

Killeen Independent School District
Annual Financial Management Report
For the year ended August 31, 2013

This report provides the Financial Integrity Rating System of Texas Rating

Financial Integrity Rating System of Texas
Killeen ISD District Status Detail

2012-2013 Rating: Superior Achievement

Indicators Answered YES: 20

District Score: 70

Indicators Answered NO: 0

Highest Score Available: 70

#	Indicator Description	2011-2012 Result	2012-2013 Result
1	Was the total fund balance less nonspendable and restricted 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	Was the three-year average percent of total tax collections (including delinquent) greater than 98%?	Yes	Yes
8	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
9	Were debt related expenditures (net of IFA and/or EDA allotment) < \$350.00 per student?	Yes	Yes
10	Was there no disclosure in the annual audit report of material noncompliance?	Yes	Yes
11	Did the district have full accreditation status in relation to financial management practices? (e.g. No conservator or monitor assigned)	Yes	Yes
12	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
13	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
14	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
15	Was the administrative cost ratio less than the Threshold Ratio?	Yes	Yes

16	Was the ratio of students to teachers within the ranges shown below according to district size?	Yes	Yes
17	Was the ratio of students to total staff within the ranges shown below according to district size?	No	Yes
18	Was the decrease in undesignated unreserved fund balance less than 20% over two fiscal years?	Yes	Yes
19	Was the aggregate total of cash and investments in the general fund more than \$0?	Yes	Yes
20	Were investment earnings in all funds (excluding debt service fund and capital projects fund) meet or exceed the 3-month Treasury Bill Rate?	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 7-20)	
	Superior Achievement	64-70
	Above Standard Achievement	58-63
	Standard Achievement	52-57
	Substandard Achievement	<52

Indicator 16 Ratio	Ranges for Ratios		Indicator 18 Ratio	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 2013:

For the twelve-month period ended August 31, 2013: Description of Reimbursements	Superintendent Robert Muller	Board Members						
		Terry Delano	Susan Jones	Corbett Lawler	JoAnn Purser	Ken Ray	Minerva Trujillo	Shelley Wells
Meals	\$ 2,082	\$ 510	\$ 432	\$ 652	\$ 892	\$ 432	\$ 687	\$ 984
Lodging	3,112	226	-	1,050	4,239	-	1,350	3,121
Transportation	5,712	-	-	257	1,066	-	167	1,117
Motor Fuel	-	-	-	-	-	-	-	-
Other	1,525	30	30	-	1,030	30	-	1,120
Total	\$ 12,431	\$ 765	\$ 462	\$ 1,959	\$ 7,226	\$ 462	\$ 2,204	\$ 6,342

Note - The spirit of the rule is to capture all "reimbursements" for fiscal year 2013, 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 2013:

For the twelve-month period ended August 31, 2013	
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 2013:

For the twelve-month period ended August 31, 2013	Board Members							
	Superintendent Robert Muller	Terry Delano	Susan Jones	Corbett Lawler	JoAnn Purser	Ken Ray	Minerva 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 2013:

	Board Members						
For the twelve-month period ended August 31, 2013	Terry Delano*	Susan Jones	Corbett Lawler	JoAnn Purser	Ken Ray	Minerva Trujillo	Shelley Wells
Summary amounts	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

* Mr. Delano has disclosed that while we have no official record of purchases made by KISD to his business, since it is a restaurant in the area, that purchases could have been made by campuses using activity funds where we may not have a record. If purchases were made they would be of an amount that would be deemed immaterial in our annual financial audit.

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

General Fund - First-Quarter Expenditures By Object Code

Report **2013-2014 first-quarter (first three months)** of fiscal year 2013-2014) GENERAL FUND expenditures by object code using whole numbers.

Payroll- Expenditures for payroll costs	object codes 6110-6149	<u>\$ 72,983,435</u>
Contract Costs- Expenditures for services rendered by firms, individuals, and other organizations	object code series 6200	<u>\$ 4,486,382</u>
Supplies and Materials- Expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities	object code series 6300	<u>\$ 3,863,796</u>
Other Operating- Expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay	object code series 6400	<u>\$ 1,524,662</u>
Debt Service- Expenditures for debt service	object code series 6500	<u>\$ -</u>
Capital Outlay- Expenditures for land, buildings, and equipment	object code series 6600	<u>\$ 179,422</u>

Additional Financial Solvency Questions

- | | Yes | No |
|---|-------|----------|
| 1) 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 | _____ | <u>X</u> |
| 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? | _____ | <u>X</u> |
| 2) Has the school district declared financial exigency within the past two years? | _____ | <u>X</u> |

3) Provide comments or explanations for student-to-staff ratios significantly (more than 15%) below the norm, rapid depletion of General Fund balances, or any significant discrepancies between actual budget figures and projected revenues and expenditures, or any other information that may be helpful in evaluating the school district's financial solvency.

<u>Mean Enroll-to-Teacher Ratio</u>	<u>85% of Mean Enroll- to-Teacher Ratio</u>	<u>School District Size</u>
8.30	7.05	Under 100
9.54	8.11	100 to 249
10.80	9.18	250 to 499
11.54	9.81	500 to 999
12.65	10.75	1,000 to 1,599
13.65	11.60	1,600 to 2,999
14.43	12.26	3,000 to 4,999
14.97	12.73	5,000 to 9,999
15.12	12.86	10,000 to 24,999
15.27	12.98	25,000 to 49,999
15.44	13.12	50,000 and Over

Killeen ISD's student to teacher ratio is 15.2508 per FIRST indicator #16 which is within the ranges listed above. Killeen ISD Board of Trustees knowingly elects to reduce available fund balance when it exceeds approximately three months operating expenditures remaining in compliance with board policy CE (local). Actual and budgeted revenues and expenditures are reasonable and anticipated as a result of the size and scope of the district.

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

INTERIM SUPERINTENDENT AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF BELL §

This Agreement is entered into by Killeen Independent School District (“District”), acting by and through its Board of Trustees, and Dr. John Craft (“Employee”).

1. The parties acknowledge that Employee is currently serving under a term employment contract governed by Texas Education Code, Chapter 21. Nothing in this agreement will serve to abridge, dilute or supercede the rights and duties of the parties under that employment contract.

2. Employee will assume the position of Interim Superintendent of the District for a term beginning August 1, 2014 and continuing through January 5, 2015 (“Initial Term”). This Agreement will continue to be in force after January 5, 2015 and may be ended by either party after the Initial Term upon two (2) weeks written notice to the other party. During the term of this Agreement, the District agrees to employ Employee as Interim Superintendent for the District, subject to the following:
 - a. Employee will receive his salary and stipends due and owing under his Chapter 21 contract, plus an amount to bring his gross monthly pay to \$16,000 per month.
 - b. For the period of this agreement, Employee will work full time for the District, executing duties of Interim Superintendent, and reporting th the Board of Trustees.
 - c. Employee will perform all of the usual duties of the Superintendent as set forth in the attached Board policies BJA (Legal) and BJA (Local), and other duties as assigned by the Board of Trustees.

3. The District shall pay or reimburse Employee for reasonable expenses incurred by Employee in the continuing performance of his duties under this Agreement, not to include any expenses associated with his commuting to and from his home. The District agrees to pay the actual and incidental costs incurred by Employee for District business-related 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. Employee shall comply with all procedures and documentation requirements in accordance with Board policies.

4. This agreement may be terminated by (a) notice as described in Section 2, above; (b) by mutual consent; or (3) for good cause as defined by Texas Education Code, Chapter 21.

5. In any legal proceeding related to the interpretation or breach of this Agreement, the Agreement shall be governed and interpreted by Texas law. Venue for any dispute concerning this Agreement shall be Bell County, Texas.

6. Any amendments to this Agreement shall be in writing and signed by both parties.

KILLEEN INDEPENDENT SCHOOL DISTRICT

By:  Date: 7-8-14
TERRY DELANO, PRESIDENT
KILLEEN ISD BOARD OF TRUSTEES

INTERIM SUPERINTENDENT

By:  Date: 7-8-14
DR. JOHN CRAFT

MULTI-YEAR TERM CONTRACT

1. **Position.** The KILLEEN INDEPENDENT SCHOOL DISTRICT agrees to employ JOHN CRAFT, as a Certified Administrator.
2. **Term.** You will be employed for the 2014-2016 school year, according to the hours and dates set by the District as they exist or may hereafter be amended.
3. **Credentials and Criminal History Review.**
 - 3.1 **Certification.** You agree to provide, before your start date each school year, the certification, service records, documentation of highly-qualified status, licenses, and other records and information required by law, the Texas Education Agency (TEA), the State Board for Educator Certification (SBEC), or the District. You agree to maintain any required certification or license throughout the term of this Contract. If you fail to fulfill the requirements necessary to extend a temporary or emergency certificate or permit, or if your certification expires, is canceled, or is revoked, the District may provide you with notice that this Contract is void pursuant to Texas Education Code section 21.0031.
 - 3.2 **Highly Qualified Status.** If you are employed as a classroom teacher, you agree to become and remain "highly qualified," as that term is defined under the No Child Left Behind Act, 20 U.S.C. § 7801(23), and by TEA, to the extent required by law.
 - 3.3 **Criminal History Review.** If required by the District, TEA, or SBEC, you agree to submit to a review of your state or national criminal history record information.
4. **Representations.**
 - 4.1 **Beginning of Contract.** You understand that a criminal history record acceptable to the District, at its sole discretion, is a condition of this Contract. You represent that you have disclosed to the District, in writing, any conviction, no contest or guilty plea, deferred adjudication, or other adjudication for any felony or any offense listed at 19 Texas Administrative Code § 249.16(b).
 - 4.2 **During Contract.** You agree that, during the term of this Contract, you will notify the Superintendent in writing of any arrest, indictment, conviction, no contest or guilty plea, deferred adjudication, or other adjudication for any felony or any offense listed at 19 Texas Administrative Code § 249.16(b). You agree to provide the notification within seven calendar days or any shorter period specified in Board policy.
 - 4.3 **False Statements and Misrepresentations.** You represent that any required records or information in your employment application are true and correct. Any false statements, misrepresentations, omissions of requested information, or fraud by you concerning any required records or in the employment application may be grounds for termination or nonrenewal, as applicable.
5. **Duties.**
 - 5.1 **General Standard.** You agree to perform the duties of your assigned position, as prescribed by state law and regulations and by the District, with reasonable care, skill, and diligence.
 - 5.2 **Rules.** You agree to comply with all Board and District directives, state and federal laws and rules, and District policy and regulations, as they exist or may hereafter be amended.
 - 5.3 **Assignment/Reassignment.** You understand that the District has the right to assign or reassign you to positions, duties, or additional duties and to make changes in responsibilities, work, or transfers, at any time during this Contract.
 - 5.4 **Supplemental Duty.** You understand that this Contract does not cover assignments of or payments for supplemental duties. This Contract does not create a property right to continued employment in any supplemental duty. If you are assigned to a supplemental duty, the start and end dates for the supplemental duty may be different from the start and end dates under this Contract.
6. **Compensation.**
 - 6.1 **Salary.** The District shall pay you according to the compensation plan adopted by the Board. Your salary includes consideration for all assigned duties, responsibilities, and tasks, regardless of the actual number of hours or days (including days not designated on the school calendar) that you work during this Contract. Your salary shall be reduced for absences in excess of authorized, paid leave.
 - 6.2 **Furloughs.** If the District implements a furlough under Texas Education Code section 21.4021, your salary will be reduced in proportion to the number of furlough days. The reduction will be equally distributed over the remainder of the applicable school year.

- 6.3 **Annualized Salary.** Your salary will be paid out over 12 months, regardless of the work schedule specified in paragraph 2.
- 6.4 **Incentive and Performance Pay.** If you qualify, you may receive incentive pay or pay for performance under the District's compensation plan, federal law, or state law, including Texas Education Code chapter 21, subchapter O. An incentive payment is not an entitlement as part of your salary.
- 6.5 **Overpayments.** You agree that the District may deduct any overpayments under this Contract from one or more of your paychecks.
- 6.6 **Benefits.** The District shall provide you with benefits as provided by state law and Board policy. The District reserves the right to amend its policies at any time during the term of this Contract to reduce or increase these benefits, at the Board's sole discretion.
7. **Other Provisions.**
- 7.1 **Equipment and Reports.** You agree to satisfactorily submit or account for all grades, reports, school equipment, or other required items upon request from the District.
- 7.2 **Special Funding.** If your position is funded by grants, federal funding, or other special funding, you understand that your employment is expressly conditioned on the availability of full funding for the position. If full funding becomes unavailable, your employment is subject to termination or nonrenewal, as applicable.
- 7.3 **Residence.** Within six calendar months from the execution of this Contract, Employee will establish his primary residence within the physical boundaries of the District. For purposes of this Contract, with the exception of temporary or occasional absences, the establishment of a "primary residence" is one in which the employee spends the majority of nights and the majority of at-home time, along with the employee's spouse or children, if any, with an intent to remain for the duration of this Contract. Failure to maintain residency as set forth above will be considered a breach of the employment Contract and good cause for termination of employment.
8. **Suspension.** In accordance with Texas Education Code chapter 21, the District may suspend you without pay during the term of this Contract for good cause as determined by the Board.
9. **Termination and Nonrenewal of Contract.**
- 9.1 **Termination of Contract.** This Contract will terminate in accordance with the procedures at Texas Education Code chapter 21, if the Board determines that any of the following exists: good cause, financial exigency, or a program change. This Contract will also terminate if you provide written notice of resignation before the penalty-free resignation date (see Texas Education Code § 21.210).
- 9.2 **Nonrenewal.** The District may nonrenew this Contract in accordance with Texas Education Code chapter 21, as applicable, and Board policy.
10. **General Provisions.**
- 10.1 **Amendment.** This Contract may not be amended unless you and the District agree, in writing, to an amendment.
- 10.2 **Severability.** If any provision in this Contract is held to be invalid, illegal, or unenforceable, the other provisions of the Contract will remain in full force and effect.
- 10.3 **Entire Agreement.** This Contract supersedes all existing agreements, verbal and written, between you and the District regarding your employment. This Contract does not constitute a "unified contract" with any supplemental duties agreement between the parties.
- 10.4 **Applicable Law.** Texas law shall govern construction of this Contract.
11. **Notice to Employee.** You agree to keep a current address on file with the District's personnel services office. Unless Texas Education Code chapter 21 requires a different notice delivery method, you agree that the District may meet any legal obligation it has to give you written notice regarding your employment by hand-delivering the notice to you or by sending the notice by certified mail, regular mail, and/or express delivery service to your address of record.
12. **Expiration of Offer.** This offer of employment contract shall expire unless you sign and return this Contract, without changes, to the Executive Director for Personnel Services on or before April 1, 2014. If you are currently employed under a contract with the District and you fail to sign and return this Contract, without changes, by the return date, you shall be deemed to have resigned from employment at the end of your existing contract term.

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

Employee's Signature  ID# 38967 Date 3/18/14
 KILLEEN INDEPENDENT SCHOOL DISTRICT

By:  Date March 18, 2014
 Superintendent