

**BOARD OF EDUCATION
BEEVILLE INDEPENDENT SCHOOL DISTRICT**

Agenda Item No. _____

Date: October 21, 2008

Subject: Public Hearing on School Financial
Rating System of Texas

Submitted by: Linda O'Connell

Related Pages: _____

Supt's Approval: _____

Action

BACKGROUND INFORMATION:

Beeville ISD received official notification that the district received a rating of "Superior Achievement" under Texas' Schools FIRST financial accountability rating system.

ITEMS ADDRESSED:

Public Hearing on School FIRST financial accountability rating system and School FIRST Annual Financial Management Report.

RECOMMENDED ACTION:

None required-overview of FIRST and hear public comments

BUDGETARY INFORMATION:

None

Beeville Independent School District

**ANNUAL SCHOOL
MANAGEMENT REPORT
AS REQUIRED BY
CHAPTER 109 SUBCHAPTER AA
COMMISSIONER OF EDUCATION RULES
FOR THE YEAR
2006-2007**

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F.I.R.S.T.
Purpose, History and Description

The 76th Texas Legislature, within Senate Bill 875, instructed the Texas Education Agency to develop a system to analyze the financial management of Texas school districts. Within the framework authorized by SB875 the concept of Schools F.I.R.S.T. was born. Initially F.I.R.S.T. was launched as a 21 indicator system that was in place through the 2005-2006 fiscal years. Changes in law have added disclosures (beginning with the report of 05-06 F.I.R.S.T.) and have expanded the analysis from 21 indicators to 24 indicators beginning with the 2006-2007 year. The new 24 indicator system also changed from the original yes/no measure for each indicator to a system that measures some indicators as yes/no while other indicators give points credit for the degree to which success on an indicator is achieved.

The primary goal of an analysis of the financial management of Texas school districts was to examine each district's financial performance because of the importance of using financial resources efficiently. Use of the system is intended to achieve quality performance in the financial management of school districts and to serve as an early warning of decreasing quality management.

One of four ratings is assigned to a school district based on their success in meeting F.I.R.S.T. indicators. Those ratings are:

Superior Achievement
Above Standard Achievement
Standard Achievement
Substandard Achievement

Additional Rating
Suspended-Data Quality

The Financial Integrity Resource System of Texas requires each school district in Texas to prepare an annual financial management report that includes the following:

- The district's financial management performance rating provided by the Texas Education Agency (TEA) based on its comparison with indicators established by the Commissioner of Education.
- The district's financial management performance under each indicator for the current and previous years' accountability ratings; and,
- Additional information required by the Commissioner of Education.

The Commissioner of Education, under Chapter 109, Subchapter AA of Commissioners Rules requires districts to disclose certain additional information within the annual financial management report. Those disclosures include the following:

- a copy of the superintendent's current contract. The district may publish the superintendent's contract on the school district's internet site in lieu of publication in the financial management report.
- a summary schedule for the fiscal year of total reimbursements received by the superintendent and each board member, including transactions resulting from use of the school district's credit card(s) to cover expenses incurred by the superintendent and board members. The summary shall separately report reimbursements for meals, lodging, transportation, motor fuel and other items.
- 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 services and/or personal services. Each entity is to be reported separately.
- a summary schedule for the fiscal year of the total dollar amount for the executive officers and board members of gifts received from vendors or competing vendors that were not awarded contracts that had an economic value of \$250 or more in the aggregate for the fiscal year. This requirement extends to immediate family members (as described by Govt. Code Chapter 573, Subchapter B, as a person related in the first

degree by consanguinity or affinity). This requirement does not apply to reimbursement of travel related expenses by an outside entity when the purpose of the travel is to explore matters directly related to the duties of the executive officer or board member, or matters related to attendance at education related seminars and conferences whose primary purpose is to provide continuing education.

- a summary schedule for the fiscal year of the dollar amount by board member for aggregate amount of business transactions with the school district.
- any additional information that the district's board of trustees deems useful.

EXPLANATION OF F.I.R.S.T. INDICATORS

FIRST assesses district financial management by granting credit on 24 indicators (21 indicators prior to 06-07) fiscal year. Some indicators are measured on a pass/fail measure while other indicators are measured on the degree of success on meeting those indicators. The first 6 indicators are labeled as “Critical” indicators. This designation indicates this issue is very significant, so important is the indicator that not meeting the indicator causes the district to fail the entire financial analysis. Indicators 7-24 are points indicators are “points” indicators.

A brief explanation of each indicator is listed below.

Indicator #1. Was total Fund Balance less Reserved Fund Balance greater than -0- in the General Fund?

School districts must legally have a fund balance to ensure adequate funding for operations. This indicator is designed to ensure that a district has a positive fund balance cash (savings) that is not designated or “reserved” for a specific purpose. In other words, “does the district have funds set aside for a rainy day”?

Indicator #2. Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest for Capital Appreciation Bonds) in the Governmental Activities Column in the Statement of Net Assets Greater than -0-?

The indicator simply asks, “Did the district’s total assets exceed the total amount of liabilities (according to the very first statement in the annual financial report)? Fortunately this indicator recognizes that high-growth districts incur large amounts of debt to fund construction, and that total debt may exceed the total amount of assets under certain circumstances.

Indicator #3. Was there NO disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?

This indicator seeks to make certain that districts have paid their bills/obligations on bonds issued to pay for school construction.

Indicator #4 Was the Annual Financial Report filed within 1 month after the due date deadline?

A simple indicator indicating if the Annual Financial Audit was submitted to TEA on time.

Indicator #5 Was there an unqualified opinion in the Annual Financial Report?

A “qualification” on the financial report means that you need to correct some of your reporting or financial controls. A district’s goal is to receive an “unqualified opinion on its Annual Financial Report.

Indicator #6 Did the Annual Financial Report NOT disclose any instance(s) of material weaknesses in internal controls?

A clean audit 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 account for its use of public funds, and should be immediately addressed.

Indicator #7 Did the district’s academic rating exceed unacceptable?

This indicator links academic performance and fiscal management. A district must be academically rated at least “acceptable” in order to have a financial accountability of Superior Achievement.

Indicator #8 Was The Three-Year Average Percent Of Total Tax Collections (including Delinquent) Greater Than 98%?

This indicator measures your district’s success in collecting taxes that are owed to the district. It is based on the year of the report plus 2 years prior to the reporting year. The district is required to collect 98% of the total levy for those years in aggregate (with delinquent taxes added into collections).

Indicator #9 Did The Comparison Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 3%.

This is a data quality measure. It compares the information submitted thru PEIMS with similar information submitted in the audit report. If the percentage difference is greater than 3% for any fund type the district “fails” this indicator. This is a points indicator. If the district is within 3% on all fund types the district gets 5 points. If the percentage is greater than 3%, the district gets 0 points.

Indicator #10 Were Debt-Related Expenditures (net of IFA and EDA allotments) less than \$250 per student?(If the district's five-year percent change in students was a 7% increase or more or if property taxes collected per penny of tax effort were more than \$200,000, then the district receives 5 points.

This indicator indicated the intent of the Legislature for districts to not spend money beyond their means on fancy buildings by limiting the amount spent on debt to \$250 per student per year with the 2 mentioned exceptions. This is a points indicator. If the district grew by 7% or more over the previous 5 years or if the district raises more than \$200,000 per penny of tax effort the district automatically gets 5 points, otherwise the district needs to spend less than \$250 per student on bond payments per year.

Indicator #11 Were There NO Disclosure In The Annual Audit Report Of Material Noncompliance?

No disclosure indicated the Annual Audit Report did NOT report any disclosure that the laws, rules, regulations were broken. This is a points indicator that is granted based on a yes answer to the question. If the answer from the audit report indicated that there were No Disclosures the district receives 5 points. If the district answer cannot be answered as yes the district receives 0 points.

Indicator #12 Did The District Have Full Accreditation Status In Relation To Financial Management Practices?

If the district currently has a TEA assigned Financial Conservator or Monitor the district automatically fails this indicator and receives 0 points. If there is not a Financial Conservator or Monitor assigned the district receives 5 points.

Indicator #13 Was The Percent Of Operating Expenditures Expended For Instruction More Than 55%? (This standard goes to 60% in 07-08 and to 65% in 08-09)

Based on TEA's use of one method of calculating costs of instruction a district must meet the 55% standard for 06-07.

Indicator #14 Was The Percent Of Operating Expenditures Expended For Instruction More Than Or Equal To 65%?

This is a calculation based on the second method TEA uses to compute instructional costs.

Indicator #15 Was The Aggregate of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources And Fund Balance In The General Fund?

This indicator reflects your financial management staying within the Official or Amended Budget. It can be stated as “Did you overspend your budget?” If your total expenditures and other uses for the year exceeded your total funds available you do not get credit for this 5 points indicator.

If your district is able to answer this question “yes” you get 5 points, if no, your district receives 0 points.

Indicator #16 If The District’s Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than 0 Were Construction Projects Adequately Financed?

This indicator measures if you overspent on school buildings or other capital projects without damaging your fund balance. This is a points indicator. You receive 5 points if you did not damage your fund balance as a result of construction or capital projects. If capital or construction projects caused you to deplete your fund balance you receive 0 points.

Indicator #17 Was The Ratio Of Cash And Investments To Deferred Revenue (Excluding Amount Equal To Net Delinquent Taxes Receivable) In The General Fund Greater Than 1:1?

This indicator measures whether or not your district has sufficient cash and investments to balance fund balance monies such as TEA overpayments (deferred revenues). In other words, your District should have monies of its own that are at least equal to those dollars that are due to overpayments from TEA.

Indicator #18 Was The Administrative Cost Ratio Less Than The Standard In State Law?

Administrative Cost Ratios are calculated for districts based on the size of the district. A district is allowed to spend up to their ratio limit and receive 5 points credit for this indicator. If the district exceeds their limit 0 points are awarded..

Indicator #19 Was The Ratio of Students To Teachers Within Ranges According To District Size?

This indicator measures your pupil to teacher ratio to determine if you are overstaffed. It is based on district ADA size and the number of students you have per each teacher.

Points awarded on Indicator 19 are based on the relative degree a district falls above or below their ratio range.

Indicator #20 Was The Ratio of Students To Total Staff Within The Ranges According To District Size?

This indicator is similar to Indicator # 19 except that this indicator measures students to total staff rather than students to teachers. This indicator is also a points indicator based on district size.

Indicator # 21 Was The Total Fund Balance In The General Fund More Than 50 Percent And Less Than 150 Percent Of Optimum?

Each district is allowed to calculate their own Optimum Fund Balance to ensure they have the funds they need for start up operations, periods of negative cash flow during the year and reserves for a rainy day fund. Each district must then have 50% at least 50% of that amount and no more than 150% of that amount in fund balance as evidenced by the Annual Financial Audit Report.

This is a points indicator granting 5 points if a district is within the margin specified.

Indicator #22 Was The Decrease In Undesignated Unreserved Fund Balance less than 20% over 2 fiscal years.

This indicator measures how much your fund balance is going down over time. This is an indication that fund balance is being used to pay current operating expenses and is not being used for specific purposes such as capital projects. This is a points indicator and the points are granted on the basis of percent Fund Balance decline over 2 years.

Indicator #23 Was The Aggregate Total Of Cash And Investments In The General Fund Greater Than 0?

This indicator simply questions do you have either cash or investments in the General Fund.

If you have any cash or investments in the General Fund you receive 5 points. If you do not have cash or investments in the General Fund you receive 0 points.

Indicator #24 Were Investment Earnings In All Funds (excluding Debt Service and Capital Projects) More Than \$20 Per Student?

This is a measure to determine if your fund balance funds are working for you and that you are investing them to earn additional dollars.

YEAR 2006-2007

Select An Option

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Financial Integrity Rating System of Texas

2006-2007 DISTRICT STATUS DETAIL

Name: BEEVILLE ISD(013901)	Publication Level 1: 6/9/2008 1:55:51 PM
Status: Passed	Publication Level 2: 8/21/2008 1:46:21 PM
Rating: Superior Achievement	Last Updated: 8/21/2008 1:46:21 PM
District Score: 84	Passing Score: 55

#	Indicator Description	Updated	Score
1	<u>Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?</u>	4/17/2008 1:27:13 PM	Yes
2	<u>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)</u>	4/17/2008 1:27:13 PM	Yes
3	<u>Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?</u>	4/17/2008 1:27:13 PM	Yes
4	<u>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)?</u>	4/17/2008 1:27:14 PM	Yes
5	<u>Was There An Unqualified Opinion in Annual Financial Report?</u>	4/17/2008 1:27:14 PM	Yes
6	<u>Did The Annual Financial Report Not Disclose Any</u>	4/17/2008	Yes

	<u>Instance(s) Of Material Weaknesses In Internal Controls?</u>	1:27:14 PM	
			1 Multiplier Sum
7	<u>Did the Districts Academic Rating Exceed Academically Unacceptable?</u>	4/17/2008 1:27:14 PM	5
8	<u>Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?</u>	4/17/2008 1:27:14 PM	5
9	<u>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)?</u>	4/17/2008 1:27:14 PM	5
10	<u>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)</u>	4/17/2008 1:27:15 PM	4
11	<u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u>	4/17/2008 1:27:15 PM	5
12	<u>Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)</u>	4/17/2008 1:27:15 PM	5
13	<u>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)</u>	4/25/2008 11:45:15 AM	3
14	<u>Was The Percent Of Operating Expenditures Expended For Instruction More Than or equal to 65%? (Functions 11, 12, 31, 33, 36, 93, 95)</u>	4/17/2008 1:27:15 PM	3
15	<u>Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In</u>	4/17/2008 1:27:15 PM	5

	General Fund?		
16	<u>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)</u>	4/17/2008 1:27:16 PM	5
17	<u>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)</u>	4/17/2008 1:27:16 PM	5
18	<u>Was The Administrative Cost Ratio Less Than The Threshold Ratio?</u>	4/17/2008 1:27:16 PM	5
19	<u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u>	4/17/2008 1:27:16 PM	5
20	<u>Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</u>	4/17/2008 1:27:16 PM	5
21	<u>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?</u>	4/17/2008 1:27:16 PM	5
22	<u>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)</u>	4/17/2008 1:27:16 PM	5
23	<u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u>	4/17/2008 1:27:17 PM	5
24	<u>Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than \$20 Per Student?</u>	4/17/2008 1:27:17 PM	4
			84

			Weighted Sum
			1 Multiplier Sum
			84 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	
	Low	High		Low	High
District Size - Number of Students Between			District Size - Number of Students Between		
< 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

YEAR 2005-2006

Select An Option

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Financial Integrity Rating System of Texas

2005-2006 DISTRICT STATUS DETAIL

Name: BEEVILLE ISD(013901)			
Rating: Superior Achievement		Last Updated: 8/23/2007 9:30:25 AM	
Indicators Answered YES: 21		Indicators Answered NO: 0	
#	Indicator Description	Updated	Result
1	<u>Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?</u>	6/14/2007 10:47:23 AM	Yes
2	<u>Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?</u>	6/14/2007 10:47:23 AM	Yes
3	<u>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)?</u>	6/14/2007 10:47:23 AM	Yes
4	<u>Was There An Unqualified Opinion in Annual Financial Report?</u>	6/14/2007 10:47:23 AM	Yes
5	<u>Did The Annual Financial Report Not Disclose Any Instance (s) Of Material Weaknesses In Internal Controls?</u>	6/14/2007 10:47:23 AM	Yes
6	<u>Was The Percent Of Total Tax Collections (Including Delinquent) Greater Than 96%?</u>	6/14/2007 10:47:23 AM	Yes
7	<u>Did The Comparisons Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate</u>	6/14/2007 10:47:23	Yes

	<u>Variance Of Less Than 4 Percent Of Expenditures Per Fund Type (Data Quality Measure)?</u>	AM	
8	<u>Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < \$770.00 Per Student? (If The District's Five-Year Percent Change In Students = Or > 2%, Or If Property Taxes Collected Per Penny Of Tax Effort > \$100,000, Then Answer This Indicator Yes)</u>	6/14/2007 10:47:23 AM	Yes
9	<u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u>	6/14/2007 10:47:23 AM	Yes
10	<u>Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Master Or Monitor Assigned)</u>	6/14/2007 10:47:23 AM	Yes
11	<u>Was The Percent Of Operating Expenditures Expended For Instruction More Than 54%?</u>	6/14/2007 10:47:23 AM	Yes
12	<u>Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?</u>	6/14/2007 10:47:23 AM	Yes
13	<u>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)</u>	6/14/2007 10:47:23 AM	Yes
14	<u>Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent Taxes Receivables) In The General Fund = Or > 1:1? (If Deferred Revenues < Net Delinquent Taxes Receivable, Then Answer This Indicator Yes)</u>	6/14/2007 10:47:23 AM	Yes
15	<u>Was The Administrative Cost Ratio Less Than The Standard In State Law?</u>	6/14/2007 10:47:23 AM	Yes
16	<u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u>	6/14/2007 10:47:23 AM	Yes
17	<u>Was The Ratio Of Students To Total Staff Within the</u>	6/14/2007	Yes

	<u>Ranges Shown Below According To District Size?</u>	10:47:23 AM	
18	<u>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?</u>	6/14/2007 10:47:23 AM	Yes
19	<u>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 Answer This Indicator Yes)</u>	6/14/2007 10:47:23 AM	Yes
20	<u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u>	6/14/2007 10:47:23 AM	Yes
21	<u>Were Investment Earnings In All Funds More Than \$15 Per Student?</u>	6/14/2007 10:47:23 AM	Yes

DETERMINATION OF RATING

A.	Did The District Answer 'No' To Indicators 1, 2, Or 3? OR Did The District Answer 'No' To Both 4 and 5? If So, The District's Rating Is Substandard Achievement .	
B.	Determine Rating By Applicable Range For The Number Of Indicators Answered 'No':	
	Superior Achievement	0-2
	Above Standard Achievement	3-4
	Standard Achievement	5-6
	Substandard Achievement	7+ OR 'No' To Critical Indicator(s)

INDICATOR 16 & 17 RATIOS

Indicator 16	Ranges for Ratios		Indicator 17	Ranges for Ratios	
	Low	High		Low	High
District Size - Number of Students Between			District Size - Number of Students Between		

< 500	7	22	< 500	4	14
500-999	10	22	500-999	5.5	14
1000-4999	11.5	22	1000-4999	6	14
5000-9999	13	22	5000-9999	6.5	14
=> 10000	13.5	22	=> 10000	6.6	14

Audit Home Page: [School Financial Audits](#) | Send comments or suggestions to schoolaudits@tea.state.tx.us

THE TEXAS EDUCATION AGENCY

1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734

BOARD/SUPERINTENDENT DISCLOSURES

**Disclosures required by Commissioners Rules (109.1005(b)2(B)
require the disclosure of the following:**

- 1. A copy of the superintendent's current contract. (The contract may be placed on the school's district internet site in lieu of publication in the management report)**
- 2. A summary of reimbursements to the superintendent and each board member for expenses related to meals, lodging, transportation, motor fuel and other items.**
- 3. A summary schedule listing the amount paid to the superintendent by other entities for professional consulting or other professional services.**
- 4. A summary of each board members gifts for the year that exceeded \$250 in value.**
- 5. A summary schedule of the dollar amount each board member was paid for business transactions with the district.**

A Summary Schedule Follows This Page

SUPERINTENDENT'S EMPLOYMENT CONTRACT

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF BEE §

THIS CONTRACT ("Contract") is made and entered into effective the last day executed by both parties, by and between the Board of Trustees (the "Board") of the Beeville Independent School District (the "District") and John Manley Hardwick, Jr. ("Superintendent").

WITNESSETH:

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

I. Term

1.1 Term. The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment as Superintendent of Schools for the District for a term ending on June 30, 2011. The District, by the action of the Board, and with the consent and approval of the Superintendent, extends the term of this Contract as permitted by state law.

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

II. Employment

2.1 Duties. The Superintendent is the chief executive of the District and shall faithfully perform the duties of the Superintendent of Schools for the District as prescribed in state law, the job description and as may be assigned by the Board, and shall comply with all Board directives, state and federal law, district policy, rules and regulations as they, exist or may hereafter be amended.

2.2 Professional Certification. As a condition of this contract, the Superintendent shall at all times during the term of this Contract, and any renewal or extension thereof, hold and maintain a valid certificate required of a superintendent by the State of Texas

and issued by the Texas Education Agency and all other certificates required by law. The Superintendent shall immediately inform the Board if and when he fails to comply with this requirement.

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

2.4 Professional Liability. The District's School Board Legal Liability policy provides coverage for the Superintendent as set forth in the policy, and this policy or one with similar coverage will be kept in full force and effect during the term of this Agreement. 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, including matters arising after the term of this contract expires but which relate to events occurring during the Superintendent's employment with the District.

III. Compensation

3.1 Salary. The District shall provide the Superintendent with an annual salary in the sum of ONE HUNDRED EIGHTEEN THOUSAND EIGHT HUNDRED TWENTY-ONE DOLLARS (\$118,821) in salary and/or agreed upon benefits. The cash component of the annual salary rate shall be paid to the Superintendent in equal installments consistent with the Board's policies.

3.2 Performance Incentive. The Board has set aside and designated an additional sum to be added to the Superintendent's salary as a performance incentive; such performance incentive shall be included in the Superintendent's annual salary upon the Board's determination that the Superintendent has attained three District improvement goals established by the Board and communicated to the Superintendent in the appraisal process. In the event the Board determines that the three District improvement goals have not been attained within the time period designated by the Board, no performance incentive shall be due. The parties agree that the Board's decision that the three District improvement goals have not been achieved shall be binding on all parties, and failure to award a performance incentive shall not be construed as a reduction in salary under this Contract. The parties hereto agree and acknowledge that a decision not to award a performance incentive shall not give rise to any claim or cause of action under Texas Education Code, Chapter 21.

3.3 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, subject to

state law requirements regarding such pay adjustments, but in no event shall the Superintendent be paid less than the salary set forth pursuant to Section 3.1 of this Contract except by mutual agreement of the two parties. Such adjustments, if any shall be in the form of a new contract.

3.4 Annuity. The Board shall make contributions of Five Thousand Dollars (\$5,000) per year to a qualified retirement plan (annuity or other benefits) of the Board's choice (based on the recommendation of the Superintendent), with a five (5) year vesting schedule, determined on an annual basis, for the benefit of the Superintendent. In order to be vested (monies in the plan transfer to the superintendent's ownership) the Superintendent must complete five years of employment with the District. Should the Superintendent leave the district prior to September 16, 2009, the superintendent shall forfeit the entire annuity including any payments made in previous years.

3.5 Insurance. The District shall pay ONE THOUSAND ONE HUNDRED AND FIFTEEN AND NO/100 DOLLARS (\$1,115.00) per month toward the premium for hospitalization, major medical and dental insurance coverage for the Superintendent and his immediate family. Any costs above the payment provided for herein shall be paid by the Superintendent.

3.6 Expenses. The District shall pay to the Superintendent the sum of Five Hundred Twenty-Five and No/100 Dollars (\$525.00) per month for all in-district travel and expenses.

The Superintendent shall use a District automobile for travel outside of the school district whenever it is available. Otherwise, the District agrees to pay the actual and incidental costs incurred by the Superintendent for travel outside of the school district when a District automobile is not available; such costs may include, but are not limited to gasoline, hotels, and accommodations, meals, rental cars, 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 policy for travel outside of the school district.

3.7 Cellular Telephone and Laptop Computer. The District recognizes that in order for the Superintendent to meet the District's expectations with respect to the exercise of the Superintendent's duties, it shall be necessary for the Superintendent to possess a laptop computer and cellular telephone. Therefore, the Superintendent shall be provided with a personal cellular telephone and a laptop computer as additional compensation under this Agreement. The District shall pay the Superintendent a stipend of \$140.00 per month to compensate the Superintendent for cellular telephone

charges incurred on behalf of District. The District shall also provide computer support and repair services for the laptop computer during the term of this agreement. If the Superintendent should leave the District prior to June 30, 2008, he shall reimburse the District for the telephone and laptop computer equipment in an amount equal to the purchase price of the equipment, less 20% for each year the equipment was in use; in the alternative, the Superintendent may return the equipment to the District

3.8 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 membership in professional organizations and the Superintendent's reasonable active attendance at and participation in appropriate professional meetings at the local, regional, state and national levels as approved by the Board. Reasonable expenses of such professional growth activities shall be borne by the District, including payment of dues for two professional organizations to be selected by the Superintendent. Additionally, the District shall pay the Superintendent's membership dues to one (1) local civic club or organization.

3.9 Outside Consultant Activities. In addition to any other leave to which the Superintendent is entitled under the terms of this Contract or applicable law, the Superintendent may serve as a consultant, engage in writing activities and speaking engagements on educational matters outside the District three (3) days annually, provided however, that these activities do not interfere with the performance of the Superintendent's duties, provided the Superintendent gives prior notice to the Board, and provided there is no additional expense incurred by the District relative to such activities

3.10 Vacation, Holiday, and Personal Leave. The Superintendent may take, at the Superintendent's choice, subject to the Board's approval, the same number of days of vacation authorized by policies adopted by the Board for administrative employees on twelve (12) month contracts, the days to be in a single period or at different times. The vacation days taken by the Superintendent will be taken at such time or times as will least interfere with the performance of the Superintendent's duties as set forth in this Contract. The Superintendent shall observe the same legal holidays as provided by Board policies for administrative employees on twelve (12) month contracts. The Superintendent is hereby granted the same personal leave benefits as authorized by Board policies for administrative employees on twelve (12) month contracts.

IV. Review of Performance

4.1 Time and Basis of Evaluation. The Board shall evaluate and assess in writing the Superintendent's performance at least once each year during the term of this Agreement. The evaluation format and procedure shall comply with Board policy and state law. A copy of each evaluation of the Superintendent and any other memos from the Board to the Superintendent shall be maintained by the Superintendent for the Board of Trustees in a confidential file in the Central Office.

V. Renewal or Nonrenewal of Employment Contract

5.1 Renewal/Nonrenewal. Renewal or nonrenewal shall be in accordance with Texas Education Code Chapter 21, Subchapter E, and Board policy.

VI. Termination of Employment Contract

6.1 Mutual Agreement. This Contract shall 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.

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

6.3 Consolidation. A determination by the Board that consolidation of the District with one or more other school districts requires that the contract of the Superintendent be terminated during the term shall constitute good cause for dismissal.

6.4 Dismissal for Good Cause. The Board may dismiss the Superintendent at any time for good cause in accordance with Texas Education Code Sections 21.211, 21.212(d), and Board policy.

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

6.6 Resignation. The Superintendent shall be entitled to resign his employment with the District as provided by the Texas Education Code §21.212(e) and other applicable laws.

Article VII. Miscellaneous


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

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

7.3 Conflicts. In the event of any conflict between the terms, conditions and provisions of this Employment 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.

7.4 Savings Clause. In the event any one or more of the provisions contained in this Contract, shall for any reason, to 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.

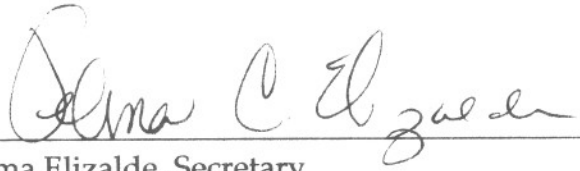
BEEVILLE INDEPENDENT SCHOOL DISTRICT

By:  EXECUTED June 17, 2008.
Nick Cardenas, President
Board of Trustees

By:  EXECUTED June 17, 2008.
John Manley Hardwick, Jr.
Superintendent of Schools

ATTEST:

By:



Velma Elizalde, Secretary
Board of Trustees

17 June/08
Date



Disclosures

2. Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2006

For the Twelve-month Period Ended August 31, 2007								
Description of Reimbursements	Superintendent	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
Meals	\$ 3,859.28	\$ 230.00	\$ 230.00	\$ 230.00	\$122.00	\$ 194.00	\$ 122.00	\$ 0
Lodging	4,254.93	496.17	580.59	580.59	496.17	552.45	580.59	0
Transportation	2,969.66	79.39	158.26	237.37		237.37	157.98	0
Motor Fuel	0	0	0	0	0	0	0	0
Other	8,390.92	295.00	275.00	0	275.00	275.00	275.00	0
Total	\$19,474.79	\$ 1,100.56	\$1,243.85	\$ 1,047.96	\$893.17	\$ 1,258.82	\$ 1,135.57	\$ 0

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2007, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

Meals – Meals consumed off of the school district’s premises, and in-district meals at area restaurants (excludes catered meals for board meetings).

Lodging - Hotel charges.

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

Motor fuel – Gasoline.

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



Disclosures

3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2006

For the Twelve-Month Period Ended August 31, 2006	
Name(s) of Entity(ies)	
	\$
Total	\$ 0

Note – Compensation does not include business revenues from the superintendent’s livestock or agricultural-based activities on a ranch or farm. Report gross amount received (do not deduct business expenses from gross revenues). Revenues generated from a family business that have no relationship to school district business are not to be disclosed.



Disclosures

4. Gifts Received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2007

For the Twelve-Month Period Ended August 31, 2007								
	Superintendent	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
Summary Amounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification. Gifts received by first degree relatives, if any, will be reported under the applicable school official.



Disclosures

5. Business Transactions Between School District and Board Members for Fiscal Year 2007

For the Twelve-Month Period Ended August 31, 2007	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
Summary Amounts	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Note - The summary amounts reported under this disclosure are not to duplicate the items reported in the summary schedule of reimbursements received by board members.