

Killeen Independent School District
Annual Financial Management Report
For the year ended August 31, 2008

This report provides the Financial Integrity Rating System of Texas Rating

Financial Integrity Rating System of Texas
Killeen ISD District Status Detail

2007-2008 Rating: Superior Achievement

District Score: 84

Indicators Answered YES: 23

Highest Score Available: 85

Indicators Answered NO: 1

#	Indicator Description	2007-2008 Result	2006-2007 Result
1	Was the total fund balance less reserved fund balance greater than zero in the general fund?	Yes	Yes
2	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?	Yes	Yes
3	Were there no disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?	Yes	Yes
4	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)?	Yes	Yes
5	Was there an unqualified opinion in the annual financial report?	Yes	Yes
6	Did the annual financial report not disclose any instance(s) of material weaknesses in internal controls?	Yes	Yes
7	Did the district's academic rating exceed academically unacceptable?	Yes	Yes
8	Was the three-year average percent of total tax collections (including delinquent) greater than 98%?	Yes	Yes
9	Did the comparisons 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)?	Yes	Yes
10	Were debt related expenditures (net of IFA and/or EDA allotment) < \$250.00 per student?	Yes	Yes
11	Was there no disclosure in the annual audit report of material noncompliance?	Yes	Yes
12	Did the district have full accreditation status in relation to financial management practices? (e.g. No conservator or monitor assigned)	Yes	Yes
13	Was the percent of operating expenditures expended for instruction more than 60%? (using functions 11, 36, 93 & 95 phased in over three years: 55% for FY7, 60% for FY8 and 65% for FY9)	Yes	Yes
14	Was the percent of operating expenditures expended for instruction more than or equal to 65%? (using functions 11, 12, 31, 33, 36, 93 & 95)	Yes	Yes
15	Was the aggregate of budgeted expenditures and other uses less than the aggregate of total revenues, other resources and fund balance in general fund?	Yes	Yes

16	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)	Yes	Yes
17	Was the ratio of cash and investments to deferred revenues (excluding amount equal to net delinquent taxes receivables) in the general fund greater than or equal to 1:1?	Yes	Yes
18	Was the administrative cost ratio less than the Threshold Ratio?	Yes	Yes
19	Was the ratio of students to teachers within the ranges shown below according to district size?	Yes	Yes
20	Was the ratio of students to total staff within the ranges shown below according to district size?	No	No
21	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?	Yes	Yes
22	Was the decrease in undesignated unreserved fund balance less than 20% over two fiscal years?	Yes	Yes
23	Was the aggregate total of cash and investments in the general fund more than \$0?	Yes	Yes
24	Were investment earnings in all funds (excluding debt service fund and capital projects fund) more than \$20 per student?	Yes	Yes

Determination of Rating

A.	Did the district answer "No" to indicators 1,2,3 or 4? OR Did the district answer "No" to both 5 and 6? If so, the district's rating is Substandard Achievement .	
B.	Determine rating by applicable range for summation of the indicator scores (indicators 7-24)	
	Superior Achievement	75-85 and Yes to indicator 7
	Above Standard Achievement	65-74 or ≥ 75 and No to indicator 7
	Standard Achievement	55-64
	Substandard Achievement	< 55 or No to one default indicator

Indicator 19 & 20 Ratios

Indicator 19	Ranges for Ratios		Indicator 20	Ranges for Ratios	
	Low	High		Low	High
District Size - Number of Students Between			District Size - Number of Students Between		
< 500	7	22	< 500	5	14
500-999	10	22	500-999	5.8	14
1000-4999	11.5	22	1000-4999	6.3	14
4999-9999	13	22	4999-9999	6.8	14
≥ 10000	13.5	22	≥ 10000	7	14

Reimbursements received by the superintendent and board members for fiscal year 2008:

For the twelve-month period ended August 31, 2008	Superintendent Jim Hawkins	Board Members						
		Terry Delano	Mike Helm	Joe Maines	Butch Menking	Ronald Rainosek	Arthur Trujillo	Shelley Wells
Meals	\$ 917	\$ 39	\$ 27	\$ 880	\$ 59	\$ -	\$ 568	\$ 237
Lodging	7,034	344	516	2,842	911	-	2,731	516
Transportation	4,713	147	147	335	445	-	696	146
Motor Fuel	5	-	-	-	-	-	-	-
Other	3,553	383	370	1,259	580	-	873	338
Total	\$ 16,222	\$ 914	\$ 1,061	\$ 5,316	\$ 1,995	\$ -	\$ 4,869	\$ 1,237

Note - The spirit of the rule is to capture all "reimbursements" for fiscal year 2008, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

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

Lodging: Hotel charges.

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

Motor fuel: Gasoline.

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

Outside compensation and/or fees received by the superintendent for professional consulting and/or other personal services in fiscal year 2008:

For the twelve-month period ended August 31, 2008	
Name (s) of entity(ies)	
None	\$0
Total	\$0

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

Gifts received by the executive officer and board members (and first degree relatives, if any)
in fiscal year 2008:

	Board Members							
For the twelve-month period ended August 31, 2008	Superintendent Jim Hawkins	Terry Delano	Mike Helm	Joe Maines	Butch Menking	Ronald Rainosek	Arthur Trujillo	Shelley Wells
Summary amounts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

Business transactions between school district and board members for fiscal year 2008:

	Board Members						
For the twelve-month period ended August 31, 2008	Terry Delano	Mike Helm	Joe Maines	Butch Menking	Ronald Rainosek	Arthur Trujillo	Shelley Wells
Summary amounts	\$60	\$0	\$0	\$0	\$0	\$0	\$0

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

STATE OF TEXAS §

§ KNOWN ALL MEN BY THESE PRESENTS:

COUNTY OF BELL §

SUPERINTENDENT'S TERM CONTRACT

The BOARD OF TRUSTEES ("Board") of the KILLEEN INDEPENDENT SCHOOL DISTRICT ("KISD") and Dr. Robert Muller ("Superintendent") pursuant to Section 11.201 of the Texas Education Code agree to the following terms and conditions of employment as Superintendent for KISD.

I. Term

- 1.1 The Superintendent shall be employed for a term commencing on March 5, 2009, and ending on June 30, 2012. This contract is not for a specific number of days within a year, and there are no "non-duty" days under this contract.
- 1.2 KISD may, by action of the Board and with the consent of the Superintendent, extend the term of this term contract.
- 1.3 The Board has not adopted any policy, rule, regulation, law, or practice providing for tenure. No right of tenure is created by this term contract. No property interest, express or implied, is created in continued employment beyond the contract term.

II. Employment

- 2.1 *Duties.* The Superintendent is the educational leader and chief executive of the district and shall faithfully perform the duties of the Superintendent of Schools for the KISD, as prescribed by Texas law and in the adopted job description and as may be lawfully assigned by action of the Board, and shall comply with all lawful Board directives, state and federal law, district policy, rules, and regulations as they exist or may hereafter be amended. The Superintendent shall perform the duties of the Superintendent of Schools for the KISD with reasonable care, diligence, skill, and expertise and shall devote substantially all of his time, skill, labor, and attention to his employment and the performance of these duties during the term of this term contract.
- 2.2 *Professional Certification.* The Superintendent shall at all times during employment by KISD hold a valid certificate required of a superintendent by the State of Texas and issued by the Texas Education Agency or the State Board of Educator Certification and all other certificates required by law. The Superintendent represents that he has made written disclosure to the Board of any conviction for a felony or for any offense involving moral turpitude. The Superintendent shall also be subject to a criminal history record check, and his employment is contingent upon such results being favorable and consistent with information previously disclosed to the Board.
- 2.3 *Reassignment.* The Board may reassign the Superintendent to another position only if the Superintendent expressly consents in writing.
- 2.4 *Board Meetings.* The Superintendent shall attend all meetings of the Board, both public and closed, with the exception of those closed meetings devoted to the consideration of any action or lack of action on the Superintendent's contract, or the superintendent's evaluation, or for purposes of resolving conflicts between individual Board members, or when the Board is acting

in its capacity as a tribunal. In the event of illness or Board approved absence, the Superintendent's designee shall attend such meetings.

- 2.5 *Criticisms, Complaints.* 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 *Residence.* The Superintendent agrees to move into the District boundaries no later than August 1, 2009, and live within the District boundaries for the duration of his employment with the District.

III. Compensation and Benefits

- 3.1 *Base Salary.* The District shall provide the Superintendent with an annual salary in the sum of Two Hundred Fifteen Thousand Dollars (\$215,000). The annual base salary shall be paid to the Superintendent in equal monthly installments consistent with the Board's policies. Annual increases in the Superintendent's base salary shall be the same as the annual general pay increase, as approved by the Board, for other administrative positions; however, no such adjustment shall be made for the 2009-2010 school year.
- 3.2 *Salary Adjustments.* The Board will consider all compensation regularly and determine if increases are warranted by performance, longevity, and general economic conditions, but in no event shall the superintendent be paid less than the salary set forth in Section 3.1 of this contract. Such adjustments, if any, shall be in the form of a written addendum to this term contract or a new contract shall be issued.
- 3.3 *Performance Reward Plan.* The Superintendent shall be entitled to receive and the District shall pay compensation to the Superintendent in excess of the sum in Paragraph 3.1 above, for student performance as reported in the Academic Excellence Indicator System (AEIS). Said sums, if any, shall be paid to the Superintendent in accordance with the Compensation plan adopted annually by the Board.
- 3.4 *Vacation, Holidays, Leave Benefit.* Subject to the Board's approval of the scheduling, the Superintendent may take the same number of days of vacation/leave 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, and may be accrued consistent with other professional employees of the District. These vacation/leave days will be taken at times that will least interfere with the performance of the Superintendent's duties as set forth in this term contract. The Superintendent shall observe the same holidays and breaks as provided by the Board's adopted annual calendar. The Superintendent shall be subject to the leave policies applicable to all employees as stated in adopted board policy.
- 3.5 *Insurance.* The District shall pay the same premiums for hospitalization and major medical insurance coverage and any other insurance benefits for the Superintendent pursuant to the group health care plan as provided by the District for its 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 encourages 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 to the American Association of School Administrators and the Texas Association of School Administrators. The District shall pay for other memberships necessary to maintain and improve the Superintendent's professional skills as the Board may deem appropriate. The District shall bear the reasonable cost and expense for such attendance and membership.
- 3.7 *Civic Activities.* The Superintendent is encouraged to participate in community and civic affairs. The reasonable expenses of such activities shall be borne by the District for one (1) civic organizations.
- 3.8 *Outside Consultant Activities.* With the prior consent of the Board, 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. The Superintendent may accept a reimbursement of expenses for such Consulting Services at no expense 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 *Business 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 outside the District. Such actual or incidental costs may include, but are not limited to mileage, 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 to Board policies. No additional compensation for in-district travel.
- 3.10 *Automobile.* The District shall reimburse the Superintendent for out of District travel incurred by the Superintendent in the continuing performance of the Superintendent's duties under this

Contract. The reimbursement will be at the highest rate allowed by IRS rules at the time the expense was incurred for miles traveled.

- 3.11 *Insurance - Professional Legal Liability.* The District shall pay the deductible for any claim made against the Superintendent under a Professional Legal Liability Insurance Policy that the District will have covering the Superintendent. The Superintendent shall be named as an insured under the District's Errors and Omissions General Liability Insurance Policy and shall pay the deductible for any claim made against the Superintendent under such policy.
- 3.12 *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 a negligent 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 costs, fees, expenses or damages that would be recoverable or payable under an insurance contract, held either by the District or by 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 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 Vicil 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.
- 3.13 *Personal Protection.* The District shall, at its expense, provide to the Superintendent such personal protection as the Board may deem necessary. In the event the life or safety of the Superintendent or the Superintendent's family is threatened or otherwise appears in danger due to the performance of the Superintendent's professional duties, the District shall pay the reasonable and necessary costs incidental to the protection of the Superintendent and the Superintendent's family as the Board may deem necessary; provided, however, that such protection will initially be sought from the police/sheriff's department or the appropriate governmental authority having jurisdiction in the District.

IV. Annual Performance Goals

- 4.1 *Development of Goals.* The Superintendent, in cooperation with the District-Level Planning and Decision-Making Committee, shall submit to the Board each year, for its consideration and adoption, a preliminary list of goals for the KISD. The goals approved by the Board shall at all

times be memorialized in writing and reflected in Board minutes or the Superintendent's annual written evaluation and shall be among the criteria on which the Superintendent's performance is reviewed and evaluated. The Board agrees to work with and support the Superintendent in achieving the District goals.

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 term contract. The evaluation and assessment shall be reasonably related to the duties of the Superintendent. The Board, at its discretion, may evaluate and assess the performance of the Superintendent as many times during the year as it deems appropriate. Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times, be conducted in closed meeting 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.
- 5.2 *Evaluation Format and Procedure.* The evaluation format and procedure shall be adopted by the Board. In the event that 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. Renewal or Nonrenewal of Term Contract

- 6.1 *Renewal/Nonrenewal.* Contract renewal or nonrenewal shall be in accordance with Board policy and Section 21.212, of the Texas Education Code.
- 6.2 *Appeal.* If the Superintendent is aggrieved by the Board's decision, he may appeal to the Commissioner of Education in accordance with Subchapter G, Chapter 21, of the Texas Education Code.

VII. Termination of Contract

- 7.1 *Mutual Agreement.* This term contract may be terminated by the mutual agreement of the Superintendent and the Board in writing, upon such terms and conditions as are mutually agreed.
- 7.2 *Resignation.* 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, not later than the 45th day before the first day of instruction of the following school year. The Superintendent may resign with the consent of the Board at any other time.
- 7.3 *Retirement or Death.* This term contract shall be terminated upon the retirement or death of the Superintendent.
- 7.4 *Dismissal or Suspension Without Pay for Good Cause.* The Board may dismiss the Superintendent, or suspend without pay, during the term of this contract for good cause. The term "good cause" is defined as follows:

- (1) Insubordination or failure to comply with written or oral directives issued by action of the Board or failure to comply with Board policies;
- (2) Any sexual misconduct with a student or employee or any conduct that endangers or has the potential to endanger the health or safety of one or more students or employees;
- (3) Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication when the Board has provided the Superintendent a reasonable opportunity to remediate any incompetence or inefficiency that is remediable;
- (4) Neglect of duties;
- (5) Drunkenness or excessive use of alcoholic beverages;
- (6) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Dangerous Drug Act or the Texas Controlled Substances Act;
- (7) Conviction of a felony or any crime involving moral turpitude; conviction of a lesser included offense, pursuant to a plea, when the original charged offense is a felony; deferred adjudication for a felony or any crime involving moral turpitude, when the conviction or deferred adjudication occurs during the term of employment;
- (8) Failure to meet the KISD's standards of professional conduct, including but not limited to failure to fulfill duties or responsibilities as set forth under the terms and conditions of this contract;
- (9) Failure to comply with reasonable KISD professional development requirements;
- (10) Excessive absences, i.e., absences not in compliance district policy or procedures, including applicable state and federal law.
- (11) Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent.
- (12) Immorality, which is conduct the Board determines is not in conformity with the accepted moral standards of the community encompassed by the KISD. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency, or depravity;
- (13) Failure to make a reasonable effort to achieve and maintain an effective working relationship or good rapport with parents, the community, or staff, unless the relationship or good rapport is not achieved or maintained due to no fault of the Superintendent.
- (14) Assault on an employee or student;
- (15) Falsifying records or documents related to the KISD's activities;
- (16) Conscious misrepresentation of facts to the Board or other KISD officials in the conduct of the KISD's business; or
- (17) Failure to fulfill the requirements for superintendent certification;
- (18) Any other reason constituting "good cause" under Texas law.

7.5 *Termination or Suspension Without Pay Procedure.* In the event that the Board proposes to terminate this term contract or suspend the Superintendent without pay for "good cause," the Superintendent shall be afforded all the rights as set forth in Board policies and Subchapter F, Chapter 21, of the Texas Education Code.

VIII. Miscellaneous

- 8.1 *Controlling Law.* This term contract shall be governed by the laws of the State of Texas and shall be performed in Bell County, Texas, unless otherwise provided by law.
- 8.2 *Complete Agreement.* This term contract embodies the entire understanding between the parties and cannot be varied except by written agreement of the undersigned parties and Board approval of the new or additional writing at a lawfully called meeting. All existing term contracts, both oral and written, between the parties regarding the employment of the Superintendent are superseded by this term contract, and this term contract constitutes the entire agreement between the parties unless amended pursuant to this paragraph or other specific terms of this term contract.
- 8.3 *Conflicts.* In the event of any conflict between the terms, conditions, and provisions of this term contract and the provisions of the Board's policies or any permissive state or federal law, the terms of this term contract shall take precedence over the contrary provisions of the Board's policies or any such permissive law, unless otherwise prohibited by law.
- 8.4 *Savings Clause.* In the event any one or more of the provisions contained in this term contract shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision, and this term contract shall be construed as if such invalid, illegal, or unenforceable provision had never been included.

EXECUTED at the City of Killeen, County of Bell and State of Texas, this 4th day of March 2009, pursuant to action of the Board of Trustees at a meeting held on March 4, 2009, for which there was a properly posted agenda that included an item related to employment of a superintendent.

KILLEEN INDEPENDENT SCHOOL DISTRICT

By: Joe M. Maines
Joe Maines
President Board of Trustees

ATTEST:

Mike Helm
Mike Helm
Board Secretary

Robert Muller
Dr. Robert Muller
Superintendent