

Financial Management Performance Report

KILGORE Independent School District



**2009-2010
District Status**

Public Hearing

October 24, 2011

Kilgore ISD

Financial Accountability Management Report

The Kilgore ISD received a rating of “Superior Achievement” for the fiscal year ended August 31, 2010 on the Schools FIRST financial accountability rating system. The Superior Achievement rating is the state’s highest, demonstrating the quality of Kilgore ISD’s financial management and reporting system. This is the eighth year of Schools FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools 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 Schools FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest being “Superior Achievement”. The rating system consists of twenty-two indicators. To receive the “Superior Achievement” rating the district must receive a score of 72 to 80 and have a positive response to indicator seven. The indicators either have a yes or no compliance factor or are ranked by point value, with some indicators being one point and others being five. Kilgore ISD received 73 of the possible 80 points, receiving zero (0) of five (5) points on indicator nineteen, and three (3) of five (5) points on indicator 22.

Indicator nineteen (19) assigns points based on the District Fund Balance compared to an Optimum amount determined by the Texas Education Agency. This comparison to the State Optimum was reported in the August 31, 2010 Audited Financial Statements and reported to the board at their November 2010 meeting. The Districts violation was caused by having a fund balance in excess of the TEA determined range. We feel the excess fund balance we currently have is a positive indicator, especially in today’s uncertain financial environment and with several large projects on the horizon for the District.

Indicator twenty-two (22) assigns points based on interest earnings per student. Points are awarded from five (5) for earnings over \$20 to student to zero (0) for earnings under \$16 per student. During the 2009 – 2010 school year Kilgore Independent School District earned \$70,180 in interest earnings or \$18.45 per student. Kilgore ISD attempts to keep its earnings as high as possible considering monetary safety and market conditions.

The 2009-2010 District Status report 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 Assistant Superintendent of Finances.

The Superior Achievement 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 to maintain the Superior Achievement rating in the future.

Included in the report for the fifth year is information concerning the superintendent and board members and for the first time this year additional 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 109.1005, and 39.0822 and is presented in the format recommended by the Texas Education Agency. Additionally, included as Exhibit C, you will find a copy of the Superintendent's contract required to be included in this report.

Exhibit A

2009 – 2010 District Status Detail Report

YEAR 2009-2010 · Select An Option

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Financial Integrity Rating System of Texas

2009-2010 DISTRICT STATUS DETAIL

Name: KILGORE ISD(092902)		Publication Level 1: 6/17/2011 9:03:31 AM	
Status: Passed		Publication Level 2: 8/31/2011 1:00:45 PM	
Rating: Superior Achievement		Last Updated: 8/31/2011 1:00:45 PM	
District Score: 73		Passing Score: 56	
#	Indicator Description	Updated	Score
1	<u>Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?</u>	4/25/2011 7:42:11 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>	4/25/2011 7:42:12 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>	4/25/2011 7:42:12 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>	4/29/2011 3:42:24 PM	Yes
5	<u>Was There An Unqualified Opinion in Annual Financial Report?</u>	4/25/2011 7:42:12 PM	Yes
6	<u>Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?</u>	4/25/2011 7:42:12 PM	Yes

			1 Multiplier Sum
7	<u>Did the Districts Academic Rating Exceed Academically Unacceptable?</u>	4/25/2011 7:42:13 PM	5
8	<u>Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?</u>	4/25/2011 7:42:13 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>	5/10/2011 10:01:05 PM	5
10	<u>Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < \$350.00 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>	4/25/2011 7:42:13 PM	5
11	<u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u>	4/25/2011 7:42:14 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>	4/25/2011 7:42:14 PM	5
13	<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>	4/25/2011 7:42:14 PM	5
14	<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>	5/10/2011 4:04:45 PM	5
15	<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>	4/25/2011 7:42:15 PM	5
16	<u>Was The Administrative Cost Ratio Less Than The Threshold Ratio?</u>	4/25/2011 7:42:15 PM	5

17	<u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u>	4/25/2011 7:42:15 PM	5
18	<u>Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</u>	4/25/2011 7:42:15 PM	5
19	<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>	4/25/2011 7:42:15 PM	0
20	<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>	4/25/2011 7:42:16 PM	5
21	<u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u>	4/25/2011 7:42:16 PM	5
22	<u>Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than \$20 Per Student?</u>	4/25/2011 7:42:16 PM	3
			73 Weighted Sum
			1 Multiplier Sum
			73 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 7-22)		
	<table> <tr> <td>Superior Achievement</td><td>72-80 and Yes to indicator 7</td></tr> </table>	Superior Achievement	72-80 and Yes to indicator 7
Superior Achievement	72-80 and Yes to indicator 7		

Above Standard Achievement	64-71 or ≥ 72 and No to indicator 7
Standard Achievement	56-63
Substandard Achievement	< 56 or No to one default indicator

INDICATOR 17 & 18 RATIOS

Indicator 17	Ranges for Ratios		Indicator 18	Ranges for Ratios	
District Size - Number of Students Between	Low	High	District Size - Number of Students Between	Low	High
< 500	7	22	< 500	5	14
500-999	10	22	500-999	5.8	14
1000-4999	11.5	22	1000-4999	6.3	14
5000-9999	13	22	5000-9999	6.8	14
≥ 10000	13.5	22	≥ 10000	7.0	14

OPTIONS

Update Unpassed	Update All	Lower Publication Level	Suspend
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Suspension Reason.

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[Select An Option](#)[Help](#)[Home](#)[Log Out](#)**FIRST****Financial Integrity Rating System of Texas****2009-2010 INDICATOR TEST 1**

Name:	KILGORE ISD (092902)
Indicator:	Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?
Status	Passed
Last Updated:	4/25/2011 7:42:11 PM

FORMULA

Field	Value
(
(
Total Fund Balance	8,879,729
- Reserves	0
)	
)	
> Bankrupt Threshold	0
Mathematical Breakdown: 8,879,729 > 0	

RESULT DETERMINATION REFERENCE

Financial distress avoidance is ascertained when the result of the formula is greater than zero.

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Financial Integrity Rating System of Texas

2009-2010 INDICATOR TEST 2

Name:	KILGORE ISD (092902)
Indicator:	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)
Status	Passed
Last Updated:	4/25/2011 7:42:12 PM

FORMULA

Field	Value
(
(
2010 Total Students	3,803
- 2006 Total Students	3,675
)	
/ 2006 Total Students	3,675
)	
>= Threshold for Five-Year Percent Change in Students	0.1
Or	
(
(
Total Unrestricted Net Asset Balance	10,588,768
+ Accretion of Interest for Capital Appreciation Bonds	0
)	
> 0	
)	
Mathematical Breakdown: 0.0348 >= 0.1 Or 10,588,768 > 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 10% or MORE.

---- OR ----

2. On the 'Statement of Net Assets', in the 'Government Activities Column', was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) GREATER THAN ZERO?

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Name:	KILGORE ISD (092902)
Indicator:	Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?
Status	Passed
Last Updated:	4/25/2011 7:42:12 PM

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 bonded indebtedness obligations.

The district was able to make all bond payments.

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Name:	KILGORE ISD (092902)
Indicator:	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)?
Status	Passed
Last Updated:	4/29/2011 3:42:24 PM

FORMULA

Field	Value
Date Received	2010/11/23
<=Due Date (Fiscal Year End + Deadline in Days After Fiscal Year End)	2011/02/28

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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Name:	KILGORE ISD (092902)
Indicator:	Was There An Unqualified Opinion in Annual Financial Report?
Status	Passed
Last Updated:	4/25/2011 7:42:12 PM

FORMULA

Field	Value
Clean Audit	true

RESULT DETERMINATION REFERENCE

This indicator will be considered PASSED if the district received a "clean audit" (unqualified opinion).

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Name:	KILGORE ISD (092902)
Indicator:	Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?
Status	Passed
Last Updated:	4/25/2011 7:42:12 PM

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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Name:	KILGORE ISD (092902)
Indicator:	Did the Districts Academic Rating Exceed Academically Unacceptable?
Result/Points	5
Last Updated:	4/25/2011 7:42:13 PM

FORMULA

Field	Value
Academic Rating	true

RESULT DETERMINATION REFERENCE

This indicator will be considered PASSED if the District did not receive Academically Unacceptable rating.

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2009-2010 INDICATOR TEST 8

Name:	KILGORE ISD (092902)
Indicator:	Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?
Result/Points	5
Last Updated:	4/25/2011 7:42:13 PM

FORMULA

Field	Value
(
(
2010 Tax Collections	18,475,622
+ 2009 Tax Collections	17,765,839
+ 2008 Tax Collections	14,029,456
)	
/	
(
2010 Tax Levy	18,633,649
+ 2009 Tax Levy	17,767,908
+ 2008 Tax Levy	14,284,805
)	
)	
> Acceptable Tax Collection Rate	0.98
Mathematical Breakdown: 0.9918 > 0.98	

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS

5	4	3	2	1	0
> 98%	> 95% =< 98%	> 92% =< 95%	> 89% =< 92%	> 86% =< 89%	< = 86%

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2009-2010 INDICATOR TEST 9

Name:	KILGORE ISD (092902)
Indicator:	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)?
Result/Points	5
Last Updated:	5/10/2011 10:01:05 PM

FORMULA

Field	Value
Sum of Differences	3,480
/ Denominator	33,274,470
< Acceptable Level of Variance	0.03
Mathematical Breakdown: $0.0001 < 0.03$	

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS	
5	0
< 3%	>= 3%

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FIRST**Financial Integrity Rating System of Texas****2009-2010 INDICATOR TEST 10**

Name:	KILGORE ISD (092902)
Indicator:	Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < \$350.00 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)
Result/Points	5
Last Updated:	4/25/2011 7:42:13 PM

FORMULA

Field	Value
If	
(
(
(
2010 Total Students	3,803
- 2006 Total Students	3,675
)	
/ 2006 Total Students	3,675
)	
)	
< Threshold for 5 Year Student Population Growth	0.07
And	
(
(
Total Tax Collection	18,475,622
/	
(
Total Tax Rate	1.1092
* 100	

```

)
)
<      Threshold for Revenue Collection Efficiency      200,000
)
Then
(
(
      Function 71 Expenditures      1,305,654
-      IFA and EDA Allotments      0
)
/      2010 Total Students      3,803
)

```

Mathematical Breakdown: If 0.0348 < 0.07 And 166,567.0934 < 200,000 Then 343.3221

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS

5	4	3	2	1	0
< \$350	>= \$350 < \$600	>= \$600 < \$850	>= \$850 < \$1,100	>= \$1,100 < \$1,350	>= \$1,350

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Name:	KILGORE ISD (092902)
Indicator:	Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?
Result/Points	5
Last Updated:	4/25/2011 7:42:14 PM

FORMULA

Field	Value
Not Material Non-Compliance	false

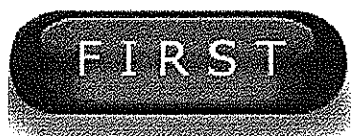
RESULT DETERMINATION REFERENCE

This indicator will be considered PASSED if the Audit Reported No Material Noncompliance.

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Name:	KILGORE ISD (092902)
Indicator:	Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)
Result/Points	5
Last Updated:	4/25/2011 7:42:14 PM

FORMULA

Field	Value
Full Accreditation	true

RESULT DETERMINATION REFERENCE

This indicator will be considered PASSED if the district had No Financial Conservator Or Monitor Assigned.

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2009-2010 INDICATOR TEST 13

Name:	KILGORE ISD (092902)
Indicator:	Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?
Result/Points	5
Last Updated:	4/25/2011 7:42:14 PM

FORMULA

Field	Value
(
(
Budgeted Appropriations in the General Fund	27,503,701
+Budgeted Other Uses in the General Fund	0
)	
-	
(
Budgeted Revenues in the General Fund	27,748,691
+Budgeted Other Resources in the General Fund	10,000
+Fund Balance In General Fund At July 1 or September 1 Depending On Fiscal Year End	8,100,577
)	
)	
< Standard for Annual Budget Surplus/Margin	0
Mathematical Breakdown: -8,355,567 < 0	

RESULT DETERMINATION REFERENCE

This indicator will be considered PASSED if the district adopts a balanced budget.

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Financial Integrity Rating System of Texas

2009-2010 INDICATOR TEST 14

Name:	KILGORE ISD (092902)
Indicator:	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)
Result/Points	5
Last Updated:	5/10/2011 4:04:45 PM

FORMULA

Field	Value
If	
(
Fund Balance In General Fund At July 1 or September 1 Depending On Fiscal Year End	8,879,729
+ Fund Balance In Capital Projects Fund At July 1 or September 1 Depending On Fiscal Year End	0
)	
< Standard Capital Fund Margin	0
Then	
(
Expenditures Function 81 In General Fund and Capital Projects Fund	0
- Other Resources For Real Property Financing In General Fund and Capital Projects Fund	198,732
-	
(
Fund Balance In General Fund At July 1 or September 1 Depending On Fiscal Year Start	8,100,577
+ Fund Balance In Capital Projects Fund At July 1 or September 1 Depending On Fiscal Year Start	0
)	

)

< Standard Construction Margin

|0

Mathematical Breakdown: If 8,879,729 < 0 Then -8,299,309 < 0**RESULT DETERMINATION REFERENCE**

The district adequately budgeted construction projects.

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FIRST**Financial Integrity Rating System of Texas****2009-2010 INDICATOR TEST 15**

Name:	KILGORE ISD (092902)
Indicator:	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)
Result/Points	5
Last Updated:	4/25/2011 7:42:15 PM

FORMULA

Field	Value
If	
(
(
Deferred Revenue in the General Fund	1,185,763
- Property Tax Receivable Net of Uncollectible	1,185,763
)	
> Standard Deferred Revenue Margin	0
)	
Then	
(
(
Cash in the General Fund	7,652,533
+ Investments in the General Fund	1,848,311
)	
/	
(
Deferred Revenue in the General Fund	1,185,763
- Property Tax Receivable Net of Uncollectible	1,185,763
)	

)

Mathematical Breakdown: If 0 > 0 Then [Attempted to divide by zero.]

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS

5	4	3	2	1	0
\geq 1.00	$\Rightarrow 0.95 <$ 1.00	$\Rightarrow 0.90 <$ 0.95	$\Rightarrow 0.85 <$ 0.90	$\Rightarrow 0.80 <$ 0.85	$<$ 0.80

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FIRST**Financial Integrity Rating System of Texas****2009-2010 INDICATOR TEST 16**

Name:	KILGORE ISD (092902)
Indicator:	Was The Administrative Cost Ratio Less Than The Threshold Ratio?
Result/Points	5
Last Updated:	4/25/2011 7:42:15 PM

FORMULA

Field	Value
Acceptable Administrative Cost Ratio	0.1401
> District Administrative Cost Ratio	0.082218449
Mathematical Breakdown: 0.1401 > 0.0822	

RESULT DETERMINATION REFERENCE**DETERMINATION OF POINTS**

ADA Group	Standard
10,000 and Above	0.1105
5,000 to 9,999	0.1250
1,000 to 4,999	0.1401
500 to 999	0.1561
Less than 500	0.2654

Sparse	0.3614
5	0
Cost Ratio < Threshold	Cost Ratio >= Threshold

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FIRST**Financial Integrity Rating System of Texas****2009-2010 INDICATOR TEST 17**

Name:	KILGORE ISD (092902)
Indicator:	Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?
Result/Points	5
Last Updated:	4/25/2011 7:42:15 PM

FORMULA

Field	Value
(
Number of Students	3,803
/ Number of FTE Teachers	283.8566
)	
Mathematical Breakdown: 13.3976	

RESULT DETERMINATION REFERENCE**DETERMINATION OF POINTS**

Students	Low	High
< 500	7.0	22
500 - 999	10.0	22
1000 - 4999	11.5	22

5000 - 9999	13.0	22			
=> 10,000	13.5	22			
5	4	3	2	1	0
UL <= 100%	> 100% =< 105%	> 105% =< 110%	> 110% =< 115%	> 115% =< 120%	> 120%
LL => 100%	=> 95% < 100%	=> 90% < 95%	=> 85% < 90%	=> 80% < 85%	< 80%

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FIRST**Financial Integrity Rating System of Texas****2009-2010 INDICATOR TEST 18**

Name:	KILGORE ISD (092902)
Indicator:	Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?
Result/Points	5
Last Updated:	4/25/2011 7:42:15 PM

FORMULA

Field	Value
(
Number of Students	3,803
/ Number of FTE Staff	572.609
)	
Mathematical Breakdown: 6.6415	

RESULT DETERMINATION REFERENCE**DETERMINATION OF POINTS**

Students	Low	High
< 500	5.0	14
500 - 999	5.8	14
1000 - 4999	6.3	14

5000 - 9999	6.8	14			
=> 10,000	7.0	14			
5	4	3	2	1	0
UL <= 100%	> 100% =< 105%	> 105% =< 110%	> 110% =< 115%	> 115% =< 120%	> 120%
LL => 100%	=> 95% < 100%	=> 90% < 95%	=> 85% < 90%	=> 80% < 85%	< 80%

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FIRST**Financial Integrity Rating System of Texas****2009-2010 INDICATOR TEST 19**

Name:	KILGORE ISD (092902)
Indicator:	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?
Result/Points	0
Last Updated:	4/25/2011 7:42:15 PM

FORMULA

Field	Value
(
(
Total General Fund Balance At June 30 or August 31, Depending On Fiscal Year End	8,879,729
/Optimum Fund Balance	3,407,023
)	
* 100	
)	
Mathematical Breakdown: 260.6301	

RESULT DETERMINATION REFERENCE**DETERMINATION OF POINTS**

5	4	3	2	1	0
UL < 150%	>= 150% =< 152.5%	>152.5% =< 155.0%	>155.0% =< 157.5%	>157.5% =< 160.0%	> 160.0%

LL > 50%	= > 47.5% =< 50%	= > 45.0% < 47.5%	= > 42.5% < 45.0%	= > 40.0% < 42.5%	< 40.0%
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Financial Integrity Rating System of Texas

2009-2010 INDICATOR TEST 20

Name:	KILGORE ISD (092902)
Indicator:	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)
Result/Points	5
Last Updated:	4/25/2011 7:42:16 PM

FORMULA

Field	Value
If	
(
Total Revenues in the General Fund	26,755,942
- Expenditures in the General Fund in Functions 11-61 and Expenditure Object Codes 6100-6400	25,067,741
> Acceptable Expenditure Revenue Gap	0
)	
Or	
(
Optimum Fund Balance	3,407,023
* Optimum Fund Balance Multiplier	1.5
< Total General Fund Balance in the General Fund	8,879,729
)	
Or	
(
Undesignated, Unreserved Fund Balance In General Fund At June 30 or August 31, Depending On Fiscal Year End, Two Fiscal Years Prior	6,663,569
* Maximum Allowable 2 Year Change in Fund	0.8
< Undesignated, Unreserved Fund Balance In General Fund For The Last	8,879,729

Fiscal Year

)

Or

(

(

Undesignated, Unreserved Fund Balance In General Fund For The Last 8,879,729

Fiscal Year

-Undesignated, Unreserved Fund Balance In General Fund At June 30 6,663,569
or August 31, Depending On Fiscal Year End, Two Fiscal Years Prior

)

/ Undesignated, Unreserved Fund Balance In General Fund At June 30 6,663,569
or August 31, Depending On Fiscal Year End, Two Fiscal Years Prior

)

Mathematical Breakdown: If $1,688,201 > 0$ Or $5,110,534.5 < 8,879,729$ Or $5,330,855.2 < 8,879,729$ Or 0.3326

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS

5	4	3	2	1	0
< 20%	=> 20% < 21%	=> 21% < 22%	=> 22% < 23%	=> 23% < 24%	=> 24%

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FIRST**Financial Integrity Rating System of Texas****2009-2010 INDICATOR TEST 21**

Name:	KILGORE ISD (092902)
Indicator:	Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?
Result/Points	5
Last Updated:	4/25/2011 7:42:16 PM

FORMULA

Field	Value
Cash in the General Fund	7,652,533
+ Investments in the General Fund	1,848,311
> Acceptable Lower Limit for Cash and Investments	0
Mathematical Breakdown: 9,500,844 > 0	

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS	
5	0
> 0	=< 0

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Name:	KILGORE ISD (092902)
Indicator:	Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than \$20 Per Student?
Result/Points	3
Last Updated:	4/25/2011 7:42:16 PM

FORMULA

Field	Value
Investment Earnings In All Funds Except Debt Service Fund and Capital Projects Fund	70,180
/Number of Students	3,803
Mathematical Breakdown: 18.4539	

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS					
5	4	3	2	1	0
> \$20	> \$19 <= \$20	> \$18 <= \$19	> \$17 <= \$18	> \$16 <= \$17	= < \$16

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Exhibit B

First Rating Supplement Information
Superintendent and Board of Trustees

School FIRST Annual Financial Management Report

Kilgore Independent School District

Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA,
Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1005. Amended to be effective 2/3/11.

Superintendent's Current Employment Contract

Contract Attached to this report

Reimbursements Received by the Superintendent and Board Members

For the Twelve-Month Period
Ended August 31, 2010

Description of Reimbursements	Superintendent	Terry George	Janet Marley	Mark Dickey	Dereck Borders	Dale Sistrunk	Scott Montgomery	Jimmy Kinsey
Meals	339.36	74.64	74.64	74.64	74.64	158.64	74.64	114.45
Lodging	1245.69	329.43	329.43	329.43	329.43	270.64	329.43	329.43
Transportation	213.27	99.04	99.04		99.04	158.64	99.04	99.04
Motor Fuel								
Other	1584.8	355	355	335	355	740	355	355
Total	\$3,383.12	\$858.11	\$858.11	\$739.07	\$858.11	\$1,327.92	\$858.11	\$897.92

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

For the Twelve-Month Period
Ended August 31, 2010

Name(s) of Entity(ies)	Amount Received
None Reported	\$
Total	\$0.00

Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business.

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

For the Twelve-Month Period
Ended August 31, 2010

	Superintendent	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
Total	0	0	0	0	0	0	0	0

Business Transactions Between School District and Board Members

For the Twelve-Month Period
Ended August 31, 2010

	Board Member 1	Board Member 2	Board Member 3	Board Member 4	Board Member 5	Board Member 6	Board Member 7
Amounts	0	0	0	0	0	0	0

Summary Schedule of Data Submitted under the Financial Solvency Provisions of TEC §39.0822

General Fund - First-Quarter Expenditures By Object Code

Report 2010-2011 first-quarter (first three months of fiscal year 2010-2011) GENERAL FUND expenditures by object code using whole numbers.

Payroll- Expenditures for payroll costs	\$ 4,827,790
Contract Costs- Expenditures for services rendered by firms, individuals, and other organizations	\$ 265,718
Supplies and Materials- Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	\$ 432,127
Other Operating- Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	\$ 66,168
Debt Service- Expenditures for debt service	\$
Capital Outlay- Expenditures for land, buildings, and equipment	\$ 16,135

Additional Financial Solvency Questions

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

Within the last two years, did the school district

- 1) draw funds from a short-term financing note (term less than 12 months) between the months of September and December, inclusive, and
 2) for the prior fiscal year, have a total General Fund balance of less than 2 percent of total expenditures for General Fund function codes 11-61?

Yes	No
_____	X
_____	X

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

_____ X

3) Other financial information

<u>Mean Enroll-to-Teacher Ratio</u>	<u>85% of Mean Enroll-to-Teacher Ratio</u>	<u>School District Size</u>	
8.39	7.13	Under 100	
9.48	8.06	100 to 249	
10.73	9.12	250 to 499	
11.48	9.76	500 to 999	
12.45	10.58	1,000 to 1,599	
13.52	11.50	1,600 to 2,999	
14.29	12.15	3,000 to 4,999	KISD enrollment = 3,811
14.80	12.58	5,000 to 9,999	
14.88	12.65	10,000 to 24,999	
15.01	12.76	25,000 to 49,999	
15.06	12.80	50,000 and Over	

Kilgore ISD Student to Teacher ratio on snapshot day was 13.42, which in comparison to state average above is slightly lower, but greater than the 85% ratio noted by TEA to be an indicator of potential problems.

4) How many superintendents has your school district had in the last five years? 2

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

Exhibit C

Superintendents Contract

SUPERINTENDENT'S TERM EMPLOYMENT CONTRACT

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

THIS SUPERINTENDENT'S TERM EMPLOYMENT CONTRACT ("Contract") is made and entered into effective the 1st day of July, 2011, by and between the Board of Trustees (the "Board") of Kilgore Independent School District (the "District") and Jody D. Clements (the "Superintendent").

WITNESSETH:

NOW, THEREFORE, the Board and the Superintendent, for and in consideration of the terms hereinafter established and pursuant to Section 11.201(b) and Chapter 21, Subchapter E 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 of three (3) years commencing July 1, 2011, and ending June 30, 2014. 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 **No 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 shall faithfully perform the duties of Superintendent of Schools for the District as prescribed by law, Board policies, the job description, and as may be lawfully assigned by the Board from time to time. The Superintendent shall comply with all lawful Board directives, policies, rules and regulations, and state and federal laws, as they exist or may hereafter be amended or adopted during the term of this Contract. Except as provided in this Contract, the Superintendent agrees to devote his full time, energy and skill to the performance of these duties in a faithful, diligent, conscientious, and efficient manner.

The Superintendent shall have charge of the administration of the schools under the oversight and supervision of the Board. He shall be the chief executive officer of the District; shall direct and assign teachers and other employees of the schools under his supervision; shall organize, reorganize and arrange the administrative and supervisory staff, including instruction and business affairs, as best serves the District; shall select personnel in accordance with Board policy; shall from time to time suggest regulations, rules and procedures deemed necessary for

the efficient operation of the District; and in general perform all duties incident to the office of the Superintendent and such duties.

The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, diligence, skill, and expertise. 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. 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 State Board for Educator Certification or the Texas Education Agency and any other certificates required by law.

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 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, salary or benefits; evaluation of the Superintendent's performance; or for purposes of resolving conflicts between individual Board members; or when the Board is acting in its capacity as a tribunal.

2.5 Criticisms, Complaints, and Suggestions. The Board, individually and collectively, shall refer in a timely manner all substantive criticisms, complaints, and suggestions called to the Board's attention either: (a) to the Superintendent for study and/or appropriate action, and the Superintendent shall refer such matter(s) to the appropriate District employee or shall investigate such matter(s) and shall within a reasonable time inform the Board of the results of such efforts; or, (b) to the appropriate complaint resolution procedure as established by District Board policies.

2.6 Indemnification. To the extent it may be permitted to do by applicable law, including, but not limited to Texas Civil Practice & Remedies Code Chapter 102, the District does hereby agree to defend, hold harmless, and indemnify Superintendent from any: and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings brought against Superintendent in the Superintendent's individual or official capacity as an employee and as Superintendent of the District, providing the incident(s), which is (are) the basis of any such demand, claim, suits, actions, judgments, expenses and attorneys' fees arose or does arise in the future from an act or omission of Superintendent as an employee of the District, acting within the course and scope of Superintendent's employment with the District; excluding, however, any such demand claim, suits, actions, judgments, expenses, and attorneys' fees for those claims or any causes of action where it is determined that Superintendent committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith; and excluding any cost, fees, expenses, or damages that would be recoverable or payable under an insurance contract held either by the District or by the Superintendent. The selection of Superintendent's legal counsel shall be with

the mutual agreement of Superintendent and the District if such legal counsel is not also the District's legal counsel. A legal defense may be provided through insurance coverage, in which case Superintendent's right to agree to legal counsel provided for him will depend on the terms of the applicable insurance contract. To the extent this Section 2.6 exceeds the authority provided and limitations imposed by Texas Civil Practice & Remedies Code, Chapter 102, it shall be construed and modified accordingly. The provisions of this Section 2.6 shall survive the termination of this Contract.

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

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 the termination of this Contract.

III. Compensation

3.1 **Salary.** The District shall provide the Superintendent with an annual salary in the sum of One Hundred Thirty-Seven Thousand Seven Hundred Dollars (\$137,700). This annual salary rate shall be paid to the Superintendent in equal installments consistent with the District's policies.

3.2 **Salary Adjustments.** At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary set forth in Section 3.1 of this Contract except by mutual agreement of the two parties. Such adjustments, if any, shall be made pursuant to a lawful Board resolution. In such event, the parties agree to provide their best efforts and reasonable cooperation to execute a new contract incorporating the adjusted salary.

3.3 **Vacation, Holiday and Personal Leave.** The Superintendent may take, at the Superintendent's choice, the same number of days of vacation authorized by policies adopted by the Board for administrators 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 as provided by Board policies for administrative employees on twelve-month contracts. The Superintendent is hereby granted the same personal leave benefits as authorized by Board policies for administrative employees on twelve-month contracts.

3.4 **Insurance.** The Superintendent may receive health insurance coverage on the same terms as those available to all District administrative employees.

3.5 **Term Life Insurance.** The Superintendent shall receive the same term life insurance contributions and benefits as all District administrative employees.

3.6 **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 active attendance at 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, as the Superintendent and the Board deem appropriate, to attend such seminars, courses or meetings. The District does hereby agree to provide in the District's budget during the term of this Contract for the benefit of the Superintendent, a professional development budget per contract year to be used for registration, travel, meals, lodging, and other related expenses. The District shall pay the Superintendent's membership dues in 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 cost and expense for such attendance and membership.

3.7 **Civic Activities.** 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. Before 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 civic organizations in which the Superintendent participates and reimburse related travel outside of the District, subject to advance Board approval.

3.8 **Outside Consultant Activities.** The Superintendent may serve as a consultant or undertake speaking engagements, writing, teaching or other professional duties and obligations outside the District (referred to collectively herein as "Consulting Services") that do not conflict or interfere with the Superintendent's professional responsibilities to the District. Consulting Services provided by the Superintendent under the terms and conditions of this paragraph must be consistent with state and federal law.

3.9 **Expenses.** The District shall pay or reimburse the Superintendent for reasonable expenses incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract. The District agrees to pay the actual and incidental costs incurred by the Superintendent for travel. Such actual or incidental 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 policies.

3.10 Technology Allowance. The Superintendent shall maintain a personal mobile telephone and shall not open an account in the name of the District. The Superintendent shall have total responsibility of payment of his personal mobile phone account. The District shall pay Superintendent a personal technology allowance of One Hundred Fifty Dollars (\$150.00) per month during the term of this contract to be used by Superintendent at his discretion.

3.11 Laptop Computer. The District shall provide a laptop computer for the Superintendent's business and personal use, at the sole cost and expense of the District. The Superintendent shall comply with the District's policies regarding computer use.

3.12 Car Allowance. The District will provide the Superintendent an automobile allowance in the sum of \$600.00 per month during the term of this Contract.

IV. Annual Performance Goals

4.1 Development of Goals. The Superintendent shall submit to the Board each year, for the Board's consideration and adoption, a preliminary list of goals for the District. The goals approved by the Board shall at all times be reduced to writing ("District Goals") and shall be among the criteria on which the Superintendent's performance is reviewed and evaluated. The Board agrees to work with and support the Superintendent in achieving the District's Goals.

V. Review of Performance

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

5.2 Confidentiality. Unless the Superintendent expressly requests otherwise, in writing, the evaluation of the Superintendent shall at all times be conducted in executive session and shall be considered confidential to the extent permitted by law. Nothing herein shall prohibit the Board or the Superintendent from sharing the content of the Superintendent's evaluation with their respective legal counsel.

5.3 Evaluation Format and Procedures. The evaluation format and procedure shall be in accordance with the evaluation instrument selected by the Board in accordance with Article V of this Contract, the Board's policies, and state and federal law. In the event the Board deems that the evaluation instrument, format and/or procedure is to be modified by the Board and such modifications would require new or different performance expectations, the Superintendent shall be provided a reasonable period of time to demonstrate such expected performance before being evaluated.

VI. Extension, Nonrenewal, or Termination of Employment Contract

6.1 Extension/Nonrenewal. Extension of this contract before the end of the current term is within the Board's discretion. Nonrenewal shall be in accordance with Board policy, Texas Education Code Chapter 21, Subchapter E, and applicable law.

6.2 Termination by Mutual Agreement. This Agreement may be terminated by the mutual agreement of the parties in writing and upon such terms and conditions as may be agreed upon.

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

6.4 Disability of Superintendent. 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 accrued leave has been exhausted, the District may make appropriate deduction from the Superintendent's annual base salary for any additional days in which the Superintendent is unable to perform the duties of his position. If such disability continues for a continuous period of one hundred eighty (180) days, or if such disability is permanent or irrevocable as determined by a physician mutually acceptable to the Board and the Superintendent's or his representative, the Board may, at its option, terminate this Contract, whereupon the respective rights, duties and obligations herein stated shall terminate, unless specifically provided to the contrary.

If a question arises concerning the capacity of the Superintendent to return to his duties, the Board may require the Superintendent to submit to a medical examination to be performed by a doctor licensed to practice medicine in the State of Texas and who is mutually acceptable to the Board and the Superintendent. The examination shall be done at the expense of the Board. The physician shall limit the report to the issue of whether the Superintendent has a continuing disability that prohibits him from performing any or all of his duties.

6.5 Termination for Good Cause. The Board may dismiss the Superintendent during the term of the Contract for good cause. The term "good cause" includes, but is not necessarily limited to the following:

- a. Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this Contract;
- b. Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication from the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the Superintendent a reasonable opportunity to remediate any remediable incompetency or inefficiency;
- c. Insubordination or failure to comply with lawful written Board directives;
- d. Failure to comply with the Board's policies or the District's administrative regulations;
- e. Neglect of duties;

- f. Drunkenness or excessive use of alcoholic beverages;
- g. Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
- h. Conviction of a felony or crime involving moral turpitude;
- i. Failure to meet the District's standards of professional conduct;
- j. Assault on an employee or student;
- k. Knowingly falsifying records or documents related to the District's activities;
- l. Conscious misrepresentation of facts to the Board Or other District officials in the conduct of the District's business;
- m. Failure to fulfill requirements for superintendent certification;
- n. Failure to maintain a strong moral character in accordance with the Board's expectation that the Superintendent set himself forth as an example to the District and community as a person of high morals and good character; or
- o. Any other reason constituting "good cause" under Texas law.

6.6 **Termination Procedure.** In the event that the Board terminates this Contract for "good cause," the Superintendent shall be afforded all the rights as set forth in the Board's policies and state and federal law. If the Superintendent chooses to be represented by legal counsel in any such proceedings, he shall bear any costs therein involved.

6.7 **Resignation of Superintendent.** The Superintendent may leave the employment of the District at the end of a school year without penalty by filing a written resignation with the Board. The resignation must be addressed to the Board and filed not later than the 45th day before the first day of instruction of the following year. The Superintendent may resign with the consent of the Board at any other time.

VII. Miscellaneous

7.1 **Controlling Law and Venue.** Texas law shall govern construction of this Contract. The Parties agree that venue for any litigation relating to the Superintendent's employment with the District, including this Contract, shall be Gregg County, Texas. If litigation is brought in federal court, the Parties agree that venue shall be the Tyler Division of the Eastern District of Texas.

7.2 **Complete Agreement.** This Contract constitutes the entire agreement between the Parties. All existing agreements and contracts, both verbal and written, between the Parties regarding the employment of the superintendent are superseded by this Contract.

7.3 **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.

7.4 **Savings Clause.** 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.

7.5 **Amendment.** This Contract may not be amended except by written agreement of the Parties.

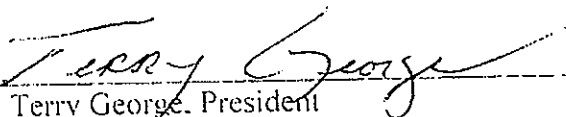
7.6 **Paragraph Headings.** The headings used at the beginning of each numbered paragraph in this Contract are not intended to have any substantive, legal effect; the headings do not limit or expand the meaning of the paragraphs that follow them.

7.7. **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 and this Contract shall not be construed as if either party was the primary drafter of the Contract.

EFFECTIVE the 1st day of July, 2011.

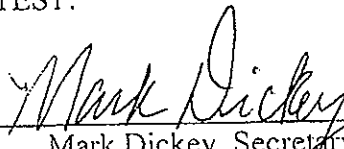
KILGORE INDEPENDENT SCHOOL DISTRICT

By: _____


Terry George, President
Board of Trustees

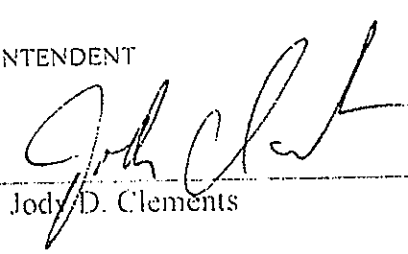
ATTEST:

By: _____


Mark Dickey, Secretary
Board of Trustees

SUPERINTENDENT

By: _____


Jody D. Clements