to represent the Superintendent in any proceeding for which he could seek indemnification under this paragraph, to the extent that damages are recoverable or a defense is provided, under any such contract of insurance. No individual member of the Board shall be personally liable for indemnifying and defending the Superintendent under this paragraph. The District's obligation under this paragraph shall continue for a period of four (4) years after the termination of this Contract for qualifying acts or failures to act occurring during the term of this Contract or any extension thereof.

5.4.1 The Board shall not be required to pay any costs of any legal proceedings in the event the Board and Superintendent are adverse to each other in any proceedings.

5.4.2 The Superintendent shall fully cooperate with the District in the Defense of any and all demands, claims, suits, actions and legal proceedings brought against the District. The Superintendent's obligation under this paragraph shall continue after any termination of the Contract for a period of four (4) years.

5.5 Outside Employment. Any outside employment of the Superintendent requires Board approval in advance of accepting such employment. The Superintendent may serve as a

consultant to other school districts or educational agencies, individuals, or entities other than school districts or educational agencies with prior Board approval. The Superintendent may, at his discretion, lecture, engage in writing activities and speaking engagements, and engage in other activities which are of short term duration.

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

VI. Termination, Nonrenewal, Suspension, Resignation of Contract.

6.1 Non-Renewal. The Board may non-renew this Contract in conformance with the terms of Subchapter E, §21.201, et seq., Texas Education Code. In the event the Board does not renew this Contract, the Superintendent shall be afforded all the rights set forth in the Board's policies and state and federal law.

6.2 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 defined in Section 6.5 and determined by the Board.

6.3 Termination by 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.

6.4 Termination by Retirement or Death. This Contract shall be terminated upon the retirement or death of the Superintendent.

6.5 Dismissal for Good Cause. The Board may dismiss the Superintendent during the term of this Contract for good cause as that term is applied under Texas law, provided that the Superintendent shall be provided all procedural and substantive rights as set forth in the Board's Policies and applicable state and federal law. If the Superintendent chooses to engage the services of legal counsel to represent him in any such manner, he shall pay the costs thereof. The term "good cause" is defined as follows:

- 6.5.1** Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this Contract;
- 6.5.2** Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication;
- 6.5.3** Insubordination or failure to comply with lawful written Board directives;
- 6.5.4** Failure to comply with the Board's policies or the District's administrative regulations;
- 6.5.5** Neglect of duties;
- 6.5.6** Drunkenness or current excessive use of alcoholic beverages;

- 6.5.7 Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
- 6.5.8 Conviction of a felony or crime involving more turpitude;
- 6.5.9 Failure to meet the District's standards of professional conduct;
- 6.5.10 Failure to comply with reasonable District professional development requirements regarding advanced course work or professional development;
- 6.5.11 Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent;
- 6.5.12 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;
- 6.5.13 Assault on a Board member, employee, or student;
- 6.5.14 Knowingly falsifying records or documents related to the District's activities;
- 6.5.15 Misrepresentation of facts to the Board or other District officials in the conduct of the District's business;
- 6.5.16 Failure to maintain or fulfill requirements for Superintendent certification;
- 6.5.17 Failure to fulfill the requirements of a deficiency plan under an Emergency Permit; or
- 6.5.18 Any other reason constituting "good cause" under Texas Law.

VII. Physical Condition.

7.1 Annual Physical Examination. The Superintendent shall undergo an annual physical examination performed by a licensed physician of the Superintendent's choice. The physician shall submit a confidential statement to the Board certifying the Superintendent's fitness to perform the Superintendent's duties and copies of all such statements shall be maintained in the Superintendent's personnel file.

7.2 Disability. Should the Superintendent become unable to perform any or all of the duties of his position by reason of illness, accident or other cause, and said disability exists after all sick leave and vacation time has been exhausted, the Superintendent shall be entitled up to one hundred eighty (180) days of unpaid leave of absence for temporary disability. During any time period in which the Superintendent is temporarily disabled, the Board may designate or appoint another employee to perform the Superintendent's duties. If such disability continues after the exhaustion of all sick leave and vacation time and one hundred eighty (180) additional

days of temporary disability, or if such disability is permanent or irreparable as determined by the physician mutually acceptable to the Board and the Superintendent, or such disability is of such a nature as to make performance of the Superintendent's duties impossible, the Board may, at its option, terminate this Contract, whereupon the respective rights, duties and obligations herein stated shall terminate.

VIII. Miscellaneous.

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

8.2 Complete Contract. This Contract embodies the entire agreement between the parties hereto and cannot be varied except by written agreement of the parties, except as expressly provided herein. All existing agreements and contracts, both verbal and written, between the parties hereto regarding the employment of the Superintendent have been superseded by this Contract, and this Contract constitutes the entire agreement between the parties, unless amended pursuant to the terms of this Contract.

8.3 Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered, whether or not actually received, when deposited in the United States Mail, postage pre-paid, certified mail, return receipt requested, addressed to either party, as the case may be, at the addresses contained herein.

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

8.5 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.

8.6 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.

8.7 Multiple Originals. This Contract is executed in two (2) originals, one for the Board and one for the Superintendent, each of which shall constitute but one and the same instrument.

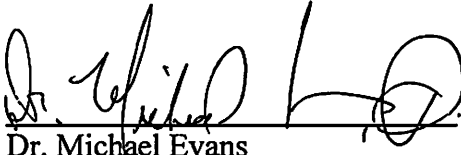
8.8 Notices.

To Superintendent: The Superintendent agrees to keep a current address on file with the District's Human Resources office and the Board President. The

Superintendent agrees that the Board may meet any legal obligation it has to give the Superintendent written notice regarding this Contract or the Superintendent's employment by hand-delivery, or by certified mail, regular mail, and/or express delivery service to the Superintendent's address of record.


To Board: The Board agrees that the Superintendent may meet any legal obligation to give the Board written notice regarding this Contract or the Superintendent's employment by providing one copy of the notice to the President of the Board and one copy to the Vice President of the Board. The Superintendent may provide such notices by hand delivery, or by certified mail, regular mail, and/or express delivery service, to the Board President and Vice President's addresses of record, as provided to the District.

MANSFIELD INDEPENDENT SCHOOL DISTRICT

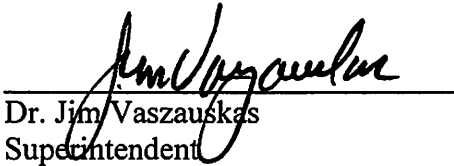
BY: 
Dr. Michael Evans
President, Board of Trustees

Date: 10/9/14

ATTEST:

BY: 
Karen Marcucci
Secretary, Board of Trustees

Date: 10/9/14

BY: 
Dr. Jim Vaszauskas
Superintendent

Date: 10/9/2014

Fig A-2.
Reimbursements Received by the Superintendent and Board Members

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

Meals – Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals);

Lodging – Hotel charges;

Transportation – Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls);

Motor fuel – Gasoline;

Other: – Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements to (or on-behalf of) the superintendent and board member not defined above.

For the Ten-Month Period Ended June 30, 2016

	Supt.	Board Member Place 1	Board Member Place 2	Board Member Place 3	Board Member Place 4	Board Member Place 5	Board Member Place 6	Board Member Place 7
	Dr. Jim Vaszauskas	Michelle Newsome	Beth Light	Michael Evans	Raul Gonzalez	Karen Marcucci	Daniel Gallagher	Courtney Lackey Wilson
Meals	\$709.00		\$75.00		\$167.00	\$100.00		\$119.00
Lodging	2,743.03		\$218.00	\$215.97	\$952.37	\$865.91		\$647.91
Transportation	1,767.47				\$869.12	\$278.44		\$481.28
Motor Fuel	74.23							
Other	1,159.00		\$325.00	\$695.00	\$368.48	\$325.00		\$393.80
Total	\$6,452.73	\$0.00	\$618.00	\$910.97	\$2,356.97	\$1,569.35	\$0.00	\$1,641.99

Fig A-3
Outside Compensation and/or Fees Received by the Superintendent
for Professional Consulting and/or Other Personal Services

A summary schedule for the fiscal year of the dollar amount of compensation and/or fees received by the superintendent from another school district or any other outside entity in exchange for professional consulting and/or other personal services is to be reported. The Superintendent did not receive any such compensation during the 2015-2016 school year.

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

For the Ten-Month Period
 Ended June 30, 2016

<u>Name(s) of Entity(ies)</u>	Amount Received \$
Total	\$0.00

Fig A-4
Gifts Received by Executive Officers and Board Members

A summary schedule for the fiscal year of the total dollar amount of gifts that had an economic value of \$250 or more in the aggregate is to be reported for the executive officers and board members (or first degree relatives) of the district. An executive officer is defined as the superintendent, unless the Board of Trustees or the district administration names additional staff under this classification for local officials. This reporting requirement only applies to gifts received by the school district's executive officers and board members from an outside entity that received payments from the school district in the prior fiscal year and gifts from competing vendors that were not awarded contracts in the prior fiscal year.

**Gifts Received by Executive Officers and Board Members
 (and First Degree Relatives, if any)**

For the Ten-Month Period
 Ended June 30, 2016

	Superintendent	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Fig A-5
Business Transactions Between School District and Board Members

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

Disclosures of gifts received by Board Members and business transactions with the District are included within this report.

For the Twelve-Month Period
Ended June 30, 2016

	Board	Board	Board	Board	Board	Board	Board
	Member 1	Member 2	Member 3	Member 4	Member 5	Member 6	Member 7
Amounts	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Fig A-6
Summary Schedule of Data Submitted to TEA
or Financial Solvency under TEC 39.0822

General Fund - First-Quarter Expenditures By Object Code

Report **2014-2015 first-quarter** (first three months of fiscal year 2014-2015) GENERAL FUND expenditures by object code using whole numbers.

Payroll-	Expenditures for payroll costs	object codes 6110-6149	<u>\$51,603,457.00</u>
Contract Costs-	Expenditures for services rendered by firms, individuals, and other organizations	object code series 6200	<u>\$3,324,649.00</u>
Supplies and Materials-	Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	object code series 6300	<u>\$2,440,649</u>
Other Operating-	Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	object code series 6400	<u>\$1,889,858.00</u>
Debt Service-	Expenditures for debt service	object code series 6500	<u>\$0.00</u>
Capital Outlay-	Expenditures for land, buildings, and equipment	object code series 6600	<u>\$95,385.00</u>

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

a) draw funds from a short-term financing note (term less than 12 months) between the months of September and December, inclusive, and

X

b) 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?

X

2) Does the district have major construction projects underway or planned?

X

3) Has the district defaulted on any debts within the past two years?

X

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

4

5) Provide comments or explanations for student-to-staff ratios significantly (more than 15%) below the norm, rapid depletion of General Fund balances, or any 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>
8.68	7.38	Under 100
9.95	8.45	100 to 249
11.12	9.45	250 to 499
12.09	10.27	500 to 999
13.29	11.30	1,000 to 1,599
14.32	12.17	1,600 to 2,999
14.98	12.74	3,000 to 4,999
15.81	13.44	5,000 to 9,999
		10,000 to 24,999
15.89	13.51	
15.88	13.50	25,000 to 49,999
		50,000 and Over
16.08	13.67	

Mansfield had a 14.6 student to teacher ratio for 2014-15, which is not more than 15% below the norm.