

**EANES INDEPENDENT
SCHOOL DISTRICT**

**Agreed Upon Procedures Report
On Applying Efficiency Audit Guidelines
Established by the Legislative Budget Board**





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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Trustees of
Eanes Independent School District

Dear Board Members:

We have performed the procedures enumerated below, which were agreed to by the Eanes Independent School District (the "District"), solely to assist the District in evaluating the operations of the District related to fiscal management, efficiency, and utilization of resources as set forth in the guidelines established by the Legislative Budget Board in conjunction with House Bill 3 of the 86th Legislature and Texas Education Code, Section 11.184 (the "Guidelines"). The District's management is responsible for the information required by the Guidelines. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are included in Schedule A, Summary of Results on Applying Efficiency Audit Guidelines, and Schedule B, District Data Including Peer and State Comparisons and Additional Financial, Operational, and Academic Information.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the information included in Schedules A and B required by the Guidelines. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the District and is not intended to be and should not be used by anyone other than the District.

Maxwell Locke & Ritter LLP

Austin, Texas
June 23, 2020

Affiliated Company

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SCHEDULE A - SUMMARY OF RESULTS ON APPLYING EFFICIENCY AUDIT GUIDELINES

Based on the Guidelines established by the Legislative Budget Board, the following summary provides key information about the proposed tax ratification election for the Eanes Independent School District (the "District") and highlights our findings as detailed in Schedule B, District Data Including Peer and State Comparisons and Additional Financial, Operational, and Academic Information:

- The District will hold the election to adopt the District's M&O tax rate on November 3, 2020.
- The District held a tax ratification election on November 7, 2017 to increase the M&O tax rate by \$0.02/\$100 of assessed value, and the proposition passed with 87% of the vote. The District has not held any other tax ratification elections previous to this election.
- The current 2019 M&O tax rate for the District, peer districts' average, and state average are as follows:
 - District - \$0.99/\$100 of assessed value
 - Peer Districts' Average - \$0.99/\$100 of assessed value
 - State Average - \$1.02/\$100 of assessed value

The District's projected 2020 M&O tax rate prior to the election to adopt the District's M&O tax rate is \$0.9765/\$100 of assessed value. The District will propose an additional \$0.02/\$100 of assessed value as part of the tax ratification election to increase the projected 2020 M&O tax rate to \$0.9965/\$100 of assessed value.

- The amount of tax revenue the tax rate change is estimated to generate in the first school year in dollars and as a percentage of the District's current operating budget is as follows:
 - Estimated tax revenue - \$3,350,000
 - Percentage of the District's operating budget - 4.1%

These amounts were calculated based on the projected M&O tax rate of \$0.9965/\$100 of assessed value using the April 2020 assessed valuations.

- The estimated dollar-amount increase, as a result of the M&O tax rate change, to the property tax bill of a single-family residential property at the current average home value of the district is \$211. This amount was calculated based on the projected M&O tax rate of \$0.9965/\$100 of assessed value and the average taxable value of a house within the District.

- The District’s statement explaining how it intends to spend the additional tax revenue, including any new programs, and consequences if the measure does not pass is as follows:

Based on the District’s relatively flat enrollment, no increase in the number of personnel, and a modest 2% annual employee compensation increase, coupled with revenue shortfalls that are anticipated as a result of the COVID-19 pandemic and the subsequent recession, the District anticipates increasing deficits for the foreseeable future. Without the additional two cents included in the projected M&O tax rate, steady state projections are for a \$4 million budgeted deficit in the 2020-2021 school year, \$5.5 million budgeted deficit in the 2021-2022 school year, and \$7 million budgeted deficit in the 2022-2023 school year. The District does not intend to add any additional programs if voters approve the increased M&O tax rate since the intent of the District will be to maintain as much of the existing programs as it is able to. If the higher M&O tax rate is not approved, the District will likely be required to implement a drastic reduction in the number of staff and programs. The District would likely need to initiate additional smaller annual staff reductions in subsequent years.

- The District had a 2019 accountability rating of A and a district score of 96, and its peer districts’ had an average district score of 93.
- The District’s 2018-2019 School Financial Integrity Rating System of Texas (FIRST) rating was A - Superior.
- The District’s 2018-2019 actual operating expenditures per enrolled student compared to its peer districts’ average and the state average is as follows:
 - District - \$10,388
 - Peer Districts’ Average - \$9,913
 - State Average - \$9,844

A high-level summary of the significant findings resulting from the procedures performed as documented in Schedule B and any District responses to the findings are as follows:

- The District has higher 2019 accountability ratings and 2018-2019 school year attendance percentages than its peer districts and state average. All of the District’s campuses except for one elementary school had an A accountability rating.
- The District had a lower percentage of economically disadvantaged students as compared to its peer districts’ average and state average. All other student groups are comparable to its peer districts’ average.
 - **District Response:** The District’s boundaries are within an area that has low economically disadvantaged students as compared to the state as whole. Also, there was one peer district that had a percentage of economically disadvantaged students that was more comparable with the state rather than the other peer districts.

- For the 2018-2019 school year, the District's revenues and operating expenditures per student were comparable to its peer districts' average. The District had more operating expenditures per student than revenues per student.
 - **District Response:** This was planned based on adopting a deficit budget to spend down unassigned fund balance. The District has also been reducing the amount of unassigned fund balance as a percentage of three months of operating expenditures over the last five years to help fund operating expenditures each year rather than reducing operating expenditures.
- The District's ratio of students per total staff and students per teaching staff is lower than its peer districts and state average.
 - **District Response:** The District prioritizes using its resources for personnel, including teachers, to maintain its reputation as one of the best school districts in the state and nation for student performance.

**SCHEDULE B - DISTRICT DATA INCLUDING PEER AND STATE COMPARISONS
AND ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION**

District Data on Accountability, Students, Staffing and Finances, with Peer and State Comparisons

1. PEER DISTRICTS

- a. We selected five peer districts that are similar to the Eanes Independent School District (the “District”) using characteristics such as student enrollment, labor market conditions, student needs, and financial resources.

FIGURE 1
PEER DISTRICTS

Highland Park ISD
La Porte ISD
Alamo Heights ISD
Carroll ISD
Lake Travis ISD

- b. We obtained the methodology used to identify peer districts: Peer districts were identified based on resources identified in Appendix B to the Legislative Budget Board (“LBB”) Guidelines. The peer districts were selected using the Texas Education Agency’s Snapshot: School District Profiles (“Snapshot”) and Texas Smart Schools (“Smart Schools”). Using Snapshot, the first four districts in Figure 1 were identified as peer districts based on these districts having similar district size, type, and/or property wealth. The final peer district in Figure 1 was identified as a peer district using Smart Schools based on this district having similar characteristics to the District and since the District frequently uses this district as a peer district when performing internal operational analysis.

2. ACCOUNTABILITY RATING

- a. We obtained the 2019 overall accountability rating (A-F) and score for the District (1-100) and the peer district average score (1-100) assigned by the Texas Education Agency.

FIGURE 2
ACCOUNTABILITY RATING COMPARISON
MOST RECENT SCHOOL YEAR

DISTRICT RATING (A-F)	DISTRICT SCORE (1-100)	PEER DISTRICTS’ AVERAGE SCORE (1-100)
A	96	93

Finding: We noted that the District’s score exceeded the peer districts’ average score.

- b. We obtained the 2019 accountability rating count for each campus level within the District (A-F).

FIGURE 3
ACCOUNTABILITY RATINGS BY CAMPUS LEVEL
MOST RECENT SCHOOL YEAR

ELEMENTARY SCHOOLS	MIDDLE SCHOOLS	HIGH SCHOOLS
A Barton Creek	Hill Country	Westlake
Bridge Point	West Ridge	
Cedar Creek		
Eanes		
Forest Trail		
B Valley View	-	-
C -	-	-
D -	-	-
F -	-	-

- c. We reviewed the ratings included in the 2019 accountability rating, nothing there were no campuses in the District that received an F accountability rating.
- d. We reviewed the 2019 accountability rating noting there were no campuses that are required to implement a campus turnaround plan.

3. FINANCIAL RATING

- a. We obtained the 2018-2019 School Financial Integrity Rating System of Texas (FIRST) rating for the District (A-F), which is based on 2017-2018 school year data.

FIGURE 4
SCHOOL FIRST RATING
MOST RECENT SCHOOL YEAR

DISTRICT GRADE (A-F)
RATING: A

- b. We obtained the 2018-2019 School FIRST rating, noting District received a rating of A - Superior, thus there were no indicators that were not met.

4. STUDENT CHARACTERISTICS

- a. We obtained the following items for the 2018-2019 school year:
 - i. For the District, total students, economically disadvantaged students, English learner students, special education students, bilingual/ESL education students, and career and technical education students.
 - ii. Percentage of the groups above compared to the total student population of the District.
 - iii. The peer districts' and state average percentage for the groups above.

FIGURE 5
SELECTED STUDENT CHARACTERISTICS
MOST RECENT SCHOOL YEAR

	TOTAL STUDENT POPULATION COUNT	% OF STUDENT POPULATION	PEER DISTRICTS' AVERAGE %	STATE AVERAGE %
Total Students	8,105	100.0%	N/A	N/A
Economically Disadvantaged	263	3.2%	17.4%	60.6%
English Learners	181	2.2%	5.2%	19.5%
Special Education	679	8.4%	8.6%	9.6%
Bilingual/ESL Education	170	2.1%	5.8%	19.7%
Career and Technical Education	1,470	18.1%	20.5%	26.3%

Finding: The District's percentages are comparable with its peer districts with the exception of economically disadvantaged students. There was one peer district whose percentage of economically disadvantaged students was 53.5% as its student population was similar to the state average. The peer district average for economically disadvantaged students excluding this peer district is 8.3%.

- b. We obtained the attendance rate for the District, peer districts' average, and state average for the 2018-2019 school year.

FIGURE 6
ATTENDANCE RATE
MOST RECENT SCHOOL YEAR

DISTRICT TOTAL	PEER DISTRICTS' AVERAGE	STATE AVERAGE
96.2%	95.8%	95.4%

Finding: The District's attendance rate exceeds its peer districts' average and has traditionally had high attendance rates as compared to other districts in the State of Texas.

- c. We obtained the total enrollment number of the District for the 2018-2019 school year and the four school years prior.

FIGURE 7
5-YEAR ENROLLMENT
SCHOOL YEAR RANGE

	ENROLLMENT
Most Recent School Year	8,132
1 Year Prior	8,061
2 Years Prior	8,134
3 Years Prior	8,075
4 Years Prior	7,971
Average Annual Percentage Change (based on the previous five years)	0.3%
Projected Next School Year	8,166

5. DISTRICT REVENUE

- a. We obtained the District's revenue for the 2018-2019 school year for local M&O tax, state, federal, and other local and intermediate revenue based on revenue per student, percentage of total revenue, and total revenue from the Texas Education Agency, Public Education Information Management System District Financial Actual Reports. We obtained the same information for the peer districts' average and the state average.

FIGURE 8
DISTRICT TAX REVENUE
MOST RECENT SCHOOL YEAR

	DISTRICT		PEER DISTRICTS' AVERAGE		STATE AVERAGE	
	REVENUE PER STUDENT	% OF TOTAL	REVENUE PER STUDENT	% OF TOTAL	REVENUE PER STUDENT	% OF TOTAL
Local M&O Tax (Retained)(1)	\$ 7,490	74.9%	\$ 7,267	70.6%	\$ 4,605	44.0%
State	633	6.3%	841	8.2%	4,047	38.6%
Federal	411	4.1%	582	5.6%	1,285	12.3%
Other Local and Intermediate	1,469	14.7%	1,600	15.6%	532	5.1%
Total Revenue	<u>\$ 10,003</u>	100.0%	<u>\$ 10,290</u>	100.0%	<u>\$ 10,469</u>	100.0%

NOTE: (1) Excludes Debt Service and Recapture.

Finding: The District's revenue per student is comparable to its peer districts' average both in total revenue and for each revenue classification presented.

6. DISTRICT EXPENDITURES

- a. We obtained the District's expenditures for the 2018-2019 school year for the functions noted in the LBB Guidelines based on expenditures per student, percentage of total expenditures, and total expenditures from the Texas Education Agency, Public Education Information Management System District Financial Actual Reports. We obtained the same information for the peer districts' average and the state average.

FIGURE 9
DISTRICT ACTUAL OPERATING EXPENDITURES
MOST RECENT SCHOOL YEAR

	DISTRICT		PEER DISTRICTS' AVERAGE		STATE AVERAGE	
	EXPENDITURES PER STUDENT	% OF TOTAL	EXPENDITURES PER STUDENT	% OF TOTAL	EXPENDITURES PER STUDENT	% OF TOTAL
Instruction	\$ 6,002	57.8%	\$ 5,558	56.1%	\$ 5,492	55.7%
Instructional Resources and Media	123	1.2%	112	1.1%	113	1.1%
Curriculum and Staff Development	300	2.9%	226	2.3%	218	2.2%
Instructional Leadership	166	1.6%	162	1.7%	155	1.6%
School Leadership	444	4.3%	589	5.9%	576	5.9%
Guidance Counseling Services	433	4.2%	374	3.8%	358	3.6%
Social Work Services	18	0.2%	28	0.3%	26	0.3%
Health Services	98	0.9%	103	1.0%	100	1.0%
Transportation	269	2.6%	302	3.0%	292	3.0%
Food Service Operation	469	4.5%	538	5.4%	525	5.3%
Extracurricular	326	3.1%	304	3.1%	299	3.0%
General Administration	430	4.1%	322	3.2%	332	3.4%
Plant Maintenance and Operations	997	9.6%	965	9.8%	1,030	10.5%
Security and Monitoring Services	65	0.6%	103	1.0%	94	1.0%
Data Processing Services	219	2.1%	177	1.8%	187	1.9%
Community Services	28	0.3%	49	0.5%	48	0.5%
Total Operating Expenditures	<u>\$ 10,387</u>	100.0%	<u>\$ 9,912</u>	100.0%	<u>\$ 9,845</u>	100.0%

Finding: The District’s expenditures per student is comparable to its peer districts’ average both in total expenditures and for each expenditure classification presented. For the 2018-2019 school year, the District’s operating expenditures per student exceeded its revenues per student. The District had adopted a deficit budget for the 2018-2019 school year to use existing fund balance to fund a portion of the District’s operating expenditures. Beginning in 2011, the District had lower allotments of state funding under the Foundation School Program allotment. This resulted in the District using existing fund balance to fund a portion of operating expenditures over several years rather than decreasing operating expenditures to offset these decreases in state funding.

7. DISTRICT PAYROLL EXPENDITURES SUMMARY

- a. We obtained indicators for payroll and selected salary expenditures for the 2018-2019 school year as noted in the LBB Guidelines for the District, peer districts’ average, and the state average from the Texas Education Agency, Public Education Information Management System District Financial Actual Reports.

FIGURE 10
PAYROLL EXPENDITURE SUMMARY
MOST RECENT SCHOOL YEAR

	DISTRICT	PEER DISTRICTS’ AVERAGE	STATE AVERAGE
Payroll as a Percentage of All Funds	82.5%	80.2%	79.2%
Average Teacher Salary	\$ 54,408	\$ 56,872	\$ 54,122
Average Administrative Salary	\$ 100,997	\$ 102,403	\$ 85,664
Superintendent Salary	\$ 294,168	\$ 326,996	\$ 145,323

Finding: The District’s payroll expenditures as a percentage of all funds is comparable to its peer districts’ average. The average salaries for teachers and administrators is comparable to its peer districts’ average. The District’s superintendent salary is 10% less than its peer districts’ average as these salaries have a significant amount of discretion by each district and can also include benefits other than salary.

8. FUND BALANCE

- a. We obtained the District’s General Fund unassigned fund balance, excluding debt service and capital outlay, for the 2018-2019 school year on a per student basis and also for the four school years prior. We obtained the District’s General Fund unassigned fund balance as a percentage of three months of operating expenditures for the 2018-2019 school year and the four school years prior.

FIGURE 11
GENERAL FUND BALANCE
SCHOOL YEAR RANGE

YEAR	GENERAL FUND UNASSIGNED FUND BALANCE PER STUDENT	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF 3-MONTH OPERATING EXPENDITURES
Current School Year	\$ 2,775	118.0%
1 Year Prior	\$ 2,849	124.7%
2 Years Prior	\$ 2,819	127.9%
3 Years Prior	\$ 3,261	154.4%
4 Years Prior	\$ 3,526	165.1%

Finding: The District’s General Fund unassigned fund balance has been declining both on a per student basis and as a percentage of three months of operating expenditures. The decrease in unassigned fund balance is mostly due to the District adopting deficit budgets to use existing resources to fund a portion of the District’s operating expenditures each year, which results in these resources being classified as assigned fund balance for financial reporting purposes. This practice has resulted in the unassigned fund balance as percentage of three months of operating expenditures to trend downward towards the 100% amount that is a best practice recommendation from the Texas Education Agency. The District is projecting further budget shortfalls due to the funding changes caused by House Bill 3 of the 86th Legislature and the impact of the COVID-19 pandemic.

9. DISTRICT STAFFING LEVELS

- a. We obtained the allocation of staff, student-to-teacher, and student-to-total staff ratios for the 2018-2019 school year as noted in the LBB Guidelines for the District, peer districts' average, and the state average.

FIGURE 12
STAFF RATIO COMPARISONS
MOST RECENT SCHOOL YEAR

	DISTRICT	PEER DISTRICTS' AVERAGE	STATE AVERAGE
Teaching Staff (% of Total Staff)	53.4%	52.5%	49.8%
Support Staff (% of Total Staff)	11.4%	11.3%	10.1%
Administrative Staff (% of Total Staff)	3.6%	3.9%	4.1%
Paraprofessional Staff (% of Total Staff)	9.2%	11.6%	10.3%
Auxiliary Staff (% of Total Staff)	22.3%	20.8%	25.5%
Students Per Total Staff	7.2	8.2	7.5
Students Per Teaching Staff	13.5	15.6	15.1

Finding: The District's teaching staff, support staff, administrative staff, paraprofessional staff, and auxiliary staff as a percentage of total staff is comparable to its peer districts' average. The students per total staff and students per teaching staff is lower than its peer districts' average by 12% and 13%, respectively. The District focuses on using its resources for personnel, specifically its teachers, which is consistent with the findings noted in Figure 9 (instruction expenditures per student is higher than its peer districts' average) and in Figure 10 (payroll as a percentage of all funds is higher than its peer districts' average).

10. TEACHER TURNOVER RATES

- a. We obtained the teacher turnover rate for the 2018-2019 school year as noted in the LBB Guidelines for the District, peer districts’ average, and the state average.

FIGURE 13
TEACHER TURNOVER RATES
MOST RECENT SCHOOL YEAR

	DISTRICT TURNOVER RATE	AVERAGE PEER DISTRICT TURNOVER RATE	STATE AVERAGE TURNOVER RATE
Teachers	14.3%	14.1%	16.5%

Finding: The District’s teacher turnover rate is comparable to its peer districts’ average. The turnover rate for the District has increased over the last few years due to cost of living increases in the Austin area as well as increased commuting times for the District’s employees.

11. SPECIAL PROGRAMS

- a. For each program for the 2018-2019 school year noted in the LBB Guidelines offered by the District, we obtained the number of students served, percentage of enrolled students served, program budget per student served and program budget as a percentage of the District's budget, total staff for the program, and student-to-staff ratio for the program.

FIGURE 14
SPECIAL PROGRAM CHARACTERISTICS
MOST RECENT SCHOOL YEAR

	NUMBER OF STUDENTS SERVED	% OF ENROLLED STUDENTS SERVED	PROGRAM BUDGET PER STUDENT SERVED	PROGRAM BUDGET AS A % OF DISTRICT BUDGET	TOTAL STAFF FOR PROGRAM	STUDENTS PER TOTAL STAFF FOR PROGRAM
Special Education	679	8.4%	\$ 21,473	11.8%	98	6.9
Bilingual Education	170	2.1%	\$ 2,292	0.3%	4	40.5
Migrant Programs	-	0.0%	\$ -	0.0%	-	-
Gifted and Talented Programs	874	10.8%	\$ 676	0.5%	9	101.6
Career and Technical Education	1,470	18.1%	\$ 693	0.8%	13	111.4
Athletics and Extracurricular Activities	841	10.4%	\$ 3,009	2.0%	71	11.9
Alternative Education Program/ Disciplinary Alternative Education Program	26	0.3%	\$ 5,747	2.0%	2	13.0
Juvenile Justice Alternative Education Program	-	0.0%	\$ -	0.0%	-	-

Finding: The District commits significant resources to its Special Education program to promote successful outcomes for its special education students.

Additional Financial, Operational, and Academic Information

District Financial Information

12. STATE AND REGIONAL RESOURCES

We obtained an understanding of how the District maximizes available resources from state sources and regional education service centers to develop and implement programs or deliver services.

Finding: The District maximizes available resources from state sources by utilizing the Instructional Materials Allotment budget to purchase instructional materials for teachers and staff as well as technology for instructional purposes. The District incurred expenditures of \$776,983 in the 2018-2019 fiscal year that were funded with resources received under the Instructional Materials Allotment. The District also utilizes the Region 13 Education Service Center to provide professional development based on the needs of the District’s staff.

13. REPORTING

We obtained the District’s annual external audit report’s independent auditors’ opinion as required by Government Auditing Standards as of and for the year ended June 30, 2019. See Attachment A to the Agreed-Upon Procedures report.

14. OVERSIGHT

We inquired with District staff regarding whether the District was assigned a financial-related monitoring/oversight role by the Texas Education Agency during the 2018-2019 school year and the two years prior. No assignment was noted.

15. BUDGET PROCESS

We obtained answers to the questions noted in the LBB Guidelines.

FIGURE 15
BUDGET PROCESS

QUESTION	Y/N		N/A
Does the District’s budget planning process include projections for enrollment and staffing?	Yes: <u> X </u>	No: <u> </u>	N/A: <u> </u>
Does the District’s budget process include monthly and quarterly reviews to determine the status of annual spending?	Yes: <u> X </u>	No: <u> </u>	N/A: <u> </u>
Does the District use cost allocation procedures to determine campus budgets and cost centers?	Yes: <u> X </u>	No: <u> </u>	N/A: <u> </u>
Does the District analyze educational costs and student needs to determine campus budgets?	Yes: <u> X </u>	No: <u> </u>	N/A: <u> </u>

16. SELF-FUNDED PROGRAMS

We obtained a listing of the District's self-funded programs for the 2018-2019 school year and obtained an understanding of whether program revenues were sufficient to cover program costs.

Finding: The District has five self-funded programs. Two of these programs, the Child Nutrition program and the Child Development Center program, are designed so that revenues cover expenses and no significant net position is accumulated. The Child Nutrition program provides students lunch and breakfast at the District's campuses and is funded through charging students for meals and a limited amount of state and federal funding. This program is required to maintain a positive net position and the District had an ending net position of \$277,361 at the end of the 2018-2019 school year. The District had a decrease in net position of \$15,005 for the 2018-2019 school year. The Child Development Center program is a District operated daycare program primarily for the District's teachers and is funded through fees paid by parents. The District had an increase in net position of \$112,825 for the 2018-2019 school year.

The three remaining self-funded programs are the Easy Care program, the Community Education program, and the Facilities Rentals program. These programs are operated primarily to serve the surrounding community. The Easy Care program is an after-school program for elementary age students and is funded through fees paid by parents. The Community Education program provides after-school and summer academic and athletic enrichment activities for students at all grade levels and is funded through fees paid by parents. The Facilities Rentals program makes the District's various athletic, performance, and academic facilities available for various non-school uses and is funded through fees paid by the users of these facilities. The profits generated from these three programs are used to supplement the District's General Fund. These three programs had a combined increase in net position of \$1,115,824 for the 2018-2019 school year, of which \$756,875 was transferred to the District's General Fund.

District Operational Information

17. STAFFING

We obtained an understanding of whether District administrators are evaluated annually and, if so, how the results inform District operations.

Finding: Each year the District's Board of Trustees revise and update the District's operating goals by including entirely new initiatives and renewals of long-standing initiatives. These initiatives are assigned to specific District administrators who are responsible for studying and implementing the initiatives. These initiatives are then incorporated into the District and Campus Improvement Plans. Each administrator is then evaluated annually using a District designated administrator tool called the Administrator Growth and Appraisal System as a basis for both future district initiatives as well as the assignment of initiatives to specific administrators.

18. COMPENSATION SYSTEM

We obtained answers to the questions noted in the LBB Guidelines.

FIGURE 16
COMPENSATION SYSTEM

QUESTION	Y/N	N/A
Does the District use salary bonuses or merit pay systems? If yes, explain the performance-based systems and the factors used.	Yes: _____ No: <u> X </u>	N/A: _____
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: <u> X </u> No: _____	N/A: _____
Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking, and comparable salary data?	Yes: <u> X </u> No: _____	N/A: _____
Has the District made an internal equity and/or market adjustments to salaries within the past two years?	Yes: <u> X </u> No: _____	N/A: _____

19. PLANNING

We obtained answers to the questions noted in the LBB Guidelines.

FIGURE 17
OPERATIONAL INFORMATION

QUESTION	Y/N	N/A
Does the District develop a District Improvement Plan (DIP) annually?	Yes: <u> X </u> No: _____	N/A: _____
Do all campuses in the District develop a Campus Improvement Plan (DIP) annually?	Yes: <u> X </u> No: _____	N/A: _____
Does the District have an active and current facilities master plan? If yes, does the District consider these factors to inform the plan:	Yes: <u> X </u> No: _____	N/A: _____
Does the District use enrollment projections?	Yes: <u> X </u> No: _____	N/A: _____
Does the District analyze facility capacity?	Yes: <u> X </u> No: _____	N/A: _____
Does the District evaluate facility condition?	Yes: <u> X </u> No: _____	N/A: _____
Does the District have an active and current energy management plan?	Yes: <u> X </u> No: _____	N/A: _____
Does the District maintain a clearly defined staffing formula for staff in maintenance, custodial, food service, and transportation?	Yes: <u> X </u> No: _____	N/A: _____

District Academic Information

20. PROGRAMS

We obtained answers to the questions noted in the LBB Guidelines.

FIGURE 18
ACADEMIC INFORMATION

QUESTION	Y/N		N/A
Does the District have a teacher mentoring program?	Yes: <u> X </u>	No: <u> </u>	N/A: <u> </u>
Are decision to adopt new programs or discontinue existing programs made based on quantifiable data and research?	Yes: <u> X </u>	No: <u> </u>	N/A: <u> </u>
When adopting new programs, does the District define expected results?	Yes: <u> X </u>	No: <u> </u>	N/A: <u> </u>
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: <u> X </u>	No: <u> </u>	N/A: <u> </u>
Does the District modify programs, plan staff development opportunities, or evaluate staff based on analysis and student test results?	Yes: <u> X </u>	No: <u> </u>	N/A: <u> </u>

ATTACHMENT A



MAXWELL LOCKE & RITTER LLP

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
Eanes Independent School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eanes Independent School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

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This firm is not a CPA firm

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions - pensions, the schedule of the District's proportionate share of the net OPEB liability, the schedule of District contributions - OPEB, and the note to the required supplementary information on pages 5 through 13, 57, 58, 59, 60, and 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules, other schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, other schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maxwell Locke + Ritter LLP

Austin, Texas
October 21, 2019