

**PEARLAND
INDEPENDENT SCHOOL DISTRICT**

EFFICIENCY AUDIT REPORT

DATA FOR THE FISCAL YEAR ENDED
JUNE 30, 2019



**8 WEST WAY COURT
LAKE JACKSON, TEXAS 77566**

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PEARLAND INDEPENDENT SCHOOL DISTRICT

*Efficiency Audit Report
For the Year Ended June 30, 2019*

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Independent Auditor's Report on an Efficiency Audit Conducted in
Accordance with *Government Auditing Standards*

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

KM&L, LLC conducted an efficiency audit as prescribed by the State of Texas Legislative Budget Board for the Pearland 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.

KM&L, LLC

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September 29, 2020

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SECTION I - EXECUTIVE SUMMARY

Overview of Procedures Performed

In conducting the efficiency audit for Pearland Independent School District (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 by analyzing information from the fiscal year ended June 30, 2019 and prior, maintained by the Texas Education Agency 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

On November 3, 2020, Pearland Independent School District (the "District") is holding an election to approve an increase in the District's maintenance and operations voter-approval tax rate (VATR). Maintenance and Operations (M&O) taxes are for the operation of public schools. The District has not held a tax ratification election in the past.

Although the District adopted M&O tax rate is decreasing from \$ 0.97 to \$ 0.9329, the District's VATR is \$ 0.8929; triggering a Voter-Approval Tax Rate Election (VATRE). The incremental tax revenue estimated to be generated in the first school year is approximately \$10,000,000, which is 5.27% of the District's current adopted operating budget. If the District's M&O VATRE is successful, the estimated savings in property taxes paid by the owner of a single-family residential property at the current average home value of the district will be \$ 96.52 each year compared to \$198.75 if the measure is unsuccessful . This proposed tax rate of \$ 0.9329 is in addition to the tax rates adopted by city, county, and special taxing districts.

The District intends to use the additional tax revenue to recruit and retain highly qualified teachers and staff, provide enhance learning programs, and fund the District's Connect:ED 1:1 device initiative, unfunded mandates, and facilities maintenance and repairs.

The District engaged KM&L, LLC in July 2020 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 the most recent year totaled \$ 9,358 per student, while its peer districts average and State average were \$ 9,852 per student and \$ 10,469 per student, respectively.
- Over the last five years, the District's total average operating revenues for all funds totaled \$ 7,992 per student, while its peer districts average and State average were \$ 9,237 per student and \$ 9,757 per student, respectively.
- Over the last five years, the District's average General Fund operating revenue per student totaled \$ 7,582, while its peer districts average totaled \$ 8,204 per student.
- The District's total operating expenditures for the most recent year totaled \$ 8,920, while its peer districts average was \$ 9,269 per student. The State's total average operating expenditures totaled \$ 9,912 per student.
- Over the last five years, the District's average total operating expenditure totaled \$ 8,394 per student compared to its peer districts average of \$ 9,005 per student and the State average of \$ 9,479 per student.
- Over the last five years, the District's average General Fund operating expenditures per student was \$ 7,561 per student, while its peer districts average was \$ 7,997 per student.
- The District has earned a Superior Rating for the School Finance Integrity Rating System of Texas (FIRST) for the last five years.

SECTION II - KEY INFORMATION ABOUT THE DISTRICT (continued)

- Received an unmodified opinion on the fiscal year 2019 audit financial report and no management letter nor findings of questioned costs.
- Received awards from the Government Officials Financial Association (GFOA) and Association of School Business Officials (ASBO) for the comprehensive annual financial report and from ASBO for the Meritorious Budget Award
- Consistently rated among the top four districts in the Houston metro area and in the top 25 of over 1,000 districts in Texas, according to Niche.com ratings
- TXSmartSchools has consistently rated Pearland ISD as among the top districts in the state for maximizing student performance as compared to per-student funding.
- 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 results for the 2019 school year for the District are as follows:

Overall District Grade: B*

- 14 Campuses received an A Grade
- 7 Campuses received a B Grade
- 1 Campus received a C Grade
- 1 Campus received a D Grade
- 0 Campuses received an F Grade

* In 2019, the district achieved an actual score of 93, almost identical to 2018's score of 94, having it reduced to 89, which granted Pearland ISD an overall "B" rating in the 2019 A-F state accountability system ratings released. The score adjustment is due to a new implemented rule which states that a district may not receive an "A" rating if the district includes any campus with a rating of D or below.

Additional details and audit results are included in Section IV.

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, KM&L, LLC performed the following procedures:

1. Selected five (5) to ten (10) 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 years prior, the average annual percentage change based on the previous five years and the projected next school year.

SECTION III - OBJECTIVES AND APPROACH (continued)

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

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 salary. District 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.

SECTION III - OBJECTIVES AND APPROACH (continued)

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
13. Reported on the District's teacher turnover rate as well as its peer districts and the State's average.
14. Reported on the following programs offered by the District, including the number of students served, percentage of enrolled students served, 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
15. Described how the District maximized available resources from state sources and regional education service centers to develop or implement programs or deliver services.
16. Report on the District's annual external audit report's independent auditor's opinion as required by *Government Auditing Standards*.
17. Explained the basis for TEA assigning the District's a financial-related monitoring/oversight role during the past three years if applicable.
18. 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?

SECTION III - OBJECTIVES AND APPROACH (continued)

19. Provided a description of the District's self-funded program, if any, and analyzed whether program revenues are sufficient to cover program costs.
20. Reported whether the District administrators are evaluated annually and, if so, explained how the results inform District operations.
21. 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?
22. 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?
23. 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?
24. 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.

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

1. Peer Districts

Seven peer districts were identified by using Texas Education Agency’s (TEA) Snapshot Peer Search. The peer districts were selected based on their comparable size, tax rate, and type to Pearland Independent School District (the “District”).

**FIGURE 1
PEER DISTRICTS**

DISTRICT NAME	COUNTY
Edgewood ISD	Bexar County
Comal ISD	Comal County
Clint ISD	El Paso County
Tomball ISD	Harris County
Grapevine-Colleyville ISD	Tarrant County
Hurst-Euless-Bedford ISD	Tarrant County
Lake Travis ISD	Travis County

2. Accountability Rating

The Texas Education Agency (TEA) annually assigned 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 measure.

**FIGURE 2
ACCOUNTABILITY RATING COMPARISON
JUNE 30, 2019**

	DISTRICT RATING (A-F)	DISTRICT SCORE (1-100)	PEER DISTRICT AVERAGE SCORE (1-100)
Rating/Score	B	89	90

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

2. Accountability Rating (continued)

FIGURE 3
ACCOUNTABILITY RATING BY CAMPUS LEVEL
JUNE 30, 2019

	ELEMENTARY SCHOOLS	JUNIOR HIGH SCHOOLS	HIGH SCHOOLS
A	5	6	3
B	5	2	--
C	1	--	--
D	--	--	1
F	--	--	--

Campuses with F Accountability Rating:
None

Campuses with Required to Implement a Campus Turnaround Plan:
None

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.

This 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 show below:

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

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

3. Financial Rating (continued)

The District's 2019-2020 rating based on fiscal year 2018-2019 data was an A (Superior). The District also earned a Superior Rating in fiscal years 2016, 2017, 2018 and 2019.

FIGURE 4
SCHOOL FIRST
JUNE 30, 2019

DISTRICT RATING (A-F)

Rating	A
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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 students counts for five 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 303.311), 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.

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

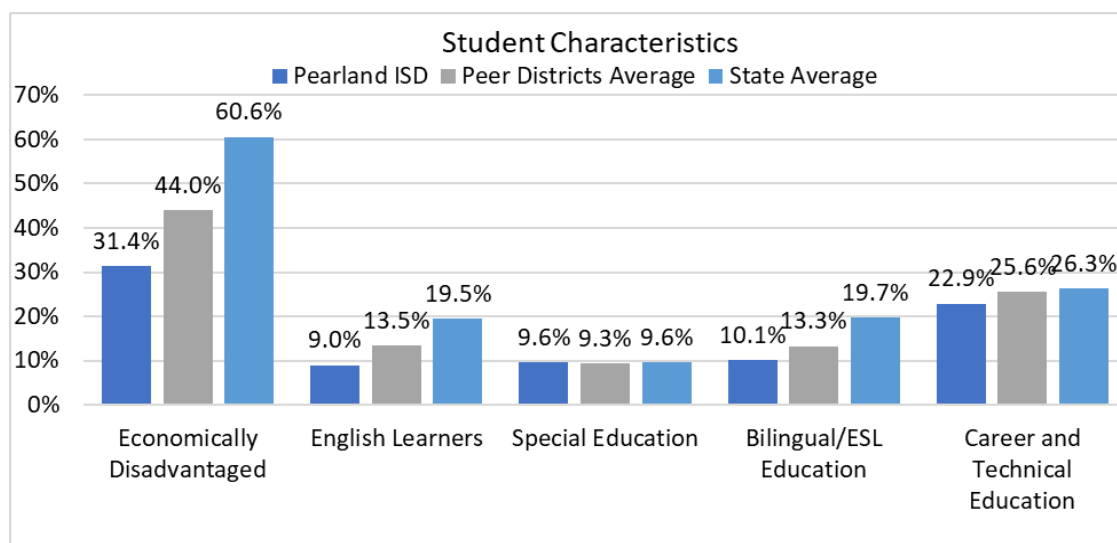
4. Student Characteristics, Attendance, and 5-Year Enrollment (continued)

Student Characteristics (continued)

**FIGURE 5
SELECTED STUDENT CHARACTERISTICS
JUNE 30, 2019**

	TOTAL STUDENT POPULATION COUNT	PERCENTAGE OF STUDENT POPULATION	PEER DISTRICTS AVERAGE PERCENTAGE	STATE AVERAGE PERCENTAGE
Total Students	21,526	100.0%	N/A	N/A
Economically Disadvantaged	6,763	31.4%	44.0%	60.6%
English Learners	1,945	9.0%	13.5%	19.5%
Special Education	2,074	9.6%	9.3%	9.6%
Bilingual/ESL Education	2,183	10.1%	13.3%	19.7%
Career and Technical Education	4,923	22.9%	25.6%	26.3%

SOURCE: Texas Education Agency, Public Education Information Management System Program Information and Student Data Reports.



There are 5,416,400 students served by public schools in the State of Texas. Of those students, 3,283,812 or 60.6 percent are economically disadvantaged. The percentage of economically disadvantaged students served by the District compared to its total student population totaled 31.4 percent, which is 29.2 percent and 12.6 percent less than the State average and peer districts average, respectively.

The peer districts average total student count was 15,785. Of the peer districts evaluated, Hurst-Eules-Bedford Independent School District had the highest total student count of 23,624, while Edgewood Independent School District had the lowest student count of 10,166.

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

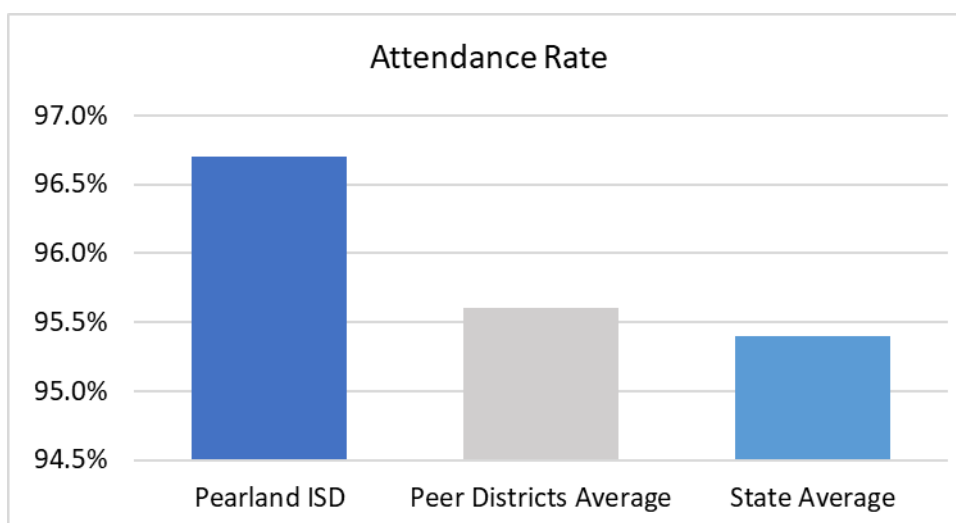
4. Student Characteristics, Attendance, and 5-Year Enrollment (continued)

Attendance

FIGURE 6
ATTENDANCE RATE
JUNE 30, 2019

	DISTRICT TOTAL	PEER DISTRICTS AVERAGE	STATE AVERAGE
Attendance Rate	96.7%	95.6%	95.4%

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 within the calculation is student attendance. While the District's attendance rate is comparable to that of its peer districts average and of the State average, it should be noted that the District's attendance rate has decreased slightly from the previous two years. The 2017-2018 attendance rate was 96.9 percent, while the 2016-2017 attendance rate was 96.9 percent.

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 1.3 percent. The combination of a decreasing attendance rate and increasing enrollment yields a relatively steady State funding amount.

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 (continued)

FIGURE 7
5-YEAR ENROLLMENT
JUNE 30, 2019

	ENROLLMENT ⁽¹⁾
2019	21,606
2018	21,628
2017	21,585
2016	21,093
2015	20,550
Average annual percentage change based on the previous five years	1.3%
2020 ⁽²⁾	21,760
Average annual percentage change based on the previous five years and the 2020 fiscal year	1.2%

Note: ⁽¹⁾ Texas Education Agency, Public Education Information Management System Student Enrollment Reports

⁽²⁾ Based on FY 2020 PEIMS Data Submission.

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

5. District Review

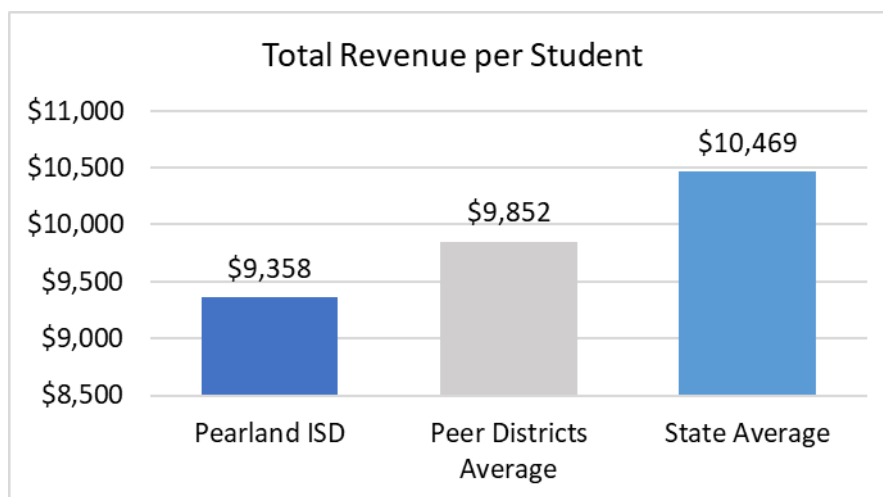
**FIGURE 8
DISTRICT TAX REVENUE
JUNE 30, 2019**

	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⁾	\$ 3,770	40.3%	\$ 5,093	51.7%	\$ 4,605	44.0%
State ⁽²⁾	4,274	45.7%	2,975	30.2%	4,047	38.6%
Federal	726	7.7%	1,076	10.9%	1,285	12.3%
Other Local and Intermediate	<u>588</u>	<u>6.3%</u>	<u>708</u>	<u>7.2%</u>	<u>532</u>	<u>5.1%</u>
Total revenue	<u>\$ 9,358</u>	<u>100.0%</u>	<u>\$ 9,852</u>	<u>100.0%</u>	<u>\$ 10,469</u>	<u>100.0%</u>

Note: (1) Excludes Debt Service and 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 \$ 8,838,564 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 such on-behalf expenditures. The on-behalf contributions of \$ 8,838,564 equates to \$ 411 per student.

The District receives less revenue per student compared to 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)

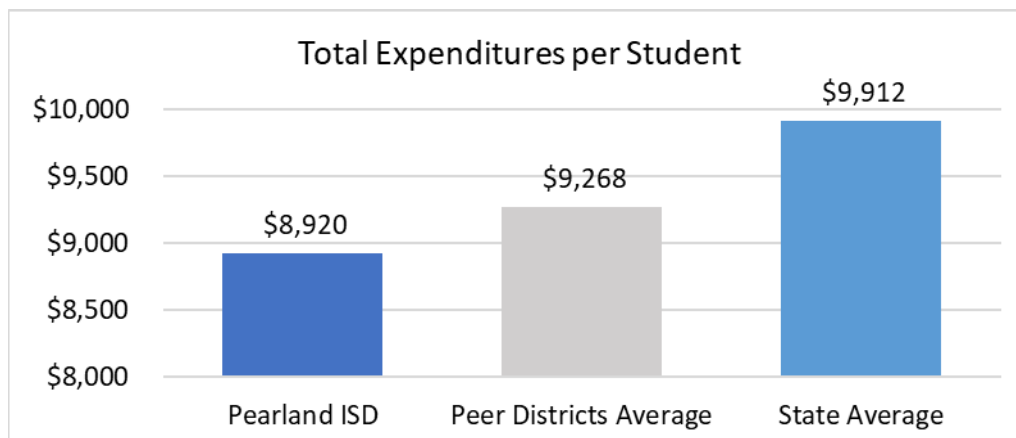
6. District Expenditures

**FIGURE 9
DISTRICT ACTUAL OPERATING EXPENDITURES
JUNE 30, 2019**

	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	\$ 4,936	55.3%	\$ 5,165	55.7%	\$ 5,558	56.1%
Instructional Resources and Media	82	0.9%	101	1.1%	112	1.1%
Curriculum and Staff Development	258	2.9%	226	2.4%	226	2.3%
Instructional Leadership	119	1.3%	185	2.0%	162	1.6%
School Leadership	534	6.0%	510	5.5%	589	5.9%
Guidance Counseling Services	349	3.9%	348	3.8%	374	3.8%
Social Work Services	34	0.4%	32	0.4%	28	0.3%
Health Services	80	0.9%	98	1.1%	103	1.1%
Transportation	313	3.5%	290	3.1%	302	3.0%
Food Service Operation	415	4.7%	523	5.6%	538	5.4%
Extracurricular	396	4.4%	300	3.2%	304	3.1%
General Administration	213	2.4%	307	3.3%	322	3.2%
Plant Maintenance & Operation	935	10.5%	851	9.2%	965	9.7%
Security & Monitoring Services	81	0.9%	94	1.0%	103	1.1%
Data Processing Services	174	1.9%	167	1.8%	177	1.8%
Community Services	1	0.1%	71	0.8%	49	0.5%
Total operating expenditures	<u>\$ 8,920</u>	<u>100.0%</u>	<u>\$ 9,268</u>	<u>100.0%</u>	<u>\$ 9,912</u>	<u>100.0%</u>

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

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



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

6. District Expenditures (continued)

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

The District spends more per student on extracurricular than its peer districts average and the State average. In addition, the District spends less per student on general administration costs compared to its peer districts average and State average.

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

7. District Payroll Expenditures Summary

FIGURE 10
PAYROLL EXPENDITURE SUMMARY
JUNE 30, 2019

	DISTRICT TOTAL	PEER DISTRICTS AVERAGE	STATE AVERAGE
Payroll as a Percentage of All Funds	82.5%	80.2%	79.2%
Average Teacher Salary	\$ 58,841	\$ 56,202	\$ 54,122
Average Administrative Salary	\$ 99,011	\$ 89,995	\$ 85,664
Superintendent Salary	\$ 287,032	\$ 264,724	\$ 145,323

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

The District spends more on payroll costs than its peer districts average and State average. Also, the District, on average, spends more per teacher than its peer districts average and the State average, which allows the district to maintain highly qualified teachers.

The average administrative salary is higher than the two comparison groups as is the Superintendent's salary. 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 13 to 209,772 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
JUNE 30, 2019

	DISTRICT			PEER DISTRICT AVERAGE		
	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF OPERATING EXPENDITURES	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 AS A PERCENTAGE OF OPERATING EXPENDITURES	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF OPERATING EXPENDITURES	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF 3-MONTH OPERATING EXPENDITURES
2019	\$ 1,698	21.3%	85.3%	\$ 3,186	36.4%	145.4%
2018	1,401	18.1%	72.3%	2,622	30.2%	121.0%
2017	1,225	17.5%	70.0%	2,532	30.8%	123.2%
2016	1,321	17.7%	70.8%	2,434	29.7%	119.0%
2015	1,317	18.8%	75.2%	2,317	29.2%	116.6%

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. 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. Finally, unassigned fund balance is the remaining amount that is not restricted, committed, or assigned for a specific purpose.

The Texas Education Agency evaluates unassigned fund balance by comparing it to three-months (25%) of annual operating expenditures. The District's unassigned fund balance as of June 30, 2019 totaled \$ 36,540,581 compared to its General Fund operating expenditures of \$ 171,376,095. Three months average operating expenditures would equate \$ 42,844,024. Unassigned fund balance may be used for one-time expenditures or for emergencies related to an unforeseen event. However, fund balance should not be relied upon for on-going operational expenditures

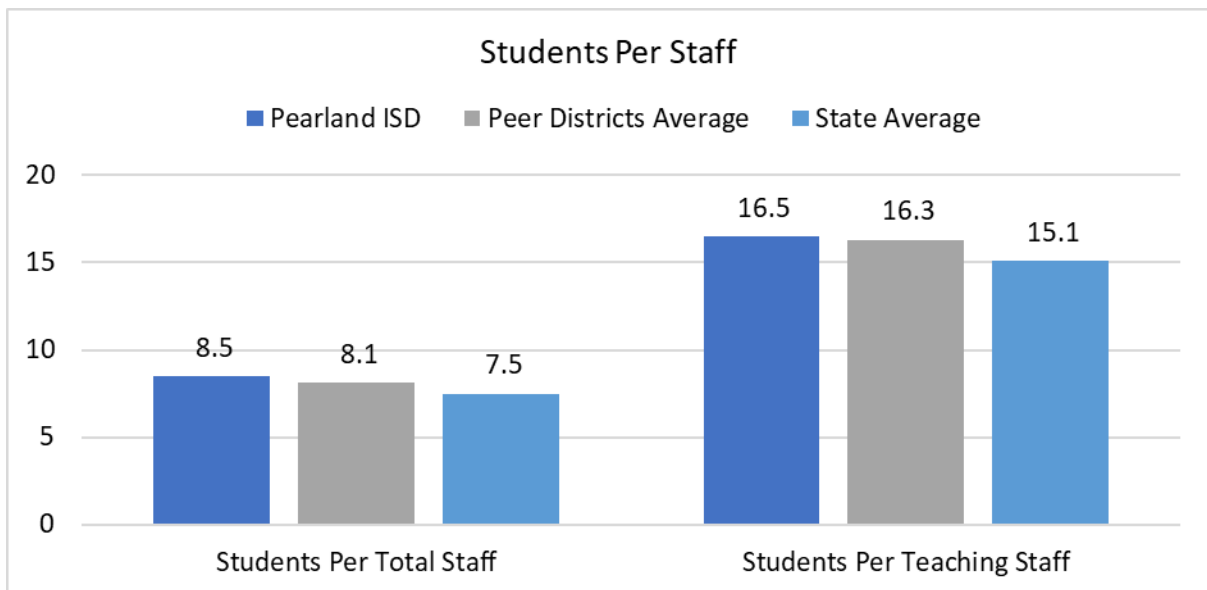
SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

9. District Staffing Levels

FIGURE 12
STAFF RATIO COMPARISON
JUNE 30, 2019

	DISTRICT TOTAL	PEER DISTRICT AVERAGE	STATE AVERAGE
Teaching Staff (Percentage of Total Staff)	51.1%	49.7%	49.8%
Support Staff (Percentage of Total Staff)	10.7%	10.7%	10.1%
Administrative Staff (Percentage of Total Staff)	3.6%	4.2%	4.1%
Paraprofessional Staff (Percentage of Total Staff)	6.6%	9.3%	10.3%
Auxiliary Staff (Percentage of Total Staff)	28.0%	26.2%	25.5%
Students Per Total Staff	8.5	8.1	7.5
Students Per Teaching Staff	16.5	16.3	15.1

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



The District's total staff for the year ended June 30, 2019 was 2,555. The District had a higher percentage of teaching staff than its peer districts averages and the State average. The District has more students per total staff and teaching staff than its peer districts average and the State average.

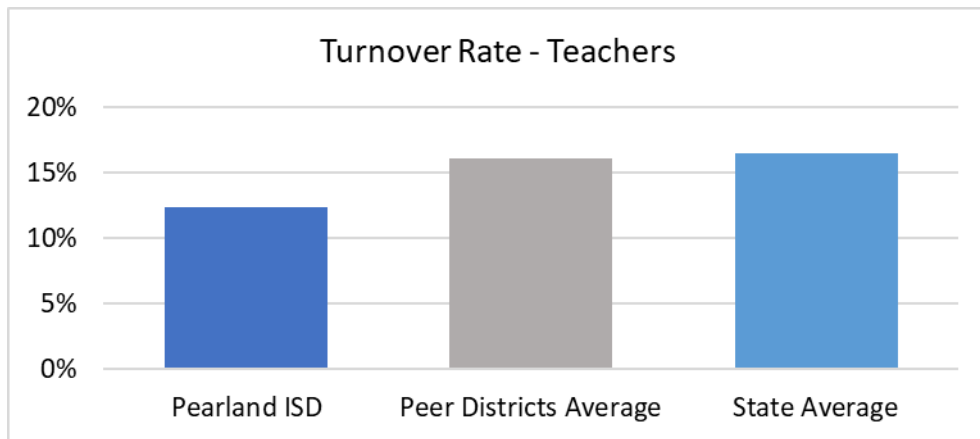
SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

10. Teacher Turnover Rates

FIGURE 13
TEACHER TURNOVER RATES
JUNE 30, 2019

	DISTRICT TURNOVER RATE	AVERAGE PEER DISTRICT TURNOVER RATE	STATE TURNOVER RATE
Teachers	12.4%	16.1%	16.5%

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



The District's turnover rate is lower than the average peer districts turnover rate and the State average.

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
JUNE 30, 2019**

	NUMBER OF STUDENTS SERVED	PERCENTAGE OF ENROLLED STUDENTS SERVED	PROGRAM BUDGET PER STUDENT SERVED ⁽¹⁾	PROGRAM BUDGET AS A PERCENTAGE OF DISTRICT BUDGET ⁽¹⁾	TOTAL STAFF FOR PROGRAM	STUDENTS PER TOTAL STAFF FOR PROGRAM
Total Students	21,606	100.0%	N/A	N/A	N/A	N/A
Economically Disadvantaged	6,763	31.4%	7,995	31.4%	802	8
English Learners	1,945	9.0%	7,968	9.0%	230	8
Special Education	2,074	9.6%	8,542	10.3%	126	16
Bilingual/ESL Education	2,183	10.1%	242	0.1%	65	34
Career and Technical Education	4,923	22.9%	955	2.7%	57	86
Athletics and Extracurricular Activities ⁽¹⁾	1,728	8.0%	1,796	1.8%	56	293
Alternative Education Program/ Disciplinary Alternative Education Program ⁽¹⁾	279	1.3%	9,281	1.5%	143	4
Juvenile Justice Alternative Education Program ⁽¹⁾	20	0.0%	4,170	0.0%	-0-	N/A

(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; including 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.

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

2. Reporting

For the year ended June 30, 2019, KM&L, LLC issued 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

Not Applicable

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.

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

7. Compensation System

FIGURE 16 COMPENSATION SYSTEM		
QUESTION	YES/NO	NOT APPLICABLE
Does the District use salary bonuses or merit pay systems?	Yes	
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	
Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking, and comparable salary data?	Yes	
Has the District made any internal equity and/or marked adjustments to salaries within the past two years?	Yes	

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?	Yes	

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

9. Programs

FIGURE 18 ADACEMIC 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	