

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED AUGUST 31, 2009

KILGORE INDEPENDENT SCHOOL DISTRICT

GENERAL OBLIGATION DEBT

**FirstSouthwest**   
A PlainsCapital Company<sup>SM</sup>

## RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

**Issuer Name: Kilgore Independent School District**

**Issue(s):**

\$ 4,960,000 Unlimited Tax Refunding Bonds, Series 2003  
\$ 3,405,000 Unlimited Tax Refunding Bonds, Series 2004  
\$ 5,450,000 Unlimited Refunding Bonds Series 2006

**Filing Format**  electronic \_\_\_ paper; If available on the Internet, give URL: \_\_\_\_\_

**CUSIP Numbers to which the information filed relates (optional):**

Nine-digit number(s) (see following page(s)):

\_\_\_ Six-digit number if information filed relates to all securities of the issuer

\* \* \*

### Financial & Operating Data Disclosure Information

Annual Financial Report or CAFR

Financial Information & Operating Data

\_\_\_ Other (describe)

Fiscal Period Covered: FYE 2009

\_\_\_ Monthly \_\_\_ Quarterly  Annual \_\_\_ Other:

\* \* \*

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: /s/ Revard Pfeffer

Name: Revard Pfeffer Title: Business Manager

Employer: Kilgore Independent School District

Voice Telephone Number: (903) 984-2073

Email Address: revard@kisd.org

## DESCRIPTION OF ISSUES COVERED BY THIS REPORT

### Unlimited Tax Refunding Bonds, Series 2003

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
02/15/11	\$ 285,000	494053 GB1
02/15/12	295,000	494053 GC9
02/15/13	300,000	494053 GD7
02/15/14	315,000	494053 GE5
02/15/15	325,000	494053 GF2
02/15/16	335,000	494053 GG0
02/15/17	345,000	494053 GH8
02/15/18	360,000	494053 GJ4
	<u>\$ 2,560,000</u>	

### Unlimited Tax Refunding Bonds, Series 2004

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
08/15/10	\$ 205,000	494053 GQ8
08/15/11	215,000	494053 GR6
08/15/12	220,000	494053 GS4
08/15/13	230,000	494053 GT2
08/15/14	245,000	494053 GU9
08/15/15	255,000	494053 GV7
08/15/16	265,000	494053 GW5
08/15/17	280,000	494053 GX3
08/15/18	295,000	494053 GY1
08/15/19	305,000	494053 GZ8
	<u>\$ 2,515,000</u>	

**Unlimited Refunding Bonds Series 2006**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
02/15/11	\$ 450,000	494053 HD6
02/15/12	470,000	494053 HE4
02/15/13	490,000	494053 HF1
02/15/14	505,000	494053 HG9
02/15/15	530,000	494053 HH7
02/15/16	550,000	494053 HJ3
02/15/17	580,000	494053 HK0
02/15/18	610,000	494053 HL8
	<u>\$ 4,185,000</u>	

## FINANCIAL STATEMENTS

The audited financial statements for the District for the fiscal year ended August 31, 2009 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

## SIGNATURE OF ISSUER

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described.

### KILGORE INDEPENDENT SCHOOL DISTRICT

/s/ Revard Pfeffer

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Revard Pfeffer  
Business Manager

Approved for Submission:

02/16/2010

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Date

**CERTIFICATE OF SUBMISSION OF ANNUAL REPORT**

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the Kilgore Independent School District with respect to the issues listed on the report cover was submitted directly to the National Recognized Municipal Securities Information Repository ("NRMSIR") listed below as well as to any applicable State Information Depository ("SID").

**NRMSIR**

Municipal Securities Rulemaking Board ("MSRB")  
via the Electronic Municipal Market Access ("EMMA") system

First Southwest Company

Signed by:

/s/ Randy Moshier

# KILGORE INDEPENDENT SCHOOL DISTRICT

## TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

2009/2010 Market Valuation Established by Appraisal District (excluding totally exempt property)		\$ 2,084,034,467
Less Exemptions/Reductions at 100% Market Value		
Homestead Exemption (State Mandated)	\$ 67,919,146	
Freeport Exemption	72,678,530	
Pollution Control Exemption	238,590	
Disabled Veterans Exemption	1,796,460	
Productivity Loss	83,698,010	
Prorated Exempt Property	52,850	
Homestead Exemption (Local Option)	91,957,703	
Capped Value Loss	14,103,690	
Other Exemption	1,502,180	
Homestead Exemption (State Mandated Over 65 or Disabled)	16,823,551	
Homestead Exemption (Local Option Over 65)	5,807,950	
Minimum Value Exemption	15,240	
<b>Total Exemptions</b>	<b>356,593,900</b>	<b>\$ 356,593,900</b>
2009/2010 Taxable Assessed Valuation		\$ 1,727,440,567
Debt Payable from Ad Valorem Taxes (as of 12/31/09)		
Unlimited Tax Bonds	\$ 9,975,000	
<b>Total</b>		<b>\$ 9,975,000</b>
General Obligation Interest and Sinking Fund (as of 12/31/09)		\$ 1,313,791
Ratio General Obligation Tax Debt to Taxable Assessed Valuation		0.58%

2010 Estimated Population - 19,600  
 Per Capita Taxable Assessed Valuation - \$88,135  
 Per Capita Debt Payable - \$509

**TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY**

Category	Tax Appraised Value for Fiscal Year Ended August 31,					
	2010		2009		2008	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 552,961,450	26.53%	\$ 530,535,860	30.57%	\$ 454,761,630	29.66%
Real, Residential, Multi-Family	20,285,080	0.97%	20,237,520	1.17%	18,431,830	1.20%
Real, Vacant Lots/Tracts	26,134,757	1.25%	27,632,719	1.59%	10,362,702	0.68%
Real, Acreage (Land Only)	101,819,100	4.89%	34,544,198	1.99%	87,549,563	5.71%
Real, Farm and Ranch Improvements	61,833,610	2.97%	59,344,540	3.42%	65,470,801	4.27%
Real, Commercial and Industrial	239,097,740	11.47%	202,757,725	11.68%	150,548,696	9.82%
Real, Oil, Gas, and Mineral Reserves	205,145,400	9.84%	132,985,100	7.66%	183,919,880	11.99%
Real & Tangible Personal, Utilities	57,249,490	2.75%	37,075,060	2.14%	46,556,180	3.04%
Tangible Personal, Industrial	532,548,230	25.55%	446,454,220	25.73%	-	0.00%
Tangible Personal, Business	273,192,040	13.11%	228,568,760	13.17%	503,682,691	32.85%
Tangible Personal, Other, Mobile Homes	5,959,050	0.29%	6,360,130	0.37%	2,537,370	0.17%
Real Property, Inventory	410,180	0.02%	513,910	0.03%	1,163,830	0.08%
Special Inventory	7,398,340	0.36%	8,413,350	0.48%	8,320,910	0.54%
<b>Total Appraised Value Before Exemptions:</b>	<b>\$ 2,084,034,467</b>	<b>100.00%</b>	<b>\$ 1,735,423,092</b>	<b>100.00%</b>	<b>\$ 1,533,306,083</b>	<b>100.00%</b>
Adjustment:	-		173,790,118		54,298,112	
Less: Total Exemptions/Reductions:	(356,593,900)		(324,208,036)		(326,920,672)	
<b>Taxable Assessed Value:</b>	<b>\$ 1,727,440,567</b>		<b>\$ 1,585,005,174</b>		<b>\$ 1,260,683,523</b>	

  

Category	2007		2006	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 406,126,539	30.69%	\$ 379,564,249	32.86%
Real, Residential, Multi-Family	17,140,974	1.30%	15,009,970	1.30%
Real, Vacant Lots/Tracts	10,062,198	0.76%	8,878,089	0.77%
Real, Acreage (Land Only)	79,183,172	5.98%	75,935,348	6.57%
Real, Farm and Ranch Improvements	57,553,824	4.35%	55,556,588	4.81%
Real, Commercial and Industrial	130,039,252	9.83%	120,832,330	10.46%
Real, Oil, Gas, and Mineral Reserves	164,084,890	12.40%	108,678,840	9.41%
Real & Tangible Personal, Utilities	39,005,710	2.95%	42,248,770	3.66%
Tangible Personal, Industrial	-	0.00%	-	0.00%
Tangible Personal, Business	409,529,765	30.95%	337,506,218	29.22%
Tangible Personal, Other, Mobile Homes	2,206,040	0.17%	3,060,530	0.26%
Real Property, Inventory	187,700	0.01%	175,570	0.02%
Special Inventory	8,065,810	0.61%	7,712,930	0.67%
<b>Total Appraised Value Before Exemptions:</b>	<b>\$ 1,323,185,874</b>	<b>100.00%</b>	<b>\$ 1,155,159,432</b>	<b>100.00%</b>
Adjustment:	36,492,413		30,195,599	
Less: Total Exemptions/Reductions:	(275,536,372)		(263,468,905)	
<b>Taxable Assessed Value:</b>	<b>\$ 1,084,141,915</b>		<b>\$ 921,886,126</b>	

**TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY**

Fiscal Year Ended 8/31	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	Debt Outstanding at End of Year	Ratio of Debt to Taxable Assessed Valuation	Debt Per Capita
2006	17,000	\$ 921,886,126	\$ 54,229	\$ 12,313,370	1.34 %	\$ 724
2007	19,200	1,084,141,915	56,466	11,855,000	1.09 %	617
2008	19,300	1,260,683,523	65,320	10,860,000	0.86 %	563
2009	19,600	1,585,005,174	80,868	9,975,000	0.63 %	509
2010	19,600	1,727,440,567	88,135	9,055,000 (3)	0.52 %	462

(1) Source: District Officials.

(2) As reported by the Rusk and Gregg County Appraisal Districts on District's annual State Property Tax Reports; subject to change during the ensuing year.

(3) Projected.

**TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY**

Fiscal Year Ended 8/31	Tax Rate	Local Maintenance	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2006	\$ 1.612000	\$ 1.500000	\$ 0.112000	\$ 14,860,804	98.45%	101.42%
2007	1.466700	1.370000	0.096700	15,901,109	97.98%	100.16%
2008	1.133100	1.040000	0.093100	14,284,805	96.24%	98.21%
2009	1.121000	1.040000	0.081000	17,767,908	97.95%	99.99%
2010	1.109200	1.040000	0.069200	19,160,771	54.75% (1)	55.10% (1)

(1) Collections through December 31, 2009.

**TABLE 5 - TEN LARGEST TAXPAYERS**

Name of Taxpayer	Nature of Property	2009/2010 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Halliburton Energy Services	Oil & Gas	\$ 107,221,290	6.21%
BJ Services	Oil & Gas	51,236,810	2.97%
Exco Operating Co LP	Oil & Gas	34,673,170	2.01%
Southern Plastics Inc	Plastics Manufacturing	29,214,260	1.69%
OG Dallas Tx Landlord LLC	Oil & Gas	28,890,140	1.67%
Cudd Pressure Control	Oil & Gas	27,117,060	1.57%
Samson Lone Star LLC	Oil & Gas	25,911,890	1.50%
XTO Energy Inc	Oil & Gas	23,838,780	1.38%
Orgill Inc	Hardlines Distribution	19,174,140	1.11%
Weatherford Artificial Lift	Oil & Gas	16,140,580	0.93%
		<u>\$ 363,418,120</u>	<u>21.04%</u>

**TABLE 6 - TAX ADEQUACY**

	Unlimited Tax Debt	
Principal and Interest Requirements, 2010		\$1,298,804
\$0.0768 Tax Rate at 98% Collection Produces		\$1,300,141
Average Annual Principal and Interest Requirements, 2010 - 2019		\$1,204,074
\$0.0712 Tax Rate at 98% Collection Produces		\$1,205,339
Maximum Principal and Interest Requirements, 2018		\$1,314,180
\$0.0777 Tax Rate at 98 % Collection Produces		\$1,315,377

**TABLE 8 - DEBT SERVICE REQUIREMENTS**

Fiscal Year Ended 8/31	Outstanding Debt Service (Unlimited)			Percent of Principal
	Principal	Interest	Total	
2010	\$ 920,000	\$ 378,804	\$ 1,298,804	9.22 %
2011	950,000	345,291	1,295,291	
2012	985,000	310,286	1,295,286	
2013	1,020,000	274,461	1,294,461	
2014	1,065,000	236,941	1,301,941	49.52 %
2015	1,110,000	196,965	1,306,965	
2016	1,150,000	154,603	1,304,603	
2017	1,205,000	105,787	1,310,787	
2018	1,265,000	49,180	1,314,180	
2019	305,000	13,420	318,420	100.00 %
	<u>\$ 9,975,000</u>	<u>\$ 2,065,738</u>	<u>\$ 12,040,738</u>	

**TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION**

Tax Supported Debt Service Requirements, Fiscal Year Ending 8/31/2010		\$ 1,298,804
Interest and Sinking Fund Balance, Fiscal Year Ending 8/31/2009	\$ 668,712	
Budgeted Interest And Sinking Fund Tax Levy	1,203,804	
State Existing Debt Allotment	-	
Total Projections:		<u>\$ 1,872,516</u>
Estimated Balance, Fiscal Year Ending 8/31/2010		<u>\$ 573,712</u>

## TABLE 10 - AUTHORIZED BUT UNISSUED BONDS

As of December 31, 2009, the District has no authorized but unissued bonds.

## TABLE 11 - OTHER OBLIGATIONS

As of August 31, 2009, the District has no other (noncapitalized) obligations.

## TABLE 12 - CHANGE IN NET ASSETS

Program Revenues:	Fiscal Years Ended August 31,				
	2009	2008	2007	2006	2005
Charges for Services	\$ 951,580	\$ 1,069,358	\$ 1,747,532	\$ 960,609	\$ 888,811
<b>General Revenues</b>					
Operating Grants and Contributions	5,165,149	4,588,650	3,444,643	4,963,367	4,494,781
Grants and Contributions Not Restricted	-	-	-	5,837	13,633
State Aid - Formula	8,041,839	11,471,146	9,211,684	7,875,567	8,628,296
Investment Earnings	233,206	624,067	864,747	649,975	297,098
Other	969,556	694,981	481,711	417,858	371,301
Debt Service Taxes	1,292,042	1,176,488	1,043,913	-	-
Maintenance and Operations Taxes	16,561,347	13,209,377	14,996,906	15,542,953	13,601,394
<b>Total Revenues:</b>	<b>\$ 33,214,719</b>	<b>\$ 32,834,067</b>	<b>\$ 31,791,136</b>	<b>\$ 30,416,166</b>	<b>\$ 28,295,314</b>
<b>Expenditures:</b>					
Instruction	\$ 17,975,072	\$ 17,950,039	\$ 15,994,796	\$ 15,983,801	\$ -
Instructional Resources and Media Services	526,676	570,364	530,470	517,575	15,667,618
Curriculum Development and Instructional Staff Development	431,500	282,377	169,061	179,323	-
Instructional and School Leadership	2,356,529	2,259,084	1,948,569	1,961,072	1,745,077
Support Services - Student (Pupil)	2,093,273	2,406,323	2,076,911	1,956,945	1,909,163
Food Services	1,814,304	1,678,128	1,548,399	1,505,372	1,417,791
Cocurricular/Extracurricular Activities	1,300,354	1,228,596	1,238,046	1,238,941	1,189,997
General Administration	1,124,778	1,272,708	1,193,527	1,084,863	1,033,633
Support Services - Non-Student Based	3,288,056	3,022,170	2,900,466	2,882,089	2,752,985
Community Services	-	-	25,219	27,015	34,572
Debt Service	410,391	440,854	512,624	584,751	607,945
Bond Issuance Costs and Fees	28,086	26,716	-	-	-
Other Intergovernmental Charges	185,081	-	-	-	-
<b>Total Expenditures:</b>	<b>\$ 31,534,100</b>	<b>\$ 31,137,359</b>	<b>\$ 28,138,088</b>	<b>\$ 27,921,747</b>	<b>\$ 26,358,781</b>
Excess (Deficiency) Before Other Resources, Uses, and Transfers:	\$ 1,680,619	\$ 1,696,708	\$ 3,653,048	\$ 2,494,419	\$ 1,936,533
Other Resources (Uses):	-	-	-	-	-
Transfers In (Out):	-	-	-	-	-
<b>Increase (Decrease) in Net Assets:</b>	<b>\$ 1,680,619</b>	<b>\$ 1,696,708</b>	<b>\$ 3,653,048</b>	<b>\$ 2,494,419</b>	<b>\$ 1,936,533</b>
Special Items--Prior Period Adjustment	-	-	-	-	-
Beginning Net Assets	26,305,638	24,608,930 <sup>(1)</sup>	20,955,863 <sup>(1)</sup>	18,461,449 <sup>(1)</sup>	16,524,914 <sup>(1)</sup>
<b>Ending Net Assets</b>	<b>\$ 27,986,257</b>	<b>\$ 26,305,638</b>	<b>\$ 24,608,911</b>	<b>\$ 20,955,868</b>	<b>\$ 18,461,447</b>

(1) Restated.

**TABLE 13 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

Revenues:	Fiscal Years Ended August 31,				
	2009	2008	2007	2006	2005
Local, Intermediate & Out-of-state	\$ 17,769,963	\$ 14,759,698	\$ 16,571,939	\$ 15,771,647	\$ 13,722,625
State Program Revenues	9,248,602	12,622,961	9,942,928	8,753,691	9,469,969
Federal Program Revenues	89,671	87,140	131,145	193,153	43,429
<b>Total Revenues:</b>	<b>\$ 27,108,236</b>	<b>\$ 27,469,799</b>	<b>\$ 26,646,012</b>	<b>\$ 24,718,491</b>	<b>\$ 23,236,023</b>
<b>Expenditures:</b>					
Instruction	\$ 14,850,900	\$ 15,030,860	\$ 13,194,423	\$ 12,947,635	\$ 12,443,810
Instructional Resources and Media Services	501,775	550,718	513,037	489,146	470,382
Curriculum Development and Instructional Staff Development	353,232	197,128	81,971	105,922	85,216
Instructional Leadership	470,487	574,997	413,738	398,038	314,738
School Leadership	1,780,219	1,590,308	1,445,123	1,467,142	1,338,819
Guidance, Counseling and Evaluation Services	698,402	872,145	850,551	733,018	604,019
Social Work Services	46,708	50,264	46,279	46,368	45,636
Health Services	268,991	275,456	239,864	225,742	212,783
Student (Pupil) Transportation	968,219	1,368,426	843,785	908,679	804,339
Food Services	27,118	50,943	50,074	30,084	23,578
Cocurricular/Extracurricular Activities	1,094,330	1,169,338	1,250,494	1,142,831	1,151,467
General Administration	1,087,439	1,246,623	1,203,964	1,062,527	1,012,600
Plant Maintenance and Operations	3,415,206	2,938,182	2,863,487	2,940,489	2,629,493
Security and Monitoring Services	140,505	155,762	90,685	66,326	145,926
Data Processing Services	510,899	173,450	170,602	193,748	154,391
Community Services	-	-	23,871	25,062	32,549
Debt Service	-	-	-	39,475	67,671
Capital Outlay	6,600	4,723,278	2,630,292	1,010,528	283,507
Other Intergovernmental Charges	185,081	-	-	-	-
<b>Total Expenditures:</b>	<b>\$ 26,406,111</b>	<b>\$ 30,967,878</b>	<b>\$ 25,912,240</b>	<b>\$ 23,832,760</b>	<b>\$ 21,820,924</b>
Excess (Deficiency) of Revenues Over Expenditures:	\$ 702,125	(\$ 3,498,079)	\$ 733,772	\$ 885,731	\$ 1,415,099
Other Resources and (Uses):	272,882	18,072	45,236	(5,738)	(8,335)
Excess (Deficiency) of Revenue and Other Resources Over Expenditures and Other Uses:	975,007	(3,480,007)	779,008	879,993	1,406,764
Beginning Fund Balance:	7,125,570	10,605,577 <sup>(1)</sup>	9,826,571 <sup>(1)</sup>	8,946,576 <sup>(1)</sup>	7,539,812
Adjustments/Reclassification to Fund Balance:	-	-	-	-	200
<b>Ending Fund Balance:</b>	<b>\$ 8,100,577</b>	<b>\$ 7,125,570 <sup>(1)</sup></b>	<b>\$ 10,605,579 <sup>(1)</sup></b>	<b>\$ 9,826,569 <sup>(1)</sup></b>	<b>\$ 8,946,776</b>

## TABLE 14 - CURRENT INVESTMENTS

As of December 31, 2009, funds were invested as follows:

Description	%	Market Value	Book Value
Certificates of Deposit	42.53%	\$ 5,785,929	\$ 5,785,929
Texpool	17.58%	2,391,544	2,391,544
MBIA - Class	39.88%	5,425,133	5,425,133
Lone Star - Liquidity Corporate	0.00%	2	2
Lone Star - Liquidity Plus	0.00%	5	5
TexStar	0.00%	502	502
<b>Total</b>	<b>100.00%</b>	<b>\$ 13,603,116</b>	<b>\$ 13,603,116</b>