

# **Financial Management Performance Report**



**KILGORE**  
Independent School District

**2008-2009**

**District Status**

**Public Hearing**

**October 25, 2010**

# Kilgore ISD

## Financial Accountability Management Report

The Kilgore ISD received a rating of “Superior Achievement” for the fiscal year ended August 31, 2009 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 seventh 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 76<sup>th</sup> 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-four indicators. To receive the “Superior Achievement” rating the district must receive a score of 75 to 85 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 75 of the possible 80 points, receiving zero (0) of five (5) points on indicator nineteen. This indicator 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, 2009 Audited Financial Statements and reported to the board at their November 2009 meeting. 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.

The 2008-2009 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 fourth year is information concerning the superintendent and board members. 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 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

2008 – 2009 District Status Detail Report

User: Revard Pfeffer  
 User Role: District

YEAR 2008-2009 Select An Option

Help Home Log Out



Financial Integrity Rating System of Texas

**2008-2009 DISTRICT STATUS DETAIL**

<b>Name: KILGORE ISD(092902)</b>	<b>Publication Level 1:</b> 6/11/2010 12:03:10 PM
<b>Status: Passed</b>	<b>Publication Level 2:</b> 8/30/2010 4:06:59 PM
<b>Rating:</b> Superior Achievement	<b>Last Updated:</b> 8/30/2010 4:06:59 PM
<b>District Score:</b> 75	<b>Passing Score:</b> 56

#	Indicator Description	Updated	Score
1	<u>Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?</u>	3/30/2010 2:55:40 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>	3/30/2010 2:55:40 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>	3/30/2010 2:55:40 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>	3/30/2010 2:55:41 PM	Yes
5	<u>Was There An Unqualified Opinion in Annual Financial Report?</u>	3/30/2010 2:55:41 PM	Yes
6	<u>Did The Annual Financial Report Not Disclose Any</u>	3/30/2010	Yes

	<u>Instance(s) Of Material Weaknesses In Internal Controls?</u>	2:55:41 PM	
			1 Multiplier Sum
7	<u>Did the Districts Academic Rating Exceed Academically Unacceptable?</u>	3/30/2010 2:55:41 PM	5
8	<u>Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?</u>	3/30/2010 2:55:41 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>	3/30/2010 2:55:42 PM	5
10	<u>Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) &lt; \$350.00 Per Student? (If The District's Five-Year Percent Change In Students = Or &gt; 7%, Or If Property Taxes Collected Per Penny Of Tax Effort &gt; \$200,000 Per Student)</u>	3/30/2010 2:55:42 PM	5
11	<u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u>	3/30/2010 2:55:42 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>	3/30/2010 2:55:42 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>	3/30/2010 2:55:43 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>	3/30/2010 2:55:43 PM	5
15	<u>Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent</u>	3/30/2010 2:55:43 PM	5

	<u>Taxes Receivable) In The General Fund Greater Than Or Equal To 1:1? (If Deferred Revenues Are Less Than Net Delinquent Taxes Receivable)</u>		
16	<u>Was The Administrative Cost Ratio Less Than The Threshold Ratio?</u>	3/30/2010 2:55:43 PM	5
17	<u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u>	3/30/2010 2:55:43 PM	5
18	<u>Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</u>	3/30/2010 2:55:44 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>	3/30/2010 2:55:44 PM	0
20	<u>Was The Decrease In Undesignated Unreserved Fund Balance &lt; 20% Over Two Fiscal Years?(If 1.5 Times Optimum Fund Balance &lt; Total Fund Balance In General Fund Or If Total Revenues &gt; Operating Expenditures In The General Fund,Then District Receives 5 Points)</u>	3/30/2010 2:55:44 PM	5
21	<u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u>	3/30/2010 2:55:44 PM	5
22	<u>Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than \$20 Per Student?</u>	3/30/2010 2:55:45 PM	5
			75 Weighted Sum
			1 Multiplier Sum
			75 Score

**DETERMINATION OF RATING**

<b>A.</b>	Did The District Answer 'No' To Indicators 1, 2, 3 Or 4? <b>OR</b> Did The District Answer 'No' To Both 5 and 6? If So, The District's Rating Is <b>Substandard Achievement</b> .	
<b>B.</b>	Determine Rating By Applicable Range For summation of the indicator scores (Indicators 7-22)	
	<b>Superior Achievement</b>	72-80 and Yes to indicator 7
	<b>Above Standard Achievement</b>	64-71 or >= 72 and No to indicator 7
	<b>Standard Achievement</b>	56-63
	<b>Substandard Achievement</b>	<56 or No to one default indicator

**INDICATOR 17 & 18 RATIOS**

Indicator 17	Ranges for Ratios		Indicator 18	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

**OPTIONS**

Update Unpassed	Update All	Lower Publication Level	Suspend
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Suspension Reason.

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

**THE TEXAS EDUCATION AGENCY**

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

# Exhibit B

First Rating Supplement Information  
Superintendent and Board of Trustees



Kilgore Independent School District  
 2010 Final School FIRST Rating  
 Supplemental Information

**Superintendent's Current Employment Contract**

A copy of the superintendent's contract has been included in this 2009 School First Rating in Exhibit C.

**Reimbursements Received by the Superintendent and Board Members**

For the Twelve-Month Period Ended August 31, 2009	Board of Trustees								
	Superintendent	J. Clements	D Borders	B Cole	M Dickey	T George	G Hargrave	J Marley	H Stephens
<u>Description of Reimbursements</u>									
Meals & Lodging Conferences	3771.77	476.31	427.95	50 \$	50	419.32	419.32	50	419.32
Conference Registration	305.00	285.00	285.00	285.00	285.00	50.00	305.00		285.00
Transportation	1,901.53		145.46	146.46					145.46
Other									
<b>Total</b>	<b>\$5,978.30</b>	<b>\$761.31</b>	<b>\$858.41</b>	<b>\$481.46</b>	<b>\$50.00</b>	<b>\$724.32</b>	<b>\$50.00</b>	<b>\$50.00</b>	<b>\$849.78</b>

The above information was compiled from District records and includes direct payments to individuals, credit card payments paid by the District or paid through the District purchase order process on behalf of the individual.

Conference Registration - Registration fees, telephone/cell phone, internet service, fax machine, and other

Meals & Lodging - Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meetings as well as hotel charges for conferences and other events attended).

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

Other - Other items not described above

**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, 2009	Amount Received
<u>Name(s) of Entity(ies)</u>	\$
<b>Total</b>	<b>\$0.00</b>

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

Kilgore Independent School District  
 2010 Final School FIRST Rating  
 Supplemental Information

**Gifts Received by Executive Officers and Board Members (and First Degree Relatives, if any)  
 (gifts that had an economic value of \$250 or more in the aggregate in the fiscal year)**

For the Twelve-Month Period  
 Ended August 31, 2009

Superintendent		Board of Trustees					
J. Clements	D Borders	B Cole	M Dickey	T George	G Hargrave	J Marley	H Stephens
\$	\$	\$	\$	\$	\$	\$	\$
<b>Total</b>							

**Note** -- An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

**Business Transactions Between School District and Board Members**

For the Twelve-Month Period  
 Ended August 31, 2009

Superintendent		Board of Trustees					
J. Clements	D Borders	B Cole	M Dickey	T George	G Hargrave	J Marley	H Stephens
\$	\$	\$	\$	\$	\$	\$	\$
<b>Amounts</b>							

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

# Exhibit C

Superintendents Contract

## SUPERINTENDENT'S TERM EMPLOYMENT CONTRACT

STATE OF TEXAS            §  
                                      §  
COUNTY OF GREGG        §

KNOW ALL MEN BY THESE PRESENTS:

THIS SUPERINTENDENT'S TERM EMPLOYMENT CONTRACT ("Contract") is made and entered into effective the 1st day of July, 2010, 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, 2010, and ending June 30, 2013. 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.

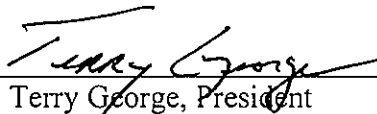
7.5 **Amendment.** This Contract may not be amended except by written agreement of the Parties.

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.

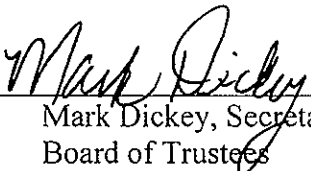
7.7. **Legal Representation.** Both Parties have been represented by legal counsel of their choice, or have had the opportunity to consult with legal counsel, in the negotiation and execution of this Contract and this Contract shall not be construed as if either party was the primary drafter of the Contract.

EFFECTIVE the 1st day of July, 2010.

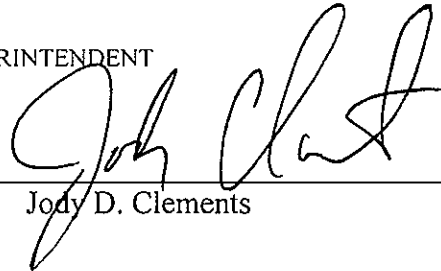
KILGORE INDEPENDENT SCHOOL DISTRICT

By:   
Terry George, President  
Board of Trustees

ATTEST:

By:   
Mark Dickey, Secretary  
Board of Trustees

SUPERINTENDENT

By:   
Jody D. Clements