

# **Financial Management Performance Report**



**2016-2017**

**District Status**

**Public Hearing**

**December 17, 2018**

# Kilgore ISD

## Financial Accountability Management Report

This is the 16<sup>th</sup> year of School FIRST (Financial Accountability Rating System of Texas), a financial accountability system for Texas school districts developed of the Texas Education Agency in response to Senate Bill 875 of the 76<sup>th</sup> Legislature in 1999. The primary goal of School FIRST is to achieve quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

The School FIRST accountability Rating system assigns one of four financial accountability ratings to Texas school districts, with the highest being "A" for "Superior Achievement", "B" for "Above Standard Achievement", "C" for "Standard Achievement" and "F" for "Substandard Achievement". Districts that receive the "Substandard Achievement" ratings under School FIRST must file a corrective action plan with the Texas Education Agency. The Kilgore ISD received a rating of "A."

The rating system for the prior 14 years has varied. In each of these years Kilgore Independent School District has secured the systems highest rating available for each year.

The current system has fifteen indicators with a possible score of 100. Kilgore Independent School District received a perfect score of 100.

The "2017-2018 Ratings Based on School Year 2016-2017 Data" is attached to this report as Exhibit A. The report contains each indicator and the result for the district. Anyone wishing to receive more details in any individual indicator, or any financial matter is asked to contact the District's Chief Financial Officer or may find the data on The Texas Education Agency website.

The Superior rating is due to successful efforts of the Board of Trustees, administration, faculty and staff of Kilgore ISD. These groups have successfully utilized resources available to the district to provide a quality education to the students of Kilgore ISD. Kilgore ISD is committed to continuing the efficient and effective use of all resources.

Included in the report is information concerning the superintendent and board members and information concerning the District's financial solvency. This information, presented in Exhibit B, is being given in an attempt to comply with the provisions of Title 19, TAC, Section 109.1001 and is presented in the format recommended by the Texas Education Agency. The contract of the superintendent has been included. (Exhibit C)

# Exhibit A

2017-2018 Ratings

Based on School Year 2016-2017 Data

RATING YEAR  DISTRICT NUMBER

**FIRST**

**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON SCHOOL YEAR 2016-2017 DATA - DISTRICT STATUS DETAIL**

<b>Name:</b> KILGORE ISD(092902)	<b>Publication Level 1:</b> 8/6/2018 2:48:24 PM
<b>Status:</b> Passed	<b>Publication Level 2:</b> 8/8/2018 12:11:29 PM
<b>Rating:</b> A = Superior	<b>Last Updated:</b> 8/8/2018 12:11:29 PM
<b>District Score:</b> 100	<b>Passing Score:</b> 60

#	Indicator Description	Updated	Score
1	<u>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?</u>	4/20/2018 8:45:16 AM	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	<u>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.)</u>	4/20/2018 8:45:16 AM	Yes
2.B	<u>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.)</u>	4/20/2018 8:45:16 AM	Yes
3	<u>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.)</u>	4/20/2018 8:45:16 AM	Yes
4	<u>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?</u>	4/20/2018 8:45:17 AM	Yes
5	<u>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 7 percent or more, then the school district passes this indicator.)</u>	4/20/2018 8:45:17 AM	Yes
			1 Multiplier Sum

6	<u>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.)</u>	4/20/2018 8:45:17 AM	10
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	4/20/2018 8:45:17 AM	10
8	<u>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 7 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	4/20/2018 8:45:17 AM	10
9	<u>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 50 days?</u>	4/20/2018 8:45:18 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	4/20/2018 8:45:18 AM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	4/20/2018 8:45:18 AM	10
12	<u>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.)</u>	6/19/2018 11:11:53 AM	10
13	<u>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?</u>	4/20/2018 8:45:19 AM	10
14	<u>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.)</u>	4/20/2018 8:45:19 AM	10
15	<u>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?</u>	4/20/2018 8:45:19 AM	10
			100 Weighted Sum
			1 Multiplier Sum
			100 Score

**DETERMINATION OF RATING**

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

<b>B = Above Standard</b>	80-89
<b>C = Meets Standard</b>	60-79
<b>F = Substandard Achievement</b>	<60

**No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.**

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**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 1**

<b>Name:</b>	<b>KCLGORE ISD (092902)</b>
<b>Indicator:</b>	<b>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?</b>
<b>Status</b>	Passed
<b>Last Updated:</b>	4/20/2013 8:45:16 AM

**FORMULA**

Field	Value
Date Received	2018/01/03
<= Due Date (Fiscal Year End + Deadline in Days After Fiscal Year End)	2018/02/28

**RESULT DETERMINATION REFERENCE**

This indicator will be considered PASSED if the audit report was on time or filed within 30 days of the deadline.

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**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 2.A**

<b>Name:</b>	KCLGORE ISD (092902)
<b>Indicator:</b>	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.)
<b>Status</b>	Passed
<b>Last Updated:</b>	4/20/2018 8:45:16 AM

**FORMULA**

Field	Value
Unmodified Opinion	true

**RESULT DETERMINATION REFERENCE**

This indicator will be considered PASSED if the district received an unmodified opinion in the AFR.

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**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 2.B**

<b>Name:</b>	KCLGORE ISD (092902)
<b>Indicator:</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.)
<b>Status</b>	Passed
<b>Last Updated:</b>	4/20/2018 8:45:16 AM

**FORMULA**

Field	Value
Not Weak Internal Controls	false

**RESULT DETERMINATION REFERENCE**

This indicator will be considered PASSED if the external auditor reported no material weaknesses in the audit report.

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**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 3**

<b>Name:</b>	KCLGORE ISD (092902)
<b>Indicator:</b>	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)
<b>Status</b>	Passed
<b>Last Updated:</b>	11/20/2018 8:45:16 AM

**FORMULA**

Field	Value
Not Default Disclosures	false

**RESULT DETERMINATION REFERENCE**

This indicator will be considered PASSED if there were no disclosures in the annual financial report and/or other sources of information concerning default on debt agreements.

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**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 4**

<b>Name:</b>	KCLGORE ISD (092902)
<b>Indicator:</b>	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?
<b>Status</b>	Passed
<b>Last Updated:</b>	4/20/2018 8:45:17 AM

**FORMULA**

Field	Value
Timely Payments to Government Agencies	true

**RESULT DETERMINATION REFERENCE**

This indicator will be considered PASSED if the district made timely payments to the TRS, TWC, IRS, and other government agencies.

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**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 5**

<b>Name:</b>	<b>KCLGORE ISD (092902)</b>
<b>Indicator:</b>	<b>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 7 percent or more, then the school district passes this indicator.)</b>
<b>Status</b>	Passed
<b>Last Updated:</b>	11/20/2018 8:45:17 AM

**FORMULA**

Field	Value
(	
(	
2016-2017 Total Membership	4,083
- 2012-2013 Total Membership	3,921
)	
/ 2012-2013 Total Membership	3,921
>= Threshold for Five-Year Percent Change in Students	0.07
)	
Or	
(	
(	
Total Unrestricted Net Position Balance	12,499,865
+ Accretion of Interest for Capital Appreciation Bonds	0
+ Net Pension Liability	5,608,679
)	
> 0	
)	

**Mathematical Breakdown: 0.0413 >= 0.07 Or 18,108,544 > 0**

**RESULT DETERMINATION REFERENCE**

This indicator will be considered PASSED if EITHER of the following CONDITIONS is TRUE:

1. The District's Five-Year Percent Change in Students was 7% or MORE.
- OR
2. 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, as applicable, was GREATER THAN ZERO.

DISTRICT NUMBER



**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 6**

Name: **KILGORE ISD (092902)**

Indicator: **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.)**

Result/Points 10

Last Updated: 4/20/2018 8:45:17 AM

**FORMULA**

Field	Value
(	
(	
Cash and Equivalents	2,088,178
+ Current Investments	11,606,233
)	
/	
(	
Total Expenditures	29,328,451
- Facilities Acquisition and Construction	0
)	
)	
* 365	
<b>Mathematical Breakdown: 170.4304</b>	

**RESULT DETERMINATION REFERENCE**

<b>DETERMINATION OF POINTS</b>					
10	8	6	4	2	0
>=90	<90 >=75	<74 >=60	<60 >=45	<45 >=30	<30

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**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 7**

Name: **KILGORE ISD (092902)**

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

Result/Points **10**

Last Updated: **4/20/2018 8:45:17 AM**

**FORMULA**

Field	Value
Current Assets	21,901,300
/ Current Liab libes	3,689,944
<b>Mathematical Breakdown: 5.9354</b>	

**RESULT DETERMINATION REFERENCE**

<b>DETERMINATION OF POINTS</b>					
<b>10</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>0</b>
<b>&gt;=3.00</b>	<b>&lt;3.00 &gt;=2.50</b>	<b>&lt;2.50 &gt;=2.00</b>	<b>&lt;2.00 &gt;=1.50</b>	<b>&lt;1.50 &gt;=1.00</b>	<b>&lt;1.00</b>

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**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 8**

Name: **KILGORE ISD (092902)**

Indicator: **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 7 percent or more, then the school district passes this indicator.) (See ranges below.)**

Result/Points 10

Last Updated: 4/20,2018 8:45:17 AM

**FORMULA**

Field	Value
(	
Long Term Liabilities	48,888,014
/	
Total Assets	93,105,367
<= 1	
)	
Or	
(	
(	
2017 Total Students	4,083
- 2013 Total Students	3,921
)	
/	
2013 Total Students	3,921
>= Threshold for Five-Year Percent Change in Students	0.07
)	

Mathematical Breakdown: 0.5251 <= 1 Or 0.0413 >= 0.07

**RESULT DETERMINATION REFERENCE**

DETERMINATION OF POINTS					
10	8	6	4	2	0
<=0.60	>0.60 <=0.70	>0.70 <=0.80	>0.80 <=0.90	>0.90 <=1.00	>1.00

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**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 9**

Name: **KILGORE ISD (092902)**

Indicator: **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?**

Result/Points **10**

Last Updated: **4/20/2018 8:45:18 AM**

**FORMULA**

Field	Value
( Total Revenue	31,235,552
/	
( Total Expenditures	29,328,451
- Facilities Acquisition and Construction	0
)	
- 1	
)	
>= 0	
Or	
(	
( Cash and Equivalents	2,088,178
+ Current Investments	11,606,233
)	
/	
( Total Expenditures	29,328,451
- Facilities Acquisition and Construction	0
)	
)	
* 365	
>= Acceptable Days Cash on Hand	60

Mathematical Breakdown: 0.065 >= 0 Or 170.4304 >= 60

**RESULT DETERMINATION REFERENCE**

**DETERMINATION OF POINTS**

**10**

**0**



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**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 10**

Name: **KILGORE ISD (092902)**

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

Result/Points **10**

Last Updated: **4/20/2018 8:45:18 AM**

**FORMULA**

Field	Value
( Total Revenues (in the General Fund and Debt Service Fund)	35,666,954
- Total Expenditures (in the General Fund and Debt Service Fund)	33,042,353
+ Debt Service function codes 71, 72, and 73 (in the General Fund and Debt Service Fund)	3,713,902
+ Fund Code 599 (Ending Debt Service fund balance)	2,254,773
+ Function Code 81	0
)	
/ Debt Service function codes 71, 72, and 73 (in the General Fund and Debt Service Fund)	3,713,902

Mathematical Breakdown: 2.3138

**RESULT DETERMINATION REFERENCE**

DETERMINATION OF POINTS					
10	8	6	4	2	0
$\geq 1.20$	$< 1.20 \geq 1.15$	$< 1.15 \geq 1.10$	$< 1.10 \geq 1.05$	$< 1.05 \geq 1.00$	$< 1.00$

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**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 11**

Name: **KILGORE ISD (092902)**

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

Result/Points **10**

Last Updated: **4/20/2018 8:45:18 AM**

**FORMULA**

Field	Value
District Administrative Cost Ratio	<input type="text" value="0.082"/>
And	
ADA	<input type="text" value="3,807.64"/>
Or	
Sparse	<input type="text" value="FALSE"/>

**RESULT DETERMINATION REFERENCE**

DETERMINATION OF POINTS						
ADA Size	10	8	6	4	2	0
10,000 and Above	<= 0.0855	> 0.0855 <= 0.1105	> 0.1105 <= 0.1355	> 0.1355 <= 0.1605	> 0.1605 <= 0.1855	> 0.1855
5,000 to 9,999	<= 0.1000	> 0.1000 <= 0.1250	> 0.1250 <= 0.1500	> 0.1500 <= 0.1750	> 0.1750 <= 0.2000	> 0.2000
1,000 to 4,999	<= 0.1151	> 0.1151 <= 0.1401	> 0.1401 <= 0.1651	> 0.1651 <= 0.1901	> 0.1901 <= 0.2151	> 0.2151
500 to 999	<= 0.1311	> 0.1311 <= 0.1561	> 0.1561 <= 0.1811	> 0.1811 <= 0.2061	> 0.2061 <= 0.2311	> 0.2311
Less than 500	<= 0.2404	> 0.2404 <= 0.2654	> 0.2654 <= 0.2904	> 0.2904 <= 0.3154	> 0.3154 <= 0.3404	> 0.3404
Sparse	<= 0.3364	> 0.3364 <= 0.3614	> 0.3614 <= 0.3864	> 0.3864 <= 0.4114	> 0.4114 <= 0.4364	> 0.4364



**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 12**

Name: **KILGORE ISD (092902)**

Indicator: **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.)**

Result/Points **10**

Last Updated: **6/19/2018 11:11:53 AM**

**FORMULA**

Field	Value
( 2016-2017 Total Enrollment	<input type="text" value="4,090"/>
/ 2016-2017 Number of FTE Staff	<input type="text" value="544.9585"/>
)	
( 2014-2015 Total Enrollment	<input type="text" value="4,054"/>
/ 2014-2015 Number of FTE Staff	<input type="text" value="539.8052"/>
)	
- 1	
> Threshold for Three-Year Percent Change in Ratio	<input type="text" value="-0.15"/>
Or	
2016-2017 Total Enrollment	<input type="text" value="4,090"/>
- 2014-2015 Total Enrollment	<input type="text" value="4,054"/>
> 0	
<b>Mathematical Breakdown: -0.0007 &gt; -0.15 Or 36 &gt; 0</b>	

**RESULT DETERMINATION REFERENCE**

DETERMINATION OF POINTS	
<b>10</b>	<b>0</b>
Yes	No

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Financial Integrity Rating System of Texas

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 13**

Name: **KILGORE ISD (092902)**

Indicator: **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?**

Result/Points 10

Last Updated: 4/20/2018 8:45:19 AM

**FORMULA**

Field	Value
Sum of Differences	2,072
/ Denominator	29,328,503
< Acceptable Level of Variance	.03

Mathematical Breakdown:  $0.0001 < 0.03$

**RESULT DETERMINATION REFERENCE**

DETERMINATION OF POINTS	
<b>10</b>	<b>0</b>
< 3%	>= 3%

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

FIRST 5.4.1.0

DISTRICT NUMBER

district #

Select An Option

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**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 14**

Name: **KILGORE ISD (092902)**

Indicator: **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.)**

Result/Points **10**

Last Updated: **4/20/2018 8 45:19 AM**

**FORMULA**

Field	Value
Not Material Non-Compliance	false

**RESULT DETERMINATION REFERENCE**

DETERMINATION OF POINTS	
<b>10</b>	<b>0</b>
<b>Yes</b>	<b>No</b>

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DISTRICT NUMBER



**Financial Integrity Rating System of Texas**

**2017-2018 RATINGS BASED ON 2016-2017 SCHOOL YEAR DATA INDICATOR TEST 15**

<b>Name:</b>	<b>KILGORE ISD (092902)</b>
<b>Indicator:</b>	<b>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?</b>
<b>Result/Points</b>	<b>10</b>
<b>Last Updated:</b>	<b>4/20/2018 8 45:19 AM</b>

**FORMULA**

Field	Value
No Adjusted Repayment Schedule	<input type="text" value="true"/>

**RESULT DETERMINATION REFERENCE**

DETERMINATION OF POINTS	
<b>10</b>	<b>0</b>
Yes	No

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## Exhibit B

First Rating Supplement Information  
Superintendent and Board of Trustees

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Exhibit C

Superintendent Contract

## INTERIM SUPERINTENDENT CONTRACT

This Contract is entered into between the Board of Trustees (the "Board") of KILGORE INDEPENDENT SCHOOL DISTRICT (the "District") and MIKE MORRISON (the "Interim Superintendent") who, in consideration for the terms stated herein, agree as follows:

1. **Term.** The Board agrees to employ the Interim Superintendent, beginning on July 30, 2018, for an indefinite period until the District enters into a Contract with a superintendent.
2. **Representations, Certification and Credentials.** The Interim Superintendent represents that any records or information provided in connection with his employment application are true and correct. The Interim Superintendent shall provide the Board, throughout the life of this Contract, with a valid and appropriate certificate to act as superintendent in the State of Texas. If the Interim Superintendent's certification expires, is canceled, or is revoked, this Contract is void. The Interim Superintendent also agrees to notify the Board, in writing, of any arrest or of any indictment, conviction, no Contract or guilty plea, or other adjudication of the Interim Superintendent, before or during the term of this Contract.
3. **Duties.** The Interim Superintendent agrees to perform the duties of superintendent for the duration of this agreement, acting in an interim status. The Interim Superintendent agrees to devote 100 percent of his time, skill, labor, and attention to his duties as interim superintendent during the term of this Contract.
4. **Outside Employment.** The Interim Superintendent may, with advance approval of the Board, undertake consulting work, speaking engagements, writing, lecturing, or other outside professional duties and obligations.
5. **Compensation.** The Board agrees to pay the Interim Superintendent a salary at the daily rate of \$532.46, paid in the regular course of the District's payroll and in accordance with the actual period of time the Interim Superintendent provides services under this Contract.
6. **Benefits.** The Board shall provide benefits to the Interim 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. The Interim Superintendent shall be entitled to the same holidays as other full time administrators.
7. **Termination or Suspension.** The Board may suspend the Interim Superintendent's employment, with or without pay, at the Board's discretion. The Board may terminate this Contract for good cause as determined by the Board. The Parties agree that "good cause" for termination of this Contract includes the District's entering into an employment contract with a superintendent. The Parties further agree that the Interim Superintendent is being retained on a temporary or substitute basis and that the Interim Superintendent's relationship with the

Board and the District is not governed by Texas Education Code chapter 21. In the event a termination or suspension without pay, the Interim Superintendent will be provided with an opportunity for hearing that comports with due process requirements.

8. **General Provisions.**

8.1 **Amendment.** This Contract may not be amended except by written agreement of the Board and the Interim Superintendent (“Parties”).

8.2 **Severability.** If any provision in this Contract is, for any reason, held to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision of the Contract. This Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been a part of the Contract.

8.3 **Entire Agreement.** All existing agreements and contracts, both oral and written, between the Parties regarding the employment of the Interim Superintendent are superseded by this Contract. This Contract, and any addenda, constitutes the entire agreement between the Parties.

8.4 **Applicable Law and Venue.** Texas law shall govern construction of this Contract. The Parties agree that venue for any litigation relating to the Interim Superintendent’s employment with the District, including this Contract, shall be the county in which the District’s administration building is located (Smith County). If litigation is brought in federal court, the Parties agree that venue shall be the federal district and division in which the District’s administration building is located.

8.5 **Paragraph Headings.** The headings used at the beginning of each numbered paragraph in this Contract are not intended to have any legal effect; the headings do not limit or expand the meaning of the paragraphs that follow them.

9. **Notices.**

9.1 **To the Interim Superintendent.** The Interim Superintendent agrees to keep a current address on file with the District’s office and the Board President. The Interim Superintendent agrees that the Board may meet any legal obligation it has to give Superintendent written notice regarding this Contract or the Interim Superintendent’s employment by hand-delivering the notice to the Interim Superintendent or by sending the notice by certified mail, regular mail, and/or express delivery service to the Interim Superintendent’s address of record.

9.2 **To the Board.** The Board agrees that the Interim Superintendent may meet any legal obligation he has to give the Board written notice regarding this Contract or the Interim 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 Interim

Superintendent may provide such notices by hand-delivery, or by certified mail, regular mail, and/or express delivery service, to the Board President and Vice President's addresses of record, as provided to the District.

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

INTERIM SUPERINTENDENT

\_\_\_\_\_  
Mike Morrison

Date Signed: \_\_\_\_\_

KILGORE INDEPENDENT SCHOOL DISTRICT

By \_\_\_\_\_  
Reggie Henderson, President  
Kilgore ISD Board of Trustees

Date Signed: \_\_\_\_\_

RETIRE/REHIRE ADDENDUM

If the Interim Superintendent is receiving or has received retirement benefits through the Teacher Retirement System of Texas ("TRS") or any other retirement program (the "Retirement Benefits"), the Interim Superintendent acknowledges the following:

1. District cannot and does not make any guarantees regarding the Interim Superintendent's continued right to receive the Retirement Benefits.
2. The Interim Superintendent is relying on his own investigation and understanding of the law and upon the guidelines, rules, and regulations regarding employment after retirement of the program(s) under which the Superintendent has retired. The Interim Superintendent is not relying on any statements made by the District regarding the effect of District employment on the Interim Superintendent's Retirement Benefits.
3. The Interim Superintendent agrees not to sue or otherwise bring any claim against the District, its Board of Trustees, or any other employee or agent of the District for any loss or reduction in the value of the Interim Superintendent's Retirement Benefits.
4. The District must report the Interim Superintendent's employment to TRS. The Interim Superintendent agrees not to sue or otherwise bring any claim against the District, its Board of Trustees, or any other employee or agent of the District based on such reports.

INTERIM SUPERINTENDENT

\_\_\_\_\_  
Mike Morrison

Date Signed: \_\_\_\_\_

KILGORE INDEPENDENT SCHOOL DISTRICT

By \_\_\_\_\_  
Reggie Henderson, President  
Kilgore ISD Board of Trustees