

**KATY
INDEPENDENT SCHOOL DISTRICT**

EFFICIENCY AUDIT REPORT

**Data for the Year Ended
August 31, 2021**

KATY INDEPENDENT SCHOOL DISTRICT

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**REPORT OF INDEPENDENT AUDITORS ON AN EFFICIENCY AUDIT
CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees and Citizens
of Katy Independent School District

Whitley Penn, LLP conducted an efficiency audit as prescribed by the State of Texas Legislative Budget Board for Katy Independent School District (the "District"). The purpose of this report is to communicate the results of the efficiency audit.

The purpose of our efficiency audit was to assess the District's fiscal management, efficiency and utilization of resources, and whether the District has implemented best practices utilized by Texas school districts before an election to adopt a Maintenance and Operations (M&O) property tax rate.

Our efficiency audit was conducted in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the performance audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our performance audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our performance audit objectives.

The procedures performed did not constitute an audit, a review, or a compilation of the District's financial statements or any part thereof, nor an examination of management's assertions concerning the effectiveness of the District's internal-control systems or compliance with laws, regulations, or other matters. Accordingly, the performance of the procedures did not result in the expression of an opinion or any other form of assurance on the District's financial statements or any part thereof, nor an opinion or any other form of assurance on the District's internal-control systems or its compliance with laws, regulations, or other matters.

A handwritten signature in black ink that reads "Whitley Penn LLP".

Houston, Texas
August 30, 2022

To the Board of Trustees and Citizens of
Katy Independent School District

SECTION I - EXECUTIVE SUMMARY

Overview of Procedures Performed

In conducting the efficiency audit for the District, we gained an understanding of the District's fiscal management, efficiency and utilization of resources, and whether the District has implemented best practices utilized by Texas school districts. This was accomplished by analyzing data from the year ended August 31, 2021 and prior, maintained by the Texas Education Agency ("TEA") and the District. An overview of the objectives and approach performed during the efficiency audit are provided in Section III of this report.

District data on accountability, students, staffing and finances, with peer districts and state comparisons are described in Section IV of this report.

SECTION II - KEY INFORMATION ABOUT THE DISTRICT

Katy Independent School District (“the District”), is exploring holding an election to increase the District’s maintenance and operations property tax rate in fiscal year 2023. Maintenance and Operations (M&O) taxes are for the operation of public schools. The District has not had a tax ratification election in the past.

The M&O tax rate for fiscal years 2021 and 2022 were \$0.9988 and \$0.9617, respectively, and the rate will be further compressed for fiscal year 2023. Although the District is not proposing to increase the M&O tax rate for fiscal year 2023, the District is projecting a budget shortfall for fiscal year 2023 and an efficiency audit was deemed necessary to determine if the District can achieve cost efficiencies before deciding on next steps to close the budget gap for fiscal year 2023. The results of this report are to consider if efficiencies can be achieved and if a Voter Approved Tax Rate Election (VATRE) is warranted.

The estimated revenue from the proposed increase in tax rate is \$25.5 million (\$23.6 million local M&O tax revenue and \$1.9 million in additional state funds) and represents about 2.8 percent of the 2021 - 2022 amended expenditure budget of \$901.0 million.

The average taxable value of a single-family residential property for tax year 2022 is \$324,213. The average tax bill as a result of the proposed M&O rate change is \$3,118, or a \$152 increase compared to what the average resident would pay without the proposed M&O tax rate increase.

Even with the proposed M&O tax rate increase the District administration will be proposing, the District will need to achieve further cost efficiencies and review program cost savings that would allow the District to adopt a balanced budget for fiscal year 2024.

Based on the outcome of the efficiency audit, the District will first address any cost inefficiencies reflected in the efficiency audit. Secondly, the District will determine if any other funds are available to cover General Fund needs in fiscal year 2023. The District can also determine if budget assumptions such as staffing ratios need adjusting in 2023.

If a VATRE is proposed in fiscal year 2023, the District intends to use the additional tax revenue to maintain staffing based on staffing guidelines and competitive teacher and staff compensation and as well continue to provide the same level of instructional opportunities for students.

The District engaged Whitley Penn, LLP to conduct the efficiency audit. Efficiency audits focus on informing voters about the District’s fiscal management, efficiency, utilization of resources, and whether the District has implemented best practices. The information includes data and tools that the State of Texas currently utilizes to measure school district efficiency.

Some key information about the District:

- The District’s total operating revenue for all funds for fiscal year 2021 totaled \$10,463 per student, while its peer districts average and State average were \$10,355 per student and \$11,505 per student, respectively.
- Over the last five years, the District’s total average operating revenues for all funds totaled \$9,949 per student, while its peer districts average and State average were \$9,688 per student and \$10,459 per student, respectively.
- Over the last five years, the District’s average General Fund operating revenue per student totaled \$8,980, while its peer districts average totaled \$8,521 per student.
- The District’s total operating expenditures for all funds for fiscal year 2021 totaled \$10,542, while its peer districts average and State average were \$10,601 per student and \$11,106 per student, respectively.
- Over the last five years, the District’s average total operating expenditures for all funds totaled \$9,790 per student compared to its peer districts average of \$9,708 per student and the State average of \$10,117 per student.
- Over the last five years, the District’s average General Fund operating expenditures per student was \$8,866 per student, while its peer districts average was \$8,555 per student.
- The District has earned a Superior Rating for the School Financial Integrity Rating System of Texas (FIRST) for the last five years.

To the Board of Trustees and Citizens of
Katy Independent School District

SECTION II - KEY INFORMATION ABOUT THE DISTRICT (continued)

- The Texas Education Agency reviews and tracks the performance of both school districts and individual schools with the Texas A-F Accountability System. The results are posted year-to-year. The District, as a whole, earned an “A” (91 out of 100 points) in 2021 - 2022. The detail by campus for the 2021 - 2022 accountability rating is shown below:

| Grade | # of Campuses |
|--------------|----------------------|
| A | 37 |
| B | 26 |
| C | 6 |
| D | - |
| F | - |

Additional details and audit results are included in Section IV.

To the Board of Trustees and Citizens of
Katy Independent School District

SECTION III - OBJECTIVES AND APPROACH

Objectives

The objective of our efficiency audit was to assess the District's fiscal management, efficiency and utilization of resources, and whether the District has implemented best practices utilized by Texas school districts.

Approach

In order to achieve the objectives, set forth above, Whitley Penn, LLP performed the following procedures:

1. Selected 11 peer districts, developed a simple average and used the same comparison group throughout the audit.
2. Reported on the overall accountability rating (A-to-F and a corresponding scale score of 1 to 100).
3. Compared the District's peer districts' average score and listed the following District's campus information:
 - a. Accountability rating count for each campus level within the district.
 - b. Names of the campuses that received an F accountability rating
 - c. Campuses that are required to implement a campus turnaround plan
4. Reported on the District's School FIRST rating. For a rating of less than A, listed the indicators not met.
5. Reported on student characteristics for the District, its peer districts and the State average including:
 - a. Total Students
 - b. Economically Disadvantaged
 - c. English Learners
 - d. Special Education
 - e. Bilingual/ESL Education
 - f. Career and Technical Education
6. Reported on the attendance rate for the District, its peer districts and the State.
7. Reported on the five-year enrollment for the District for the most recent school year and four (4) years prior, the average annual percentage change based on the previous five years and the projected next school year.
8. Reported on the following indicators related to the District's revenue, its peer districts' average and the State average and explained any significant variances.
 - a. Local M&O Tax (Retained) (without debt service and recapture)
 - b. State
 - c. Federal
 - d. Other local and intermediate
 - e. Total revenue

SECTION III - OBJECTIVES AND APPROACH (continued)

9. Reported on the following indicators related to the District's expenditures, its peer districts' average, and the State average and explained significant variances from the peer districts' average in any. In addition, explained the reasons for the District's expenditures exceeding revenue, if applicable.
 - a. Instruction
 - b. Instructional resources and media
 - c. Curriculum and staff development
 - d. Instructional leadership
 - e. School leadership
 - f. Guidance counseling services
 - g. Social work services
 - h. Health services
 - i. Transportation
 - j. Food service operation
 - k. Extracurricular
 - l. General administration
 - m. Plant maintenance and operations
 - n. Security and monitoring services
 - o. Data processing services
 - p. Community services
 - q. Total operating expenditures

10. Reported on the following indicators for payroll and select District salary expenditures compared to its peer districts' average and the State average and explained any significant variances from the peer districts' average in any category.
 - a. Payroll as a percentage of all funds
 - b. Average teacher salary
 - c. Average administrative salary
 - d. Superintendent salary

11. Reported on the General Fund operating fund balance, excluding debt service and capital outlay, for the past five years and per student for the District and its peer districts. Analyzed unassigned balance per student and as a percentage of three-month operating expenditures and explained any significant variances.

12. Reported the District's allocation of staff, and student-to-teacher and student-to-total staff ratios for the District, its peer districts and the State average. The following staff categories were used:
 - a. Teaching
 - b. Support
 - c. Administrative
 - d. Paraprofessional
 - e. Auxiliary
 - f. Students per total staff
 - g. Students per teaching staff

SECTION III - OBJECTIVES AND APPROACH (continued)

13. Reported on the District's teacher turnover rate as well as its peer districts and the State's average. Reported on the following programs offered by the District, including the number of students served, percentage of enrolled students served, program budget, program budget as a percentage of the District's budget, total staff for the program, and student-to-staff ratio for the program.
 - a. Special Education
 - b. Bilingual Education
 - c. Migrant Programs
 - d. Gifted and Talented Programs
 - e. Career and Technical Education
 - f. Athletics and Extracurricular Activities
 - g. Alternative Education Program/Disciplinary Alternative Education Program
 - h. Juvenile Justice Alternative Education Program
14. Described how the District maximizes available resources from state sources and regional education service centers to develop or implement programs or deliver services.
15. Report on the District's annual external audit report's independent auditor's opinion as required by *Government Auditing Standards*.
16. Explained the basis of the TEA assigning the District a financial-related monitoring/oversight role during the past three years, if applicable.
17. In regards to the District's budget process, provided a response to each of the following questions:
 - a. Does the District's budget planning process include projections for enrollment and staffing?
 - b. Does the District's budget process include monthly and quarterly reviews to determine the status of annual spending?
 - c. Does the District use cost allocation procedures to determine campus budgets and cost centers?
 - d. Does the District analyze educational costs and student needs to determine campus budgets?
18. Provided a description of the District's self-funded program, if any, and analyzed whether program revenues are sufficient to cover program costs.
19. Reported whether the District administrators are evaluated annually and, if so, explained how the results inform District operations.
20. In regards to the District's compensation system, provided a response to the following questions:
 - a. Does the District use salary bonuses or merit pay systems? If yes, explain the performance-based systems and the factors used.
 - b. Do the District's salary ranges include minimum, midpoint, and maximum increments to promote compensation equity based on the employee's education, experience, and other relevant factors?
 - c. Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking, and comparable salary data?
 - d. Has the District made any internal equity and/or market adjustments to salaries within the past two years?

SECTION III - OBJECTIVES AND APPROACH (continued)

21. In regards to planning, provided a response for each of the following questions:
- a. Does the District develop a District Improvement Plan (DIP) annually?
 - b. Do all campuses in the District develop a Campus Improvement Plan (CIP) annually?
 - c. Does the District have an active and current facilities master plan? If yes, does the District consider these factors to inform the plan:
 - i. Does the District use enrollment projections?
 - ii. Does the District analyze facility capacity?
 - iii. Does the District evaluate facility condition?
 - d. Does the District have an active and current energy management plan?
 - e. Does the District maintain a clearly defined staffing formula for staff in maintenance, custodial, food service, and transportation?
22. In regards to District academic information, we will provide a response for each of the following questions:
- a. Does the District have a teacher mentoring program?
 - b. Are decisions to adopt new programs or discontinue existing programs made based on quantifiable data and research?
 - c. When adopting new programs, does the District define expected results?
 - d. Does the District analyze student test results at the district and/or campus level to design, implement and/or monitor the use of curriculum and instructional programs?
23. Provided a response to the question if the District modifies programs, plans staff development opportunities, or evaluates staff based on analyses of student test results.

To the Board of Trustees and Citizens of
Katy Independent School District

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS

1. Peer Districts

The Texas Education Agency's (TEA) Snapshot Peer Search identified a total of 19 peer districts based on size (50,000 students and over). Using other similar characteristics for tax rate, district type, and Texas Smart Schools, the District selected the eleven (11) peer districts shown below.

FIGURE 1
PEER DISTRICTS

| DISTRICT NAME | COUNTY |
|-----------------------|-------------------|
| Aldine ISD | Harris County |
| Cypress-Fairbanks ISD | Harris County |
| Fort Bend ISD | Fort Bend County |
| Frisco ISD | Collin County |
| Garland ISD | Dallas County |
| Klein ISD | Harris County |
| Lewisville ISD | Denton County |
| Northside ISD | Bexar County |
| Pasadena ISD | Harris County |
| Plano ISD | Collin County |
| Round Rock ISD | Williamson County |

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

2. Accountability Rating

The Texas Education Agency (TEA) annually assigns an A-to-F rating and a corresponding scaled score (1 to 100) to each district and campus based on student assessment results and other accountability measures.

FIGURE 2
ACCOUNTABILITY RATING COMPARISON
2021 - 2022

| | DISTRICT RATING (A-F) | DISTRICT SCORE (1- 100) | PEER DISTRICT AVERAGE SCORE (1- 100) |
|--------------|----------------------------------|------------------------------------|---|
| Rating/Score | A | 91 | 88 |

There were no campuses with a F rating. The results for the District’s 69 campuses are shown below.

FIGURE 3
ACCOUNTABILITY RATING BY CAMPUS LEVEL
2021 - 2022

| | ELEMENTARY SCHOOLS | MIDDLE SCHOOLS | HIGH SCHOOLS |
|--------------------|-------------------------------|-----------------------|-------------------------|
| A | 23 | 8 | 6 |
| B | 15 | 9 | 2 |
| C | 5 | - | 1 |
| Not Rated: SB 1365 | - | - | - |

Campuses with F Accountability Rating

None

Campuses with Required to Implement a Campus Turnaround Plan

None

To align with Senate Bill 1365, school districts and campuses received an A, B or C rating or were assigned a label of Not Rated: Senate Bill 1365. This Not Rated: Senate Bill 1365 label was applied when the domain or overall scaled score for a district or campus was less than 70.

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

3. Financial Rating

The State of Texas’ school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.

The School Financial Integrity Rating System of Texas (FIRST) holds school districts accountable for the quality of their financial management practices. The rating is based on five (5) critical indicators as well as minimum number of points for an additional ten (10) indicators. Beginning with 2015-2016 Rating (based on the 2014-2015 financial data), the Texas Education Agency moved from a “Pass/Fail” system and began assigning a letter rating. The ratings and corresponding points are shown below:

| <u>Rating</u> | <u>Points</u> |
|-----------------------------|---------------|
| A = Superior | 90 – 100 |
| B = Above Standard | 80 - 89 |
| C = Meets Standards | 60 – 79 |
| F = Substandard Achievement | Less than 60 |

The District’s 2020 - 2021 rating based on school year 2019 - 2020 data was an “A” (Superior). The District also earned a Superior Rating in 2017, 2018, 2019, and 2020.

FIGURE 4
SCHOOL FIRST RATING
2021 Rating (Based on School Year 2019-2020 Data)

| | <u>DISTRICT RATING (A-F)</u> |
|--------|------------------------------|
| Rating | A |

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

4. Student Characteristics, Attendance, and 5-Year Enrollment

Student Characteristics

Every student is served differently in public schools based on their unique characteristics. Such data is captured by the Texas Education Agency on an annual basis. Figure 5 provides student counts for five (5) select student characteristics, which are described below:

Economically Disadvantaged – This term has an identical meaning to educationally disadvantaged, which is defined by the Texas Education Code (TEC) §5.001(4) as a student who is “eligible to participate in the national free or reduced-price lunch program”.

English Learners – The Texas Education Agency defines an English Learner as a student who is in the process of acquiring English and has another language as the primary language; it is synonymous with English Language Learner (ELL) and Limited English Proficient (LEP).

Special Education – These are students with a disability as defined by Federal regulations (34 CFR §§ 300.304 through 300.311), State of Texas Laws (Texas Education Code §29.003) or the Commissioner’s/State Board of Education Rules (§89.1040).

Bilingual/ESL Education – The Texas Education Code §29.055 describes students enrolled in a bilingual education program as those students in a full-time program of dual-language instruction that provides for learning basic skills in the primary language of the students and for carefully structured and sequenced mastery of the English language skills. Students enrolled in an English as a Second Language (ESL) program receive intensive instruction in English from teachers trained in recognizing and dealing with language differences.

Career and Technical Education - Students enrolled in State approved Career and Technology Education programs.

FIGURE 5
SELECTED STUDENT CHARACTERISTICS
2020 - 2021

| | TOTAL STUDENT POPULATION COUNT | PERCENTAGE OF STUDENT POPULATION | PEER DISTRICTS AVERAGE PERCENTAGE |
|----------------------------|---|---|--|
| Total Students | 84,176 | 100.0% | N/A |
| Economically Disadvantaged | 28,942 | 34.4% | 49.6% |
| English Learners | 15,895 | 18.9% | 18.9% |
| Special Education | 10,800 | 12.8% | 10.5% |
| Bilingual/ESL Education | 15,647 | 18.6% | 17.0% |

SOURCE: Texas Education Agency, Texas Academic Performance Reports.

Data for Career and Technical Education was not provided by the TEA in 2020 - 2021.

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

4. Student Characteristics, Attendance, and 5-Year Enrollment (continued)

Student Characteristics (continued)

There are 5.4 million students served by public schools in the State of Texas. Of those students, 3.2 million or 60.2 percent are economically disadvantaged. The percentage of economically disadvantaged students served by the District compared to its total student population totaled 34.4 percent, which is 15.2 percent and 25.8 percent less than the peer districts average and State average, respectively. Aldine Independent School District had the highest economically disadvantaged student percentage of 91.6%, while Frisco Independent School District had the lowest percentage of 12.9%.

The peer districts average total student count was 66,067. Of the peer districts evaluated, Cypress-Fairbanks Independent School District had the highest total student count of 114,881, while Round Rock Independent School District had the lowest student count of 48,302.

Attendance

**FIGURE 6
 ATTENDANCE RATE
 2019 - 2020**

| | DISTRICT TOTAL | PEER DISTRICTS AVERAGE | STATE AVERAGE |
|-----------------|---------------------------|-----------------------------------|----------------------|
| Attendance Rate | 99.1% | 98.6% | 98.3% |

SOURCE: Texas Education Agency, Public Education Information Management System District Attendance, Graduation, and Dropout Rates Reports.

A school district’s State Funding is a complex calculation with many inputs. One of the primary drivers used in the calculation is student attendance. The District’s attendance rate is 0.5 percent and 0.8 percent greater than its peer districts average and of the State average, respectively. It should be noted that the District’s attendance rate has increased from the prior year information is available. The 2018 - 2019 attendance rate was 96.6 percent.

The District’s attendance rate of 99.1 percent is an anomaly due to attendance taken during the pandemic for online learning. The District’s normal attendance rate is 96 to 97 percent.

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

4. Student Characteristics, Attendance, and 5-Year Enrollment (continued)

Five-Year Enrollment

The attendance rate should be evaluated in conjunction with the number of students enrolled. As shown in Figure 7, the District has experienced an average annual increase over the last five years of 2.86 percent. When the current enrollment data for 2022 is incorporated, the average increase in enrollment is 3.28 percent.

FIGURE 7
5-YEAR ENROLLMENT
2017 - 2021

| | ENROLLMENT | % CHANGE |
|--|------------|----------|
| 2021 | 84,176 | 0.90% |
| 2020 | 83,423 | 4.66% |
| 2019 | 79,710 | 3.08% |
| 2018 | 77,331 | 2.79% |
| 2017 | 75,231 | N/A |
| Average annual percentage change based on the previous five years | 2.86% | |
| 2022 (1) | 88,368 | 4.98% |
| Average annual percentage change based on the previous five years and the 2022 fiscal year | 3.28% | |

Note: (1) Based on FY 2022 PEIMS Data Submission.

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

5. District Revenue

**FIGURE 8
 DISTRICT TAX REVENUE
 2020 - 2021**

| | DISTRICT | | PEER DISTRICT AVERAGE | | STATE AVERAGE | |
|------------------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| | REVENUE PER STUDENT | PERCENTAGE OF TOTAL | REVENUE PER STUDENT | PERCENTAGE OF TOTAL | REVENUE PER STUDENT | PERCENTAGE OF TOTAL |
| Local M&O Tax (Retained) (1) | \$ 5,179 | 49.5% | \$ 5,608 | 54.2% | \$ 4,876 | 42.4% |
| State (2) | 3,978 | 38.0% | 3,198 | 30.9% | 4,626 | 40.2% |
| Federal | 944 | 9.0% | 1,323 | 12.8% | 1,661 | 14.4% |
| Other Local and Intermediate | 362 | 3.5% | 226 | 2.2% | 341 | 3.0% |
| Total Revenue | \$ 10,463 | 100.0% | \$ 10,355 | 100.0% | \$ 11,504 | 100.0% |

Note: (1) Excludes recapture

(2) Excludes TRS on-behalf revenue

SOURCE: Texas Education Agency, Public Education Information Management System District Financial Actual Reports.

The financial data above includes all funds, except for the District’s capital projects fund and debt service fund revenues. Approximately \$43.6 million of the Teacher Retirement System (TRS) contributions made by the State of Texas on-behalf of the District were also excluded from the State revenues. In accordance with Governmental Accounting Standards Board, on-behalf contributions must also be recorded as expenditures. However, the source reports used for the analyses did not exclude these on-behalf expenditures. The on-behalf contributions of \$43.6 million equates to \$519 per student.

The District’s receives less revenue per student compared to the State average but more than its peer district average.

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

6. District Expenditures

FIGURE 9
DISTRICT ACTUAL OPERATING EXPENDITURES
2020 - 2021

| | DISTRICT | | PEER DISTRICT AVERAGE | | STATE AVERAGE | |
|-----------------------------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| | EXPENDITURES PER STUDENT | PERCENTAGE OF TOTAL | EXPENDITURES PER STUDENT | PERCENTAGE OF TOTAL | EXPENDITURES PER STUDENT | PERCENTAGE OF TOTAL |
| Instruction | \$ 6,642 | 63.0% | \$ 6,441 | 60.8% | \$ 6,358 | 57.3% |
| Instructional Resources and Media | 114 | 1.1% | 113 | 1.1% | 116 | 1.0% |
| Curriculum and Staff Development | 180 | 1.7% | 242 | 2.3% | 253 | 2.3% |
| Instructional Leadership | 85 | 0.8% | 174 | 1.6% | 186 | 1.7% |
| School Leadership | 567 | 5.4% | 629 | 5.9% | 654 | 5.9% |
| Guidance Counseling Services | 523 | 5.0% | 481 | 4.5% | 435 | 3.9% |
| Social Work Services | 6 | 0.1% | 23 | 0.2% | 35 | 0.3% |
| Health Services | 113 | 1.1% | 136 | 1.3% | 132 | 1.2% |
| Transportation | 232 | 2.2% | 294 | 2.8% | 299 | 2.7% |
| Food Service Operation | 360 | 3.4% | 387 | 3.7% | 479 | 4.3% |
| Extracurricular | 261 | 2.5% | 203 | 1.9% | 293 | 2.6% |
| General Administration | 170 | 1.6% | 231 | 2.2% | 361 | 3.3% |
| Plant Maintenance and Operations | 956 | 9.1% | 874 | 8.2% | 1,098 | 9.9% |
| Security and Monitoring Services | 125 | 1.2% | 115 | 1.1% | 119 | 1.1% |
| Data Processing Services | 196 | 1.9% | 214 | 2.0% | 228 | 2.1% |
| Community Services | 11 | 0.1% | 45 | 0.4% | 57 | 0.5% |
| Total Operating Expenditures | \$ 10,541 | 100.0% | \$ 10,602 | 100.0% | \$ 11,103 | 100.0% |

Note: (1) Includes TRS on-behalf expenditures.

SOURCE: Texas Education Agency, Public Education Information Management System District Financial Actual Reports.

Capital outlay, debt service payments and other intergovernmental expenditures are not considered operating expenditures.

Overall, the District spends less per student than its peer districts average and the State average.

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

7. District Payroll Expenditures Summary

FIGURE 10
PAYROLL EXPENDITURE SUMMARY
2020 - 2021

| | DISTRICT | PEER DISTRICT AVERAGE | STATE AVERAGE |
|--------------------------------------|-----------------|----------------------------------|----------------------|
| Payroll as a Percentage of All Funds | 86.1% | 84.2% | 79.6% |
| Average Teacher Salary | \$ 60,958 | \$ 60,469 | \$ 57,641 |
| Average Administrative Salary | \$ 108,494 | \$ 105,876 | \$ 96,543 |
| Superintendent Salary | \$ 327,240 | \$ 336,447 | \$ 155,595 |

SOURCE: Texas Education Agency, Public Education Information Management System
 District Financial Actual Reports.

The District spends more on payroll costs than its peer districts average and the State average. Also, the District, on average, spends more per teacher than its peer districts average and the State average.

The average administrative salary is greater than the two comparison groups. The Superintendent’s salary is less than it peer district average and greater than the state average. It is important to note that the data for the State average for the Superintendent is comprised of school districts across the State with enrollments ranging from 5 to 196,000 students.

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

8. Fund Balance

**FIGURE 11
GENERAL FUND BALANCE
2017 - 2021**

| YEAR | DISTRICT | | | PEER DISTRICT AVERAGE (1) | | |
|------|--|--|--|--|--|--|
| | GENERAL FUND UNASSIGNED FUND BALANCE PER STUDENT | GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF OPERATING EXPENDITURES | GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF 3-MONTH OPERATING EXPENDITURES | GENERAL FUND UNASSIGNED FUND BALANCE PER STUDENT | GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF OPERATING EXPENDITURES | GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF 3-MONTH OPERATING EXPENDITURES |
| 2021 | \$ 2,675 | 28.0% | 112.1% | \$ 2,709 | 29.7% | 118.9% |
| 2020 | 2,660 | 28.9% | 115.8% | 2,793 | 32.6% | 130.5% |
| 2019 | 2,487 | 28.7% | 114.6% | 2,854 | 34.3% | 137.3% |
| 2018 | 1,859 | 21.7% | 86.9% | 2,366 | 29.1% | 116.5% |
| 2017 | 2,002 | 23.9% | 95.8% | 2,300 | 29.7% | 118.7% |

Note: (1) Includes Peer District with a policy requiring a minimum assigned fund balance equal to 90-days of operating expenses, which reduces the amount of Unassigned Fund Balance.
SOURCE: Texas Education Agency, Public Education Information Management System District Financial Actual Reports.

The General Fund is the operating fund in a governmental entity. Fund balance represents the current resources/assets available to the government less any current obligations/liabilities. Within fund balance there are five (5) categories: non-spendable, restricted, committed, assigned and unassigned. The categories are described below.

- Non-spendable fund balance cannot be spent because it is either (a) not in a spendable form, such as inventory or (b) legally or contractually required to be maintained intact.
- Restricted fund balance is net resources that are restricted as to use by an external party, such as a federal grantor.
- Committed fund balance is set aside for a specific purpose as resolved by the Board of Trustees.
- Assigned fund balance is fund balance that has been set aside by management for a specific purpose.
- Unassigned fund balance is the remaining amount that is not restricted, committed, or assigned for a specific purpose.

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

8. Fund Balance (continued)

The Texas Education Agency evaluates unassigned fund balance by comparing it to three-months (25%) of annual operating expenditures. If the District does not meet goal of three-months, the percentage is shown as less than 100%. Amounts that exceed three (3) months are reflected as percentage greater than 100%. The District did not meet the three-month average goal. The table below shows the amount by which the District did or did not meet the three-month goal.

| DISTRICT | | | | |
|-----------------|--|---|--|---|
| YEAR | GENERAL FUND UNASSIGNED FUND BALANCE (ACTUAL) | GENERAL FUND UNASSIGNED FUND BALANCE 3- MONTH GOAL | DIFFERENCE BETWEEN ACTUAL UNASSIGNED FUND BALANCE AND THREE-MONTH GOAL (\$) | DIFFERENCE BETWEEN ACTUAL UNASSIGNED FUND BALANCE AND THREE-MONTH GOAL (%) |
| 2021 | \$ 224,682,222 | \$ 200,458,074 | \$ 24,224,149 | 12.1% |
| 2020 | 221,419,646 | 191,279,056 | 30,140,590 | 15.8% |
| 2019 | 198,222,716 | 172,917,150 | 25,305,566 | 14.6% |
| 2018 | 143,728,990 | 165,365,106 | (21,636,116) | -13.1% |
| 2017 | 150,613,416 | 157,270,381 | (6,656,965) | -4.2% |

The District's unassigned fund balance as of August 31, 2021 totaled \$224.7 million compared to its General Fund operating expenditures of \$801.8 million. Three months average operating expenditures would equate to \$200.5 million, which greater than actual by a \$24.2 million (or 12.1%).

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

9. District Staffing Levels

FIGURE 12
STAFF RATIO COMPARISON
2020 - 2021

| | DISTRICT | PEER DISTRICT AVERAGE | STATE AVERAGE |
|--|-----------------|------------------------------|----------------------|
| Teaching Staff (Percentage of Total Staff) | 50.9% | 51.3% | 49.6% |
| Support Staff (Percentage of Total Staff) | 10.4% | 11.3% | 10.6% |
| Administrative Staff (Percentage of Total Staff) | 2.8% | 3.2% | 4.2% |
| Paraprofessional Staff (Percentage of Total Staff) | 11.1% | 9.1% | 10.6% |
| Auxiliary Staff (Percentage of Total Staff) | 24.7% | 24.1% | 25.1% |
| Students Per Total Staff | 7.3 | 7.4 | 7.2 |
| Students Per Teaching Staff | 14.3 | 14.3 | 14.5 |

SOURCE: Texas Education Agency, Public Education Information Management System District Staff Information Reports.

The District’s total staff for the year ended August 31, 2021 was 11,546 compared to that of its peer districts of 8,972. The District has 0.1 less number of students per total staff than its peer districts average and 0.1 more students per total staff than the State average. The District’s students per teaching staff ratio is same as its peer districts average and less than the State average. The District is maximizing efficient use of staffing resources to serve students while achieving high accountability ratings as peer districts

10. Teacher Turnover Rates

FIGURE 13
TEACHER TURNOVER RATES
2020 - 2021

| | DISTRICT TURNOVER RATE | AVERAGE PEER DISTRICT TURNOVER RATE | STATE TURNOVER RATE |
|----------|-------------------------------|--|----------------------------|
| Teachers | 11.4% | 12.3% | 14.3% |

SOURCE: Texas Education Agency, Public Education Information Management System District Staff Information Reports.

The District’s turnover rate is less than the peer districts average and the State average. The highest turnover rate within the peer districts was 15.4% while the lowest turnover rate was 9.1%.

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

11. Special Programs

FIGURE 14
SPECIAL PROGRAMS CHARACTERISTICS
2020 - 2021

| | NUMBER OF STUDENTS SERVED | PERCENTAGE OF ENROLLED STUDENT SERVED | PROGRAM BUDGET PER STUDENTS SERVED (1) | PROGRAM BUDGET AS A PERCENTAGE OF DISTRICT BUDGET (1) | TOTAL STAFF FOR PROGRAM | STUDENTS PER TOTAL STAFF FOR PROGRAM |
|--|---------------------------|---------------------------------------|--|---|-------------------------|--------------------------------------|
| Total Students | 84,176 | 100.0% | N/A | N/A | N/A | N/A |
| Economically Disadvantaged | 28,942 | 34.4% | 690 | 2.7% | 184 | 177 |
| English Learners | 15,895 | 18.9% | 647 | 1.0% | 402 | 32 |
| Special Education | 10,800 | 12.8% | 12,588 | 12.9% | 572 | 15 |
| Bilingual/ESL Education | 15,647 | 18.6% | 666 | 1.0% | 402 | 31 |
| Career and Technical Education (1) | 20,082 | 23.9% | 992 | 2.4% | 247 | 81 |
| Athletics and Extracurricular Activities (1) | 63,112 | 75.0% | 284 | 2.2% | 713 | 89 |
| Alternative Education Program/Disciplinary Alternative Education Program (1) | 45 | 0.1% | 47,166 | 0.3% | 38 | 1 |
| Juvenile Justice Alternative Education Program (1) | - | 0.0% | - | 0.0% | - | - |

(1) Information was provided by the District

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION

1. State and Regional Resources

The District continuously explores all options for funding, including state and federal sources and local grant sources. The District seeks out and researches potential grants that may be beneficial for the District. The District provides assistance in obtaining external funding for educational programs of distinction which prepare students for academic achievement and graduation. Sources of grants vary widely from State or Federal sources to local options. All funding, state, local or federal, is tied directly to the District Strategic Plan and student performance.

2. Reporting

For the year ended August 31, 2021, Whitley Penn, LLP expressed an unmodified opinion on the financial statements. There are three possible opinions: unmodified, modified (e.g. scope limitation or departure from generally accepted accounting principles: or a disclaimer of an opinion. An unmodified opinion is considered a clean opinion.

3. Oversight

Not Applicable

4. Budget Process

FIGURE 15
BUDGET PROCESS

| QUESTION | YES/NO | NOT APPLICABLE |
|--|--------|----------------|
| Does the District’s budget planning process include projections for enrollment and staffing? | Yes | |
| Does the District’s budget process include monthly and quarterly reviews to determine the status of annual spending? | Yes | |
| Does the District use cost allocation procedures to determine campus budgets and cost centers? | Yes | |
| Does the District analyze educational costs and student needs to determine campus budgets? | Yes | |

5. Self-funded Programs

The District’s self-funded health insurance program and workers’ compensation program are accounted for and reported in the District’s internal service funds. At August 31, 2021, the health insurance fund and workers’ compensation fund reported net position of \$9.8 million and \$0.7 million, respectively, which was a decrease in net position from the prior fiscal year of \$6.1 million and \$38 thousand, respectively.

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION (continued)

6. Staffing

All District administrators are evaluated annually. Evaluations help to ensure that highly qualified and effective administrators lead campuses and departments to successfully develop and implement the District’s Strategic Plan and focus on student achievement.

7. Compensation System

FIGURE 16
COMPENSATION SYSTEM

| QUESTION | YES/NO | NOT APPLICABLE |
|---|--------|----------------|
| Does the District use salary bonuses or merit pay systems? | No | |
| Do the District’s salary ranges include minimum, midpoint, and maximum increments to promote compensation equity based on the employee’s education, experience, and other relevant factors? | Yes | |
| verifiable salary survey information, benchmarking, and comparable salary data? | Yes | |
| Has the District made any internal equity and/or market adjustments to salaries within the past two years? | Yes | |

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION (continued)

8. Planning

FIGURE 17
OPERATIONAL INFORMATION

| QUESTION | YES/NO | NOT APPLICABLE |
|---|--------|----------------|
| Does the District develop a District Improvement Plan (DIP) annually? | Yes | |
| Do all campuses in the District develop a Campus Improvement Plan (CIP) annually? | Yes | |
| Does the District have an active and current facilities master plan? If yes, does the District consider these factors to inform the plan: | Yes | |
| Does the District use enrollment projections? | Yes | |
| Does the District analyze facility capacity? | Yes | |
| Does the District evaluate facility condition? | Yes | |
| Does the District have an active and current energy management plan? | Yes | |
| Does the District maintain a clearly defined staffing formula for staff in maintenance, custodial, food service, and transportation? | No | |

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION (continued)

9. Programs

FIGURE 18
ACADEMIC INFORMATION

| QUESTION | YES/NO | NOT APPLICABLE |
|--|--------|----------------|
| Does the District have a teacher mentoring program? | Yes | |
| Are decisions to adopt new programs or discontinue existing programs made based on quantifiable data and research? | Yes | |
| When adopting new programs, does the District define expected results? | Yes | |
| Does the District analyze student test results at the District and/or campus level to design, implement and/or monitor the use of curriculum and instructional programs? | Yes | |
| Does the District modify programs, plan staff development opportunities, or evaluate staff based on analyses of student test results? | Yes | |