



Annual Financial Management Report
Financial Integrity Rating System of Texas (FIRST)
2024 - 2025

Using Data for the Fiscal Year Ended August 31, 2024



The Financial Accountability Rating System of Texas (FIRST) was developed by the Texas Education Agency (TEA) in response to Senate Bill 875 of the 76th Texas Legislature in 1999. FIRST is administered by TEA and calculated on information submitted to TEA via our Public Education Information Management System (PEIMS) submissions and the district's annual financial audit report.

During the 77th regular session of the Texas Legislature in 2001, Senate Bill 218 was passed and signed into law by Governor Perry shortly thereafter. This law requires each school district to prepare an annual financial accountability report, within two months of receiving the official ratings. The primary goal of 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 primary objective of the rating system is to assess the quality of financial management in Texas public schools. A secondary objective is to measure and report the extent to which financial resources in Texas public schools assure the maximum allocation possible for direct instructional purposes. Other objectives reflect the implementation of a rating system that fairly and equitably evaluates the quality of financial management decisions.

Major changes to the Schools FIRST system were implemented by the TEA in August 2015 that combined financial indicators with financial solvency indicators, in accordance with House Bill 5 of the 83rd Texas Legislature in 2013. The changes to the FIRST system implemented by the TEA in August 2015 were phased-in over three years. The Commissioner of Education made several changes to FIRST in the Texas Administrative Code beginning with ratings year 2020-2021. The FIRST rating system for the rating year 2024-2025 (based on 2023-2024 data) consists of 21 base indicators of which one indicator was not scored by the TEA.

The FIRST accountability rating system assigns one of five financial accountability ratings to Texas school districts as follows:

- A = Superior Achievement
- B = Above Standard Achievement
- C = Meets Standard Achievement
- F = Substandard Achievement

Killeen Independent School District earned a rating of "Superior Achievement" for the 2023-2024 fiscal year, with 21 out of 21 indicators receiving the highest possible number of points. This is the 23rd year of the Schools FIRST rating system. The District has achieved the highest rating, with a perfect score of 100, for all of the previous years.

The "Superior Achievement" demonstrates the quality of Killeen ISD's financial management and reporting system. This rating shows that KISD is making the most of our taxpayers' dollars and that our schools are accountable not only for student learning, but also for achieving these results cost effectively and efficiently.

Each school district must announce and hold a public hearing to distribute a financial management report that explains the District's performance under each of the 21 base indicators, the District's rating, and other business-related disclosures.

Financial Integrity Rating System of Texas (FIRST)

Fiscal Year 2024-25 (Using Data for Fiscal Year Ended August 31, 2024)

Killeen ISD

Indicator	Result	Measure	Points
1 Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27th or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?	Y	1/27/2025	
2 Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)	Y	Unmodified Opinion	
3 Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)	Y	No Default Disclosures	
4 Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Y	Timely Payments	
5 Was the total net position in the governmental activities column in the Statement of Net Position (Net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero?	Y	\$776,697,402	
6 Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease; or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures?	Y	5.32% avg decr 107.6 days of oper exp	Ceiling Passed
7 Was the number of days cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (Goal: ≥ 90 days)	Y	124.89 days	10
8 Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (Goal: ≥ 3.00)	Y	5.7000	10
9 Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days? Number of days of cash on hand greater than or equal to 60 days?	Y	\$18,463,712 124.89 days	10
10 Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?	Y	This indicator is not being scored.	10
11 Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (Goal: ≤ 0.60) OR Five-year percent change in students $\geq 7\%$?	Y	0.3184 -3.20%	10
12 What is the correlation between future debt requirements and the district's assessed property value? (Goal: ≤ 4.0)	Y	3.1222	10
13 Was the school district's administrative cost ratio equal to or less than the threshold ratio? (Goal: ≤ 0.0855 threshold for KISD)	Y	0.0585	10
14 Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.) Change in student enrollment over 3 years?	Y	3.6105% decr 21-22: 7.282 23-24: 7.020 18 decr	10
15 Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections? (Goal: $\leq 7.0\%$)	Y	0.57%	5
16 Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?	Y	No Variance	Ceiling Passed
17 Did the external independent auditor report that the AFR was free of any instances(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.)	Y	No Material Weaknesses	Ceiling Passed

Indicator	Result	Measure	Points
18 Did the external independent auditor indicate the AFR was free of any instances(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)	Y	No Material Noncompliance	10
19 Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Y	Required Postings	5
20 Did the school district's administration and school board members discuss and changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?	Y	Board Property Value Discussion	Passed
21 Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?	Y	No Repayment Schedule Necessary	Passed

Totals Points Awarded **100**

RATING
A = Superior Achievement

Determination of District Rating

A.	Did the district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is F for Substandard Achievement regardless of points earned.	<u>Points</u>
B.	Determine rating by applicable number of points.	
	A = Superior Achievement	90 - 100
	B = Above Standard Achievement	80 - 89
	C = Meets Standard Achievement	70 - 79
	F = Substandard Achievement	< 70

Ceiling Indicators

A.	Did the school district fail to meet the criteria for any of the following ceiling indicators 4, 5, 6, 16, 17, 20, or 21? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.	<u>Maximum Points</u>	<u>Maximum Rating</u>
B.	Determination of rating based on meeting ceiling criteria.		
	Indicator 4 (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
	Indicator 5 (Total Net Position) - Negative total net position and do not have 7% or more or 1,000 or more increase in growth in students in membership over 5 years	79	C = Meets Standard Achievement
	Indicator 6 (Average Change in Fund Balance) - Response to Indicator is "No".	89	B = Above Standard Achievement
	Indicator 16 (PEIMS to AFR) - Response to indicator is "No".	89	B = Above Standard Achievement
	Indicator 17 (Material Weaknesses) - Response to indicator is "No".	79	C = Meets Standard Achievement
	Indicator 20 (Property Values and Tax Discussion) - Response to indicator is "No".	89	B = Above Standard Achievement
	Indicator 21 (FSP Repayment Plan) - Response to indicator is "Yes".	70	C = Meets Standard Achievement

Reimbursements received by the superintendent and board members

For the twelve-month period ended August 31, 2024: Description of Reimbursements	Superintendent		Board Members							
	Jo Ann Fey	Brenda Adams	Tina Capito	Rodney Gilchrist	Susan Jones	Cullen Mills	Oliver Mintz	JoAnn Purser	Marvin Rainwater	Brett Williams
Meals	\$ 1,404.00	\$ 825.75	\$ 199.00	\$ 204.00	\$ 884.75	\$ 511.75	\$ 624.75	\$ 536.75	\$ 726.75	\$ 1,092.75
Lodging	3,923.54	1,355.58	873.81	859.71	1,647.09	787.38	789.60	1,147.92	1,888.01	3,358.53
Transportation	4,610.57	204.35	190.95	196.98	2,220.70	219.04	199.66	596.85	399.32	2,965.62
Motor Fuel	-	-	-	-	-	-	-	-	-	-
Other	4,511.02	849.00	620.00	620.00	2,995.00	565.00	485.00	825.00	1,019.00	2,610.00
Total	\$ 14,449.13	\$ 3,234.68	\$ 1,883.76	\$ 1,880.69	\$ 7,747.54	\$ 2,083.17	\$ 2,099.01	\$ 3,106.52	\$ 4,033.08	\$ 10,026.90

All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. Items to be reported per category include:

Meals: Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).

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.

Detail of reimbursements reported for the superintendent and board members

These are not reimbursements, but are paid by the district to the organization and must be included in the FIRST reporting.

AUSA Banquet	\$ 50.00
Greater Killeen Chamber of Commerce Banquet and Luncheons	325.00
NAACP Annual Freedom Fund Banquet	43.75
Starmaker's Banquet (Scholars & Stars)	75.00
Included as "Meals" for each board member	<u>\$ 493.75</u>

Registration fees included in "Other":

TABSE Conference	\$ 364.00	Brenda Adams
NAFIS Fall 2023 Conference	\$ 825.00	Susan Jones, JoAnn Purser, Brett Williams
NAFIS Spring 2024 Conference	\$ 700.00	Susan Jones, Brett Williams
Elison HS Basketball Regional Tournament	\$ 19.00	Marvin Rainwater
ESC 12 Texas Education Code Training	\$ 55.00	Tina Capito, Rodney Gilchrist
Holdsworth School Board Institute	\$ 500.00	Susan Jones, Brett Williams
TASA TASB Convention 2023 Convention	\$ 485.00	Susan Jones, Marvin Rainwater
TASA TASB Convention 2023 Convention	\$ 535.00	Cullen Mills
TASB Child Abuse Prevention Training	\$ 30.00	Tina Capito, Rodney Gilchrist, Cullen Mills, Marvin Rainwater, Brett Williams
TASB Leadership Training Online	\$ 70.00	Brett Williams
TASB Summer Leadership Institute 2024 (FW)	\$ 485.00	Brenda Adams, Oliver Mintz Brett Williams
TASB Summer Leadership Institute 2024 (FW) - Additional Session	\$ 50.00	Tina Capito, Rodney Gilchrist
TASB Summer Leadership Institute 2024 (SA)	\$ 485.00	Tina Capito, Rodney Gilchrist, Susan Jones, Marvin Rainwater

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, 2024		Superintendent
		Jo Ann Fey
Name(s) of entity(ies)		Amount Received
Undisclosed		\$6,000
Total		\$6,000

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 the executive officer(s) 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)

		Board Members									
Superintendent		Brenda Adams	Tina Capito	Rodney Gilchrist	Susan Jones	Cullen Mills	Oliver Mintz	JoAnn Purser	Marvin Rainwater	Brett Williams	
For the twelve-month period ended August 31, 2024		Jo Ann Fey									
Summary amounts		\$0	\$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.

Business transactions between school district and board members

		Board Members								
For the twelve-month period ended August 31, 2024		Brenda Adams	Tina Capito	Rodney Gilchrist	Susan Jones	Cullen Mills	Oliver Mintz	JoAnn Purser	Marvin Rainwater	Brett Williams
	Summary amounts	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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.

Interim Superintendent Contract

This Contract is entered into between the Board of Trustees (the "Board") of **KILLEEN INDEPENDENT SCHOOL DISTRICT** (the "District") and **Dr. KING DAVIS** (the "Interim Superintendent").

The Board and the Interim Superintendent, for and in consideration for the terms stated in this Contract, hereby agree as follows:

1. **Term.** The Board agrees to employ the Interim Superintendent beginning August 11, 2025, until either (a) the termination of this agreement by either party in accordance with Paragraph 6; (b) a new Superintendent is hired and starts work at the district; or (c) the parties agree to a specific ending date, whichever occurs first. The Board and the Interim Superintendent ("Parties") may extend the term of this Contract by agreement.
2. **Certification and Credentials.** This Agreement is conditioned on the Interim Superintendent satisfactorily providing the necessary certification and experience records, and other records required by law, District policy, State Board for Educator Certification rules, and Texas Education Agency rules. Failure to provide necessary certification shall render this Agreement void.
3. **Representations.** At the beginning of this Contract, and at any time during this Contract, the Interim Superintendent agrees to submit to a review of his or her national criminal history record information (NCHRI) if required by the District, TEA, or SBEC. The Interim Superintendent also agrees to notify the Board, in writing, of any arrest or of any indictment, conviction, no contest or guilty plea, or other adjudication of the Interim Superintendent, before or during the term of this contract.
4. **Duties.** The Interim Superintendent agrees to perform the duties of superintendent for the duration of this agreement, acting in an interim status. The Interim Superintendent understands and agrees that the number of days to be worked each day may change based on the needs of the District.
5. **Compensation.** The Board agrees to pay the Interim Superintendent a salary in the amount of One Thousand, Four Hundred Thirty-Eight and 00/100 Dollars (\$1,438.00) per District business day worked by the Interim Superintendent, less all appropriate taxes and withholding. The District will pay the Interim Superintendent a monthly housing allowance in the amount of Two Thousand Dollars (\$2,000). The District will pay the Interim Superintendent a monthly transportation allowance in the amount of Six Hundred Dollars (\$600.00). Allowances will be prorated for any month that is not fully served by the Interim Superintendent.
6. **Termination and Suspension.** The parties agree that the Board or the Interim Superintendent may terminate this Contract for any reason by giving the other party one weeks' written notice. The Parties further agree that the Interim Superintendent is being

retained on a temporary or substitute basis and that the Interim Superintendent's relationship with the Board and the District is not governed by Texas Education Code chapter 21.

7. **Business expenses.** The District shall also pay or reimburse the Interim Superintendent for reasonable expenses incurred by him in the continuing performance of his duties as Interim Superintendent under this Agreement. The Interim Superintendent shall receive approval from the Board President in advance of all such expenditures, and shall comply with all procedures and documentation requirements in accordance with Board policies.

8. **Legal Defense.** To the extent it may be permitted to do so by applicable law, the District does hereby agree to defend, hold harmless, and indemnify the Interim Superintendent from any and all demands, claims, suits, actions, judgments, expenses and attorneys' fees incurred in any legal proceedings currently pending or subsequent hereto brought against the Interim Superintendent in his individual capacity or his official capacity as an employee and as Interim Superintendent of the District, providing the incident(s) which is (are) the basis of any claim or lawsuit, arose or does arise in the future, while Interim Superintendent, as Interim Superintendent and as an employee of the District, in the judgement of the Trustees, was acting within the course and scope of Interim Superintendent's employment with the District; excluding, however, those claims or any causes of action where it is reasonably determined by the District's Trustees that Interim 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, with conscious indifference or reckless disregard; 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 Interim Superintendent. A legal defense may be provided through insurance coverage.

9. **General Provisions.**

9.1 Amendment: This Contract may not be amended except by written agreement of the Parties.

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

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

9.4. Applicable Law and Venue: Texas law shall govern construction of this Contract. The Parties agree that venue for any litigation relating to the Interim Superintendent's employment with the District, including this Contract, shall be the county in which the

District's administration building is located. If litigation is brought in federal court, the Parties agree that venue shall be the federal district and division in which the District's administration building is located.

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

10. Notices.

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

10.2 To the Board: The Board agrees that the Interim Superintendent may meet any legal obligation he or she has to give the Board written notice regarding this Contract or the Interim Superintendent's employment by providing one copy of the notice to the President of the Board and one copy to the Vice President of the Board. The Interim Superintendent may provide such notices by hand delivery, or by certified mail, regular mail, and/or express delivery service, to the Board President and Vice President's addresses of record, as provided to the District.

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

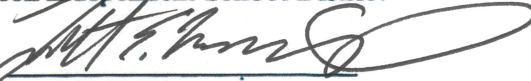
Interim Superintendent



Dr. King Davis

Date signed: 8-6-2025

Killeen Independent School District

By: 

Brett E. Williams
President, Board of Trustees

Date signed: 8/6/2025