



Keller ISD

Budget Compliance Review

January 30, 2025

Agenda

- 01 Engagement, Scope, & Procedures
- 02 Executive Summary
- 03 Key Observations
- 04 RSM Project Team
- 05 Q&A

Engagement, Scope, & Procedures

- RSM was commissioned by the Keller Independent School District Board of Trustees (“Keller”, “Keller ISD”, or “Client”) on May 22, 2024 to perform a budget compliance review in response to observed budget deficits, irregularities, questionable budgeting practices over recent fiscal years, and recent employment changes at key central administrative positions.
- The scope of work included a review of prior fiscal year original, amended, and budget to actual financial results for the three (3) fiscal year periods ended 2021, 2022, and 2023. Keller ISD’s fiscal year period ended 2024 was undergoing its annual financial statement audit and therefore not included in RSM’s scope of work time period.

Procedures

- Information gathering meetings with Keller ISD management knowledgeable about the budgetary process
- Key employee interviews
- Budget to actual analysis
- Expense Review
- Reporting of observations and conclusions

Key Events Leading to Budget Compliance Review

Key Events Leading to Budget Compliance Review

Recurring General Fund financial deficits; unfavorable annual revenue budget variances

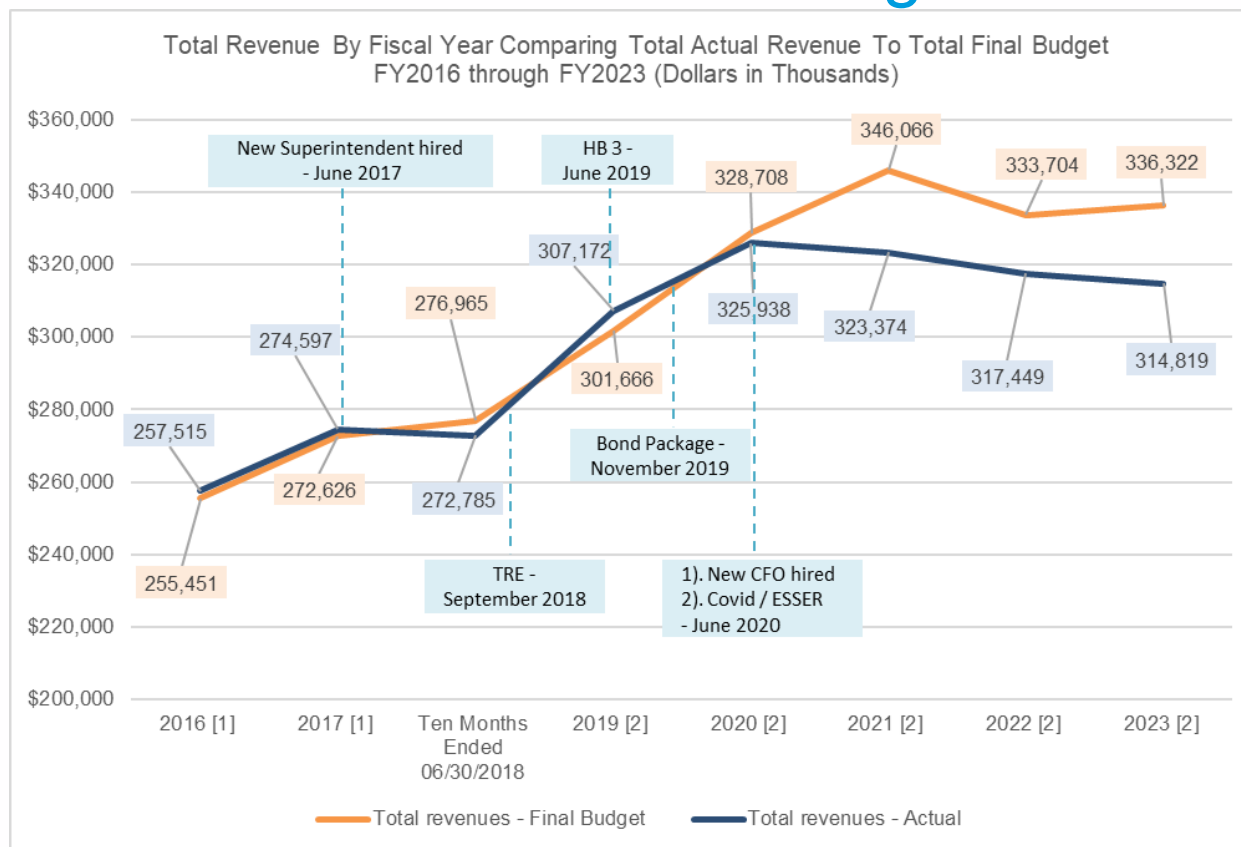
Declining General Fund balance; \$35MM decrease, FY 21 to FY 23

TEA Financial Integrity Rating downgrade from "B" to "C"

Moody's Rating downgrade from "stable" to "negative"

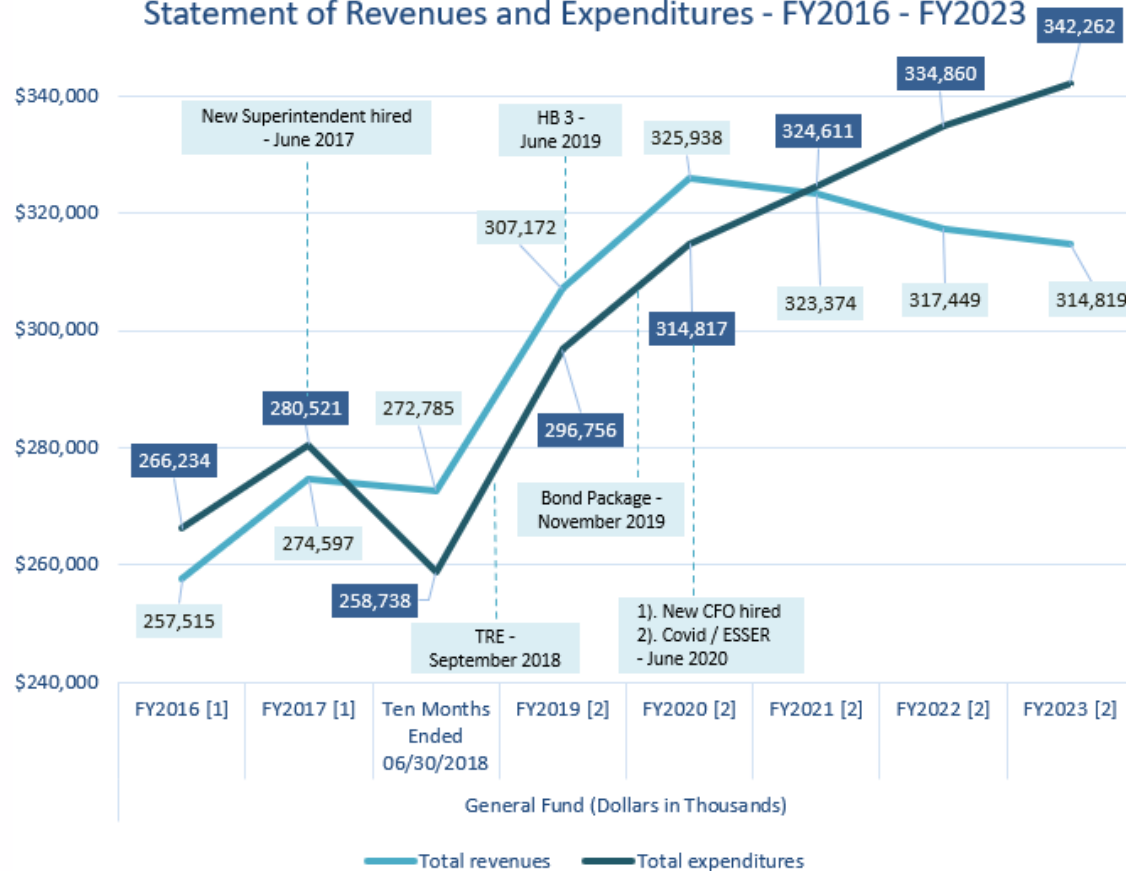
Executive Summary

Total Actual Revenue vs. Final Budget

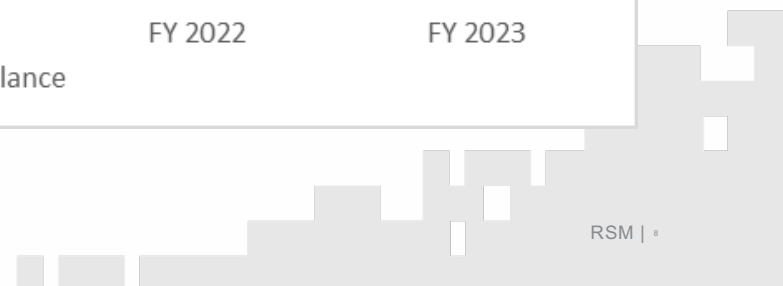
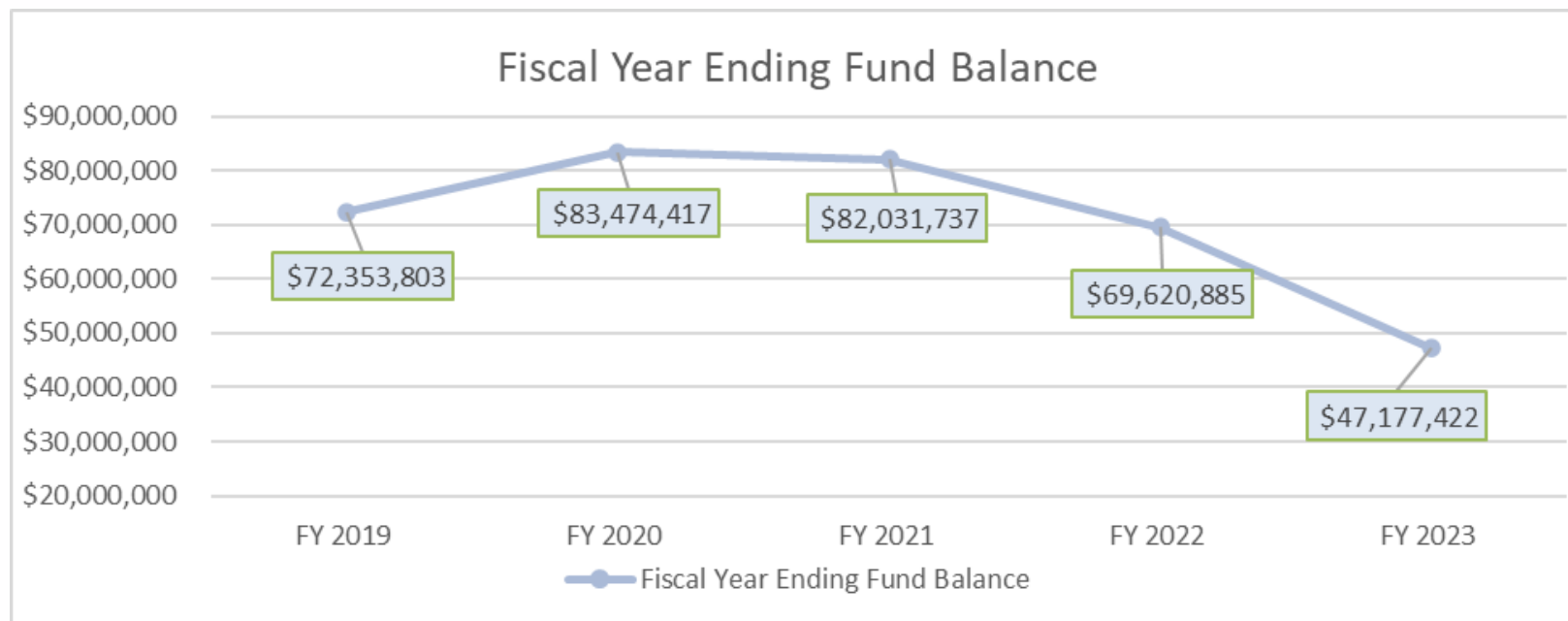


Actual Revenues vs. Actual Expenditures

Statement of Revenues and Expenditures - FY2016 - FY2023



Keller ISD – General Fund Balance



Key Observations

Budgetary Process

- Final budget decisions made by former Superintendent and former CFO with little or no input from others.
- Mindset of passing a balanced budget for Board approval, then push through amendments afterwards.
- Siloed budgetary process, lacking transparency into budget assumptions and inputs.

Budgeting Revenue

- Enrollment/ADA projections included areas of over aggressive assumptions on attendance.
- Unsupported expectation the TX Legislature was going to “step up and make things good for us”.
- Kids will come back to school and the state will give us more money, post COVID.

Budgeting Expenditures

- No appetite for making cuts in spending to account for revenue shortfalls; not wanting to make “hard” decisions.
- For some expenditures, not taking into consideration actual spend levels in prior fiscal year to set budgeted amounts for the same expenditure types in the following fiscal year budget.



RSM Project Team

RSM Team



Leo Munoz

Managing Director

- Leo is a Managing Director in RSM's Financial Consulting practice, specializing in forensic accounting and litigation support. He has over 30 years' experience in finance and accounting and has led RSM's forensic accounting practice in the Texas market for the last 15 years.
- Leo is a Certified Public Accountant (CPA), Certified Fraud Examiner (CFE) and Certified in Financial Forensics (CFF)



Kevin Handt

Manager

- Kevin is a Manager in RSM's Financial Consulting practice, specializing in forensic accounting and litigation support. He has over 9 years' experience in managing and leading engagements.
- Kevin is a Certified Public Accountant (CPA)



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Keller Independent School District (ISD)



Budget Compliance Review

November 21, 2024

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A. Introduction

Engagement Letter – Scope of Services Overview

RSM was commissioned by the Keller Independent School District Board of Trustees (“Keller”, “Keller ISD”, or “Client”) on May 22, 2024 to perform a budget compliance review in response to observed budget deficits, irregularities, questionable budgeting practices over recent fiscal years, and recent employment changes at key central administrative positions.

The scope of work included a review of prior fiscal year original, amended, and budget to actual financial results for the three (3) fiscal year periods ended 2021, 2022, and 2023.¹ Keller ISD’s fiscal year period ended 2024 was undergoing its annual financial statement audit and therefore not included in RSM’s scope of work time period.

The budget compliance review also included input from Keller ISD employees currently involved in the budgetary process providing insights into past and current practices. Our procedures covered the following key areas:

- Information gathering meetings with Keller ISD management knowledgeable of the budget process, specifically the budget process and oversight of fiscal year budgets for 2021, 2022, and 2023.
- Key employee interviews.
- Budget to actual analysis – comparing approved original, amended and actual budget results to determine areas contributing to past budget deficits.
- Expense Review – inquired and gathered information related to expenditures Keller ISD cited during interviews as issues during the budgeting process.
- Reporting – findings, observations, and conclusions.

Key events leading to the budget compliance review included the following –

- Recurring general fund financial deficits; unfavorable annual revenue budget variances.
- Declining general fund balance; \$35.0 million decrease from fiscal year 2021 to fiscal year 2023.
- TEA Financial Integrity rating downgrade from a “B” to a “C”.
- Moody’s rating downgrade from “stable” to “negative”.

¹ Keller ISD’s fiscal year spans from July 1 to June 30 and may be referred herein as Fiscal Year 2023 (i.e., July 1, 2022 to June 30, 2023) or any subsequent fiscal years.

Engagement Limitations

Our assumptions, interpretations, analysis and calculations described in this report are based upon (i) review of documents received from Keller ISD, and (ii) discussions with Keller ISD personnel. Should additional documents or information be provided to us and further analyses be conducted, our current analyses and observations could change. We reserve the right to update and amend this report accordingly.

Our review and analysis of budget to actual financial performance, impact to fund balances, and financial deficits covered fiscal years ended June 30, 2023, 2022, and 2021. As of the date of our report, Keller ISD's fiscal year ended June 30, 2024 financial results were not yet finalized as the external and independent annual financial statement audit was in progress during our budget compliance assignment.

This report was prepared pursuant to AICPA consulting standards and is based on our assessment of the facts provided to us.

Information Relied Upon

We requested supporting documentation, and obtained information from Keller ISD Financial Transparency site², including:

- Keller ISD Adopted Budget – Fiscal Years ended 2023, 2022, and 2021.
- Keller ISD Annual Comprehensive Financial Report – Fiscal Years ended 2023, 2022, 2021, and 2020.
- Keller ISD Local and State Revenue Internal Budget Documentation – Fiscal Years ended 2023, 2022, and 2021.
- Keller ISD Board Minutes, including Budget Amendments for Board Approval (General Fund) – Fiscal Years ended 2023, 2022, and 2021.
- Keller ISD Revenue by Account Detail – Fiscal Years ended 2023, 2022, and 2021.

Additionally, information was obtained during meetings with the following Keller ISD employees:

- Interview – [REDACTED] on July 10, 2024.
- Interview – [REDACTED] on July 10, 2024
- Interview – [REDACTED] on July 17, 2024.

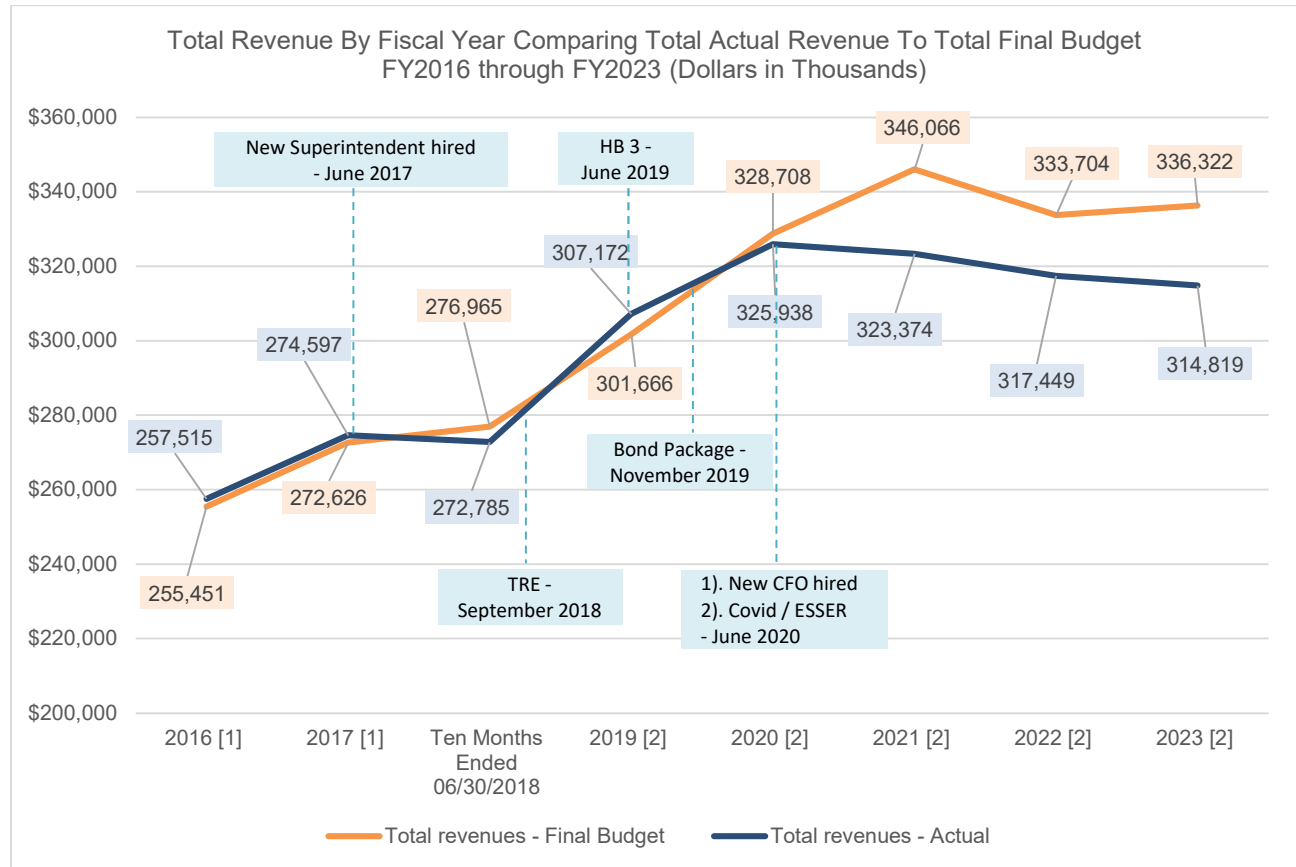
² Keller ISD Financial Transparency. [<https://www.kellerisd.net/departments/finance>]

B. Executive Summary

The following summarized financial information compares budget to actual total revenue, budget to actual total expenditures, actual financial results, and impact on Keller ISD’s fund balance by fiscal year. In **Section E.** of our report, we provide detailed analysis and descriptions related to budget to actual financial results for fiscal years ended 2021, 2022, and 2023.

Total Annual Revenues (Budget to Actual)

The graph below tracks the annual trends comparing total annual revenue for fiscal years ended 2016 to 2023, comparing actual revenue to its respective amended budget amount.



Footnotes to Graph:

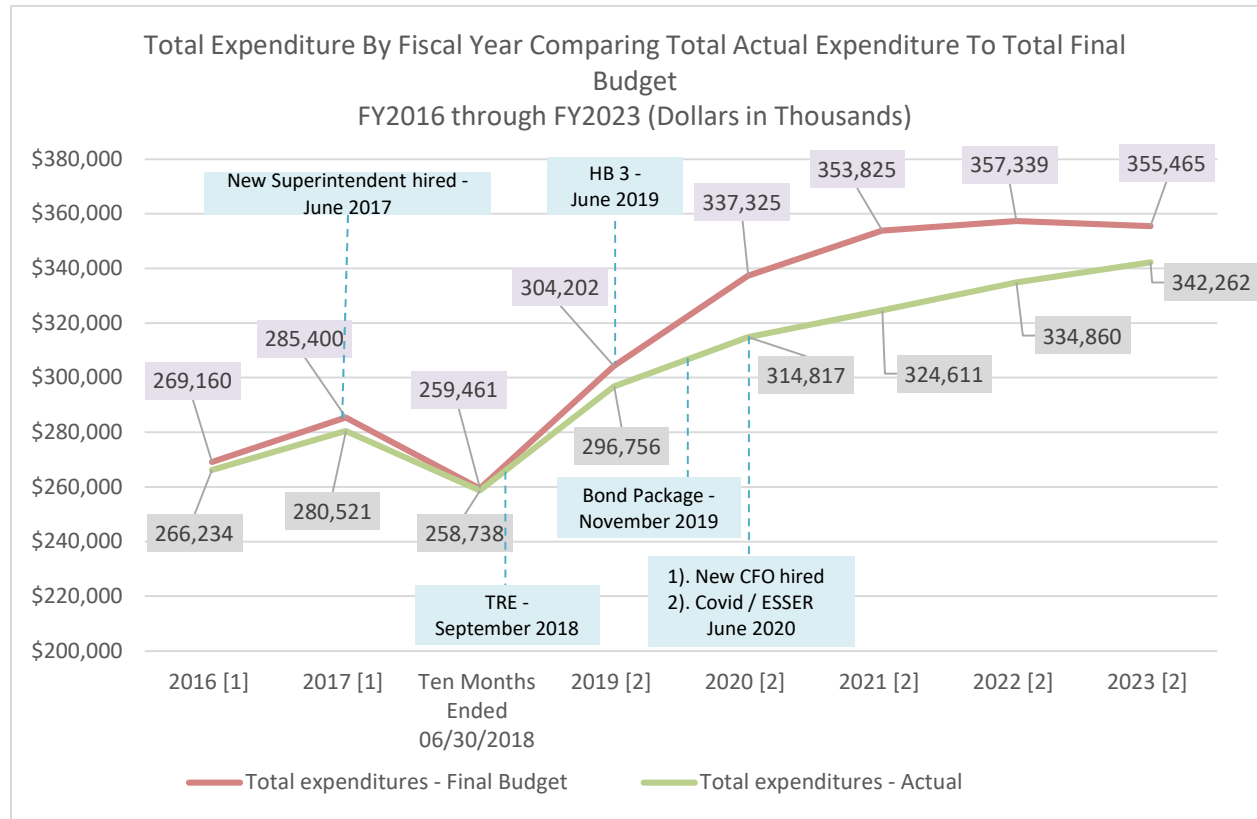
- TRE (Tax Ratification Election) – TRE Election approved in September 2018 by voters providing Keller ISD with additional revenue while lowering taxpayer’s overall tax rate (“tax rate swap and drop”).
- House Bill 3 (HB 3) – HB 3 relates to a State of Texas legislative act passed in June 2019 providing school districts with increased allotment per student providing more money for classrooms, teacher compensation increases, reduces recapture and reduces local property taxes for taxpayers.
- Bond Package – Bond Election approved by voters in November 2019 providing \$315 million for capital improvement projects while not raising Keller ISD property tax rate.
- COVID / ESSER (Elementary and Secondary School Emergency Relief Fund) – Federal funding allocated to Keller ISD beginning in June 2020 in response to COVID-19 including personnel costs and technology purchases.

Observations

- For fiscal years ended 2016 through 2020, total actual revenues ended the year fairly close to the amounts Keller ISD budgeted.
- However, beginning with fiscal year 2021 and continuing through fiscal year 2023, there were significant variances between actual and budgeted total revenue.
- Based on our review, the primary factors for revenue unfavorable variances in fiscal years 2021 through 2023 involved overbudgeted state and local revenue sources.
- Adjustments to set annual revenue budget amounts in line with the actual revenue trends were not taken into consideration within fiscal years 2021, 2022, and 2023 annual budgets.

Total Expenditures (Budget to Actual)

The graph below tracks the annual trends comparing total expenses for fiscal years ended 2016 to 2023, comparing actual expenses to its respective amended budget amount.

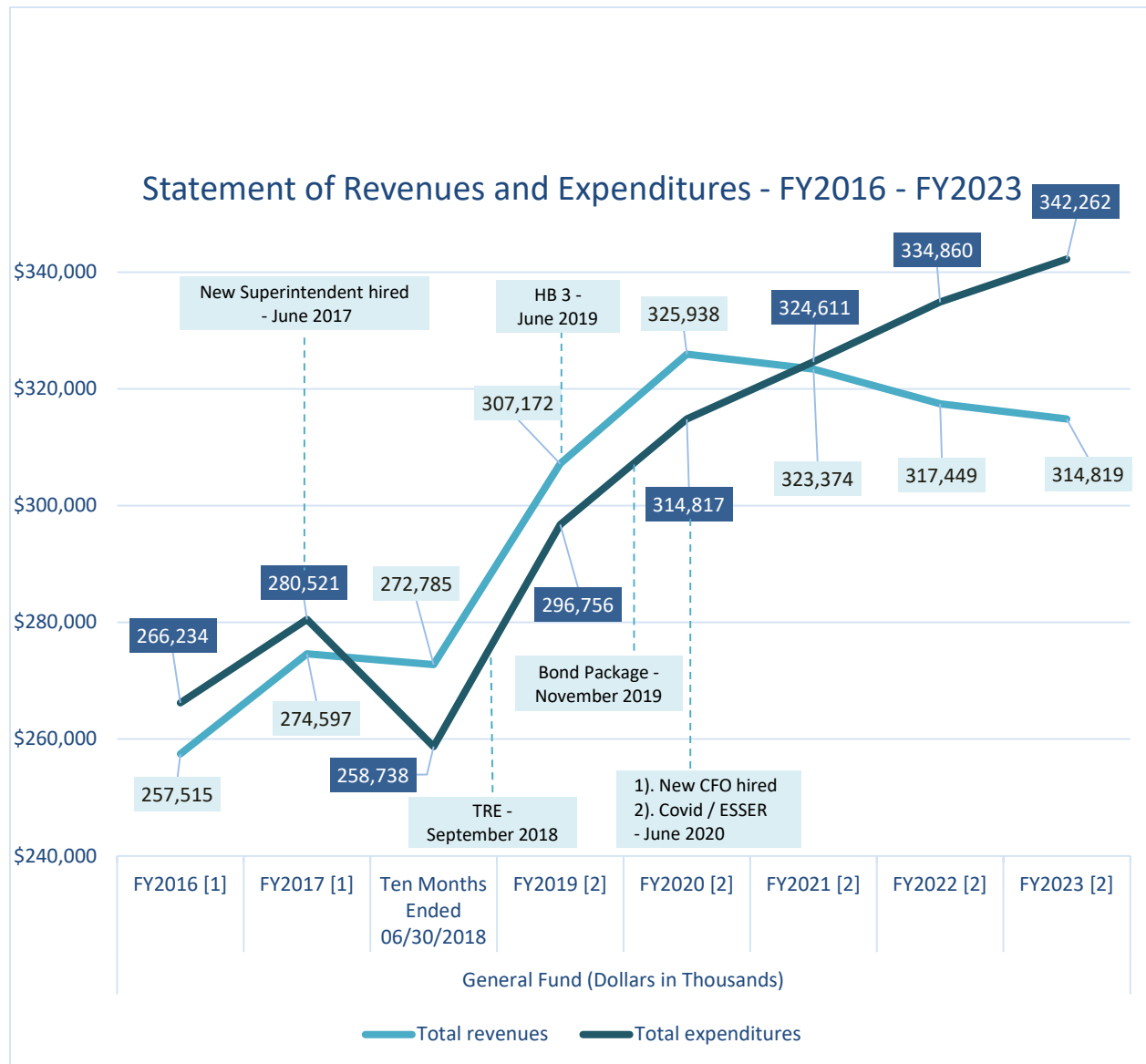


Observations

- For fiscal years ended 2016 through 2019, total actual expenditures also ended the year fairly close to the amounts Keller ISD budgeted.
- However, beginning with fiscal year 2020 and continuing through fiscal year 2023, there were significant variances between actual and budgeted total expenditures.
- Considering actual revenues were not tracking with budgeted revenues in fiscal years 2021, 2022, and 2023, Keller ISD had to manage expenditures below budget across all expense categories to mitigate anticipated annual deficits resulting from lower than budgeted revenues.
- Keller ISD’s management of expenses under its budgeted expenses did not completely mitigate actual financial deficits reported for each fiscal year end period.

Actual Revenues and Expenditures by Fiscal Year

The graph below tracks Keller ISD's actual total revenue and expenditures reported in fiscal years ended 2016 through 2023.

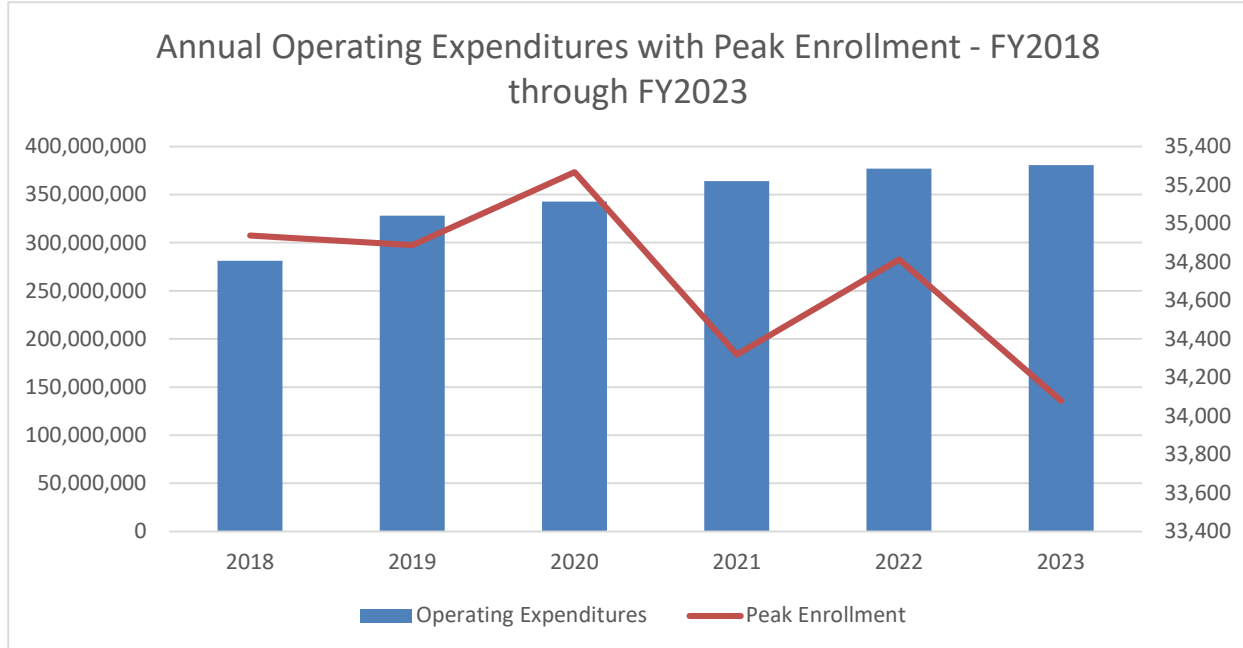


Observations

- In fiscal years 2016 through 2020, total revenues were consistently greater than expenditures (with exception of the change in fiscal year transitioned in 2018).
- Actual total revenue began to decline in fiscal year 2021 and continued to decline in 2022 and 2023, however, total expenditures continued to increase in these respective fiscal years resulting in annual deficits.
- Keller ISD management did not adjust spending levels in these three fiscal years to match the decrease in revenues.
- These annual deficits necessitated the use of Keller ISD’s fund balance to cover annual shortfalls.
- Keller ISD’s annual budget process in fiscal years 2021, 2022, and 2023 resulting in over budgeted annual revenue stems from the apparent decline in actual revenue trends for the same periods.

Actual Annual Operating Expenditures and Student Enrollment by Fiscal Year

The graph below tracks Keller ISD’s actual total expenditures and student enrollment count reported in fiscal years ended 2016 through 2023³.



³ Source: 2022-23 Annual Comprehensive Financial Report, Table XVII.

Observations

- In fiscal years 2018 through 2020, total expenditure amount levels aligned with student enrollment counts.
- Beginning in fiscal year 2021 and continuing through fiscal year 2023, total expenditure amounts gradually increased from the prior fiscal year, however, student enrollment counts significantly decreased.
- Keller ISD management did not adjust spending levels in these three fiscal years to match the decrease in annual student enrollment counts.

Fiscal Year 2022 – 2023

Budget to Actual Results

(\$'s in thousands)	FISCAL YEAR 2022 - 2023			
	Original Budget	Amended Budget	Actual Amounts	Variance - Actual and Amended Budget
Total Revenues	\$ 336,215	\$ 336,322	\$ 314,819	(21,503)
Total Expenditures	(349,350)	(355,465)	(342,262)	13,203
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (13,135)	\$ (19,143)	\$ (27,443)	\$ (8,300)
Transfers In/Other Sources	\$ 8,000	\$ 5,000	\$ 5,000	-
Fund Balance Reduction	\$ (5,135)	\$ (14,143)	\$ (22,443)	(8,300)

Key Drivers for Budget Underperformance

Total actual revenues were \$21.5 million under budget primarily due to lower local and state program revenues –

- Local revenue \$11.6 million under budget; mainly attributable to Current Taxes (5711) \$11.9 million under budget. Those responsible for oversight of the budgetary process:
 - Over-estimated Property Tax Values by approximately \$0.5 billion.⁴
 - Over-estimated Maintenance & Operations Tax Rate by primarily 4.1%.
 - Did not initiate a budget amendment after receiving Certified Property Tax Values and M&O Rates, sometime on or around October 2022.
- State revenue \$8.9 million under budget; mainly attributable to Foundation School Fund (5812) \$13.5 million under budget. Those responsible for oversight of the budgetary process:
 - Estimated a Refined Average Daily Attendance (“ADA”) equal to 33,067 students, however, prior year April 2022 ADA was 32,202.
 - Final reported ADA for Fiscal Year 2023 was 31,282.

While actual Keller ISD Fiscal Year 2023 expenditures were less than original budget, we discussed issues in the budgetary process involving:

⁴ Schedule B.1. [\$23.9 billion (Keller ISD Estimated Net Taxable Value) - \$23.4 billion (TAD Certified Taxable Value)]

- Fiscal year 2022 actual Student Transportation expense (\$14.1 million) was approximately \$2.0 million, greater than the amount originally budgeted for fiscal year 2023 (\$12.1 million).
- Fiscal year 2023 actual Property Casualty Insurance expense (\$3.6 million) was approximately \$0.8 million, greater than the amount originally budgeted (\$2.8 million) for fiscal year 2023.

Refer to **Schedule A.1** for Budget to Actual Comparison for Fiscal Year 2023.

Keller ISD's Response to Changes, Revenue Shortfalls, and ADA Over-Estimations

- No significant budget amendment amounts to decrease both local and state revenues were initiated by Keller ISD's former Superintendent and Chief Financial Officer for Board review and approval.
- Keller ISD received Certified Property Tax Values and M&O Rates, sometime on or around October 2023, however no amendment to Current Taxes Revenue was initiated by Keller ISD management for Board review and approval.
- ADA levels impacting budgeted state revenue amounts were not adjusted to historically reported ADA levels.
- Expenditures, in total, ended fiscal year 2023 approximately \$13.2 million under the amended budget. Although total actual expenditures were managed by Keller ISD under budget, the significant over budgeting in total revenues compared to actual revenues resulted in the overall \$27.4 million actual deficit reported by Keller ISD for fiscal year end June 30, 2023.

Fiscal Year 2021 – 2022

Budget to Actual Results

(\$'s in thousands)	FISCAL YEAR 2021 - 2022			
	Original Budget	Amended Budget	Actual Amounts	Variance - Actual and Amended Budget
Total Revenues	\$ 333,428	\$ 333,704	\$ 317,449	\$ (16,255)
Total Expenditures	(351,317)	(357,339)	(334,860)	22,479
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (17,889)	\$ (23,635)	\$ (17,411)	\$ 6,224
Transfers In/Other Sources	\$ 3,000	\$ -	\$ 5,000	\$ 5,000
Fund Balance Reduction	\$ (14,889)	\$ (23,635)	\$ (12,411)	\$ 11,224

Key Drivers for Budget Underperformance

Total actual revenues were \$16.3 million under budget primarily due to lower state program revenues –

- State revenue \$19.2 million under budget; mainly attributable to Foundation School Fund (5812) \$27.4 million under budget. Those responsible for oversight of the budgetary process:
 - Estimated a Refined Average Daily Attendance equal to 33,792 students, however, prior Year April 2021 ADA was 32,208.
 - Final reported ADA for Fiscal Year 2022 was 32,016.

While actual Keller ISD Fiscal Year 2022 expenditures were less than original budget, we discussed issues in the budgetary process involving:

- Fiscal Year 2021 actual Student Transportation expense (\$12.9 million) was approximately \$1.2 million, greater than the amount originally budgeted for fiscal year 2022 (\$11.7 million).

Refer to **Schedule A.2** for Budget to Actual Comparison for Fiscal Year 2022.

Keller ISD's Response to Changes, Revenue Shortfalls, and ADA Overestimations

- No significant budget amendment amounts to decrease state revenues were initiated by Keller ISD's former Superintendent and Chief Financial Officer for Board review and approval.
- ADA levels impacting budgeted state revenue amounts were not adjusted to historically reported ADA levels.
- Expenditures, in total, ended fiscal year 2022 approximately \$22.5 million under the amended budget. Although total actual expenditures were managed by Keller ISD under budget, the significant over budgeting in total revenues compared to actual revenues resulted in the overall \$17.4 million actual deficit reported by Keller ISD for fiscal year end June 30, 2022.

Fiscal Year 2020 – 2021

Budget to Actual Results

(\$'s in thousands)	FISCAL YEAR 2020 - 2021			
	Original Budget	Amended Budget	Actual Amounts	Variance - Actual and Amended Budget
Total Revenues	\$ 333,477	\$ 346,066	\$ 323,374	\$ (22,692)
Total Expenditures	(333,339)	(353,825)	(324,611)	29,214
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ 138	\$ (7,759)	\$ (1,237)	\$ 6,522
Transfers In/Other Sources	\$ -	\$ -	\$ (411)	\$ (411)
Fund Balance Reduction	\$ 138	\$ (7,759)	\$ (1,648)	\$ 6,111

Key Drivers for Budget Underperformance

Total actual revenues were \$22.7 million under budget primarily due to lower local and state program revenues –

- Local revenue \$10.7 million under budget; mainly attributable to Current Taxes (5711) \$8.8 million under budget. Those responsible for oversight of the budgetary process:
 - Over-estimated Property Tax Values by approximately \$2.2 billion.⁵
 - Did not initiate a budget amendment after receiving Certified Property Tax Values and M&O Rates, sometime on or around October 2020.
- State revenue \$11.7 million under budget; mainly attributable to Foundation School Fund (5812) \$14.4 million under budget. Those responsible for oversight of the budgetary process:
 - Estimated a Refined Average Daily Attendance equal to 34,249 students, however, prior Year April 2020 ADA was 33,393.
 - Final reported ADA for Fiscal Year 2021 was 32,775.

While actual Keller ISD Fiscal Year 2021 expenditures were less than original budget, we discussed issues in the budgetary process involving:

⁵ Schedule B.3. [\$21.4 billion (Keller ISD Estimated Net Taxable Value) - \$19.2 billion (TAD Certified Taxable Value)]

- Fiscal Year 2020 actual Student Transportation expense (\$11.4 million) was approximately \$0.7 million, greater than the amount originally budgeted for fiscal year 2021 (\$10.7 million).
- Fiscal year 2021 actual Property Casualty Insurance expense (\$3.2 million) was approximately \$0.8 million, greater than the amount originally budget (\$2.4 million) for fiscal year 2021.

Refer to **Schedule A.3** for Budget to Actual Comparison for Fiscal Year 2021.

Keller ISD's Response to Changes, Revenue Shortfalls, and ADA Overestimation

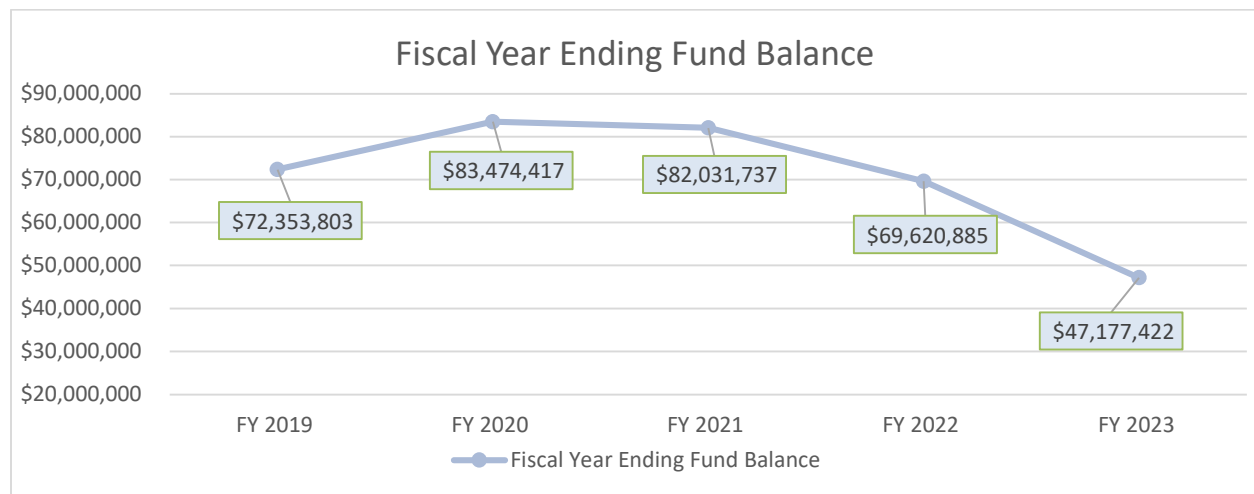
- State program revenue's original budgeted amount was increased by \$12.6 million in amendments initiated by Keller ISD management and approved by the Board, however, the actual state program revenue did not increase in line with the amended increase.
- Expenditures, in total, ended fiscal year 2021 approximately \$29.2 million under the amended budget. Although total actual expenditures were managed by Keller ISD under budget, the significant over budgeting in total revenues compared to actual revenues resulted in the overall \$1.2 million actual deficit reported by Keller ISD for fiscal year end June 30, 2021.

Fund Balance Reduction Fiscal Year 2021 Through Fiscal Year 2023

We reviewed and analyzed the Keller ISD General Fund’s fund balance between Fiscal Year 2019 and 2023. Keller ISD ended Fiscal Year 2020 with a Fund Balance equal to approximately \$83.5 million before reported deficits in succeeding fiscal years ended 2021, 2022, and 2023. At the end of Fiscal Year 2023, the General Fund’s fund balance was \$47.2 million, a decrease of \$36.3 million from Fiscal Year 2020.

General Fund Balance by Fiscal Year

The graph below tracks Keller ISD’s actual changes in the general fund’s balance reported in fiscal years ended 2019 through 2023.



Observations

- In fiscal years 2021 through 2023, Keller ISD’s general fund balance decrease to cover annual financial deficits.
- Annual deficits resulted primarily from overbudgeting local and state revenues and higher spendings levels relative to annual student enrollment counts.

	Fund Balance - General Fund				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fiscal Year Beginning Fund Balance	\$ 61,937,599	\$ 72,353,803	\$ 83,474,417	\$ 82,031,737	\$ 69,620,885
Net Change in Fund Balance	10,416,204	11,120,614	(1,442,680)	(12,410,852)	(22,443,463)
Fiscal Year Ending Fund Balance	\$ 72,353,803	\$ 83,474,417	\$ 82,031,737	\$ 69,620,885	\$ 47,177,422

C. Background

Budgetary Process Assessment

Annual Budget Process

We gathered information from the interviews conducted, as well as reviewing Keller ISD “Staffing and Budget Preparation”⁶ calendar, to understand the annual budgeting process and timeline for budget adoption for Fiscal Year 2023. We assumed fiscal year budget preparation timelines for fiscal years 2022 and 2021 were similar. Interviews with Keller ISD employees and review of the Keller ISD Staffing and Budget Preparation calendar for Fiscal Year 2023, included the following milestones:

- December 2021 - Fiscal Year 2023 Budgeting process begins.
- January 2022 – Enrollment projections reviewed and analyzed.
- March 2022 – Staffing level assessment (teachers, and other staffing changes) and impacts to budget reviewed by area superintendents and submitted to Finance.
- April 2022 – Complete budgets returned to Keller ISD Finance; Budget Workshop #1 scheduled for April 25, 2022
- May 2022 – Property value estimates received, Finance issues ‘Notice of Public Meeting’ to discuss budget and proposed tax rate.
- June 2022 – Finance presents Fiscal Year 2022 – 2023 Budget to Board for approval on June 20, 2022.

Refer to **Schedule D.1** for a more complete summary of the Keller ISD Staffing and Budget Preparation timeline for Fiscal Year 2023.

To obtain an understanding of Keller ISD’s financial results at a high level over time, we compiled total revenue and expenses from reported sources, both budgeted and actual, to assess Keller ISD’s budgetary process effectiveness and accuracy in its annual projections.

Senior Executive Resignations

It is our understanding from our interviews that Keller ISD’s former superintendent resigned from the district in June 2023 (hired June 2017) and former chief financial officer resigned from the district in February 2024 (hired June 2020). We understand from our discussions with the current Keller ISD executive team and finance personnel, both the former superintendent and former chief financial officer were the primary individuals who oversaw and managed the annual budgetary

⁶ Keller ISD Staffing and Budget Preparation (Timeline 2021 – 2022) for the Fiscal Year 2022 – 2023.

process for fiscal years 2021, 2022, and 2023. We were not able to discuss any matters concerning Keller ISD’s budgetary processes and financial results with either the former superintendent or former chief financial officer in connection with our review and analysis.

Keller ISD Ratings

Moody’s Ratings

On September 10, 2024, Moody’s Ratings (“Moody’s”) affirmed Keller ISD, TX’s Aa2 issuer and general obligation unlimited tax ratings and revised the outlook to negative from stable. Moody’s reported the revision of the outlook to negative from stable reflects its expectation that, after four years of deficits, general fund reserves will remain at narrow levels compared to Aa2 peers. Keller ISD’s ability to not only return to structural balance but also increase general fund reserves back to sound levels will be a key focus in future reviews.

TEA’s Financial Integrity Rating System

Keller ISD’s financial integrating rating for fiscal year 2020 – 2021 was “B” rating, or “above standard achievement”. This rating was downgraded to a “C” rating, or “meets standard achievement” for fiscal year 2021 – 2022 and has remained a “C” rating in successive fiscal years through fiscal year 2023 – 2024. “Ongoing depletion of the fund balance”

D. Interviews – Information Gathering

To gather information on Keller ISD’s historical budgetary processes for our review and analysis, we interviewed three current Keller ISD employees –

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In addition to the historical budgetary processes, we inquired about specific issues resulting in budget deficits, budget amendments, and significant budget to actual variances pertaining to fiscal years 2023, 2022, and 2021.

After our initial interviews with the above, we had additional conference calls involving [REDACTED] [REDACTED] throughout our assignment for follow up discussions to inquiries and financial data requests. The interview themes listed below relate to the budgetary processes and financial results under the oversight of Keller ISD's former Superintendent and Chief Financial Officer for fiscal year budgets 2023, 2022, and 2021.

Budgetary Process

- Final budget decisions made by CFO and Superintendent with little or no input from others.
- CFO not very communicative with the finance team regarding annual budget.
- Mindset of passing a balanced budget for Board approval, then push through amendments afterwards.
- Siloed budgetary process.
- Not a transparent process.
- Limited budget discussions between Superintendent/CFO and cabinet.
- Cabinet received a full annual budget same time presented to the Board of Trustees.
- Developed budget based on parameters provided from Superintendent and CFO.
- Did not consider the sustainability of programs.

Budgeting Revenue

- Aggressive approach to revenue, not conservative approach.
- Enrollment/ADA projections areas of questions.
- Using 94% student factor over inflated revenue.
- Superintendent/CFO believed more revenue would be received by district but did not materialize.
- Legislature is going to step up and make things good for us.
- Kids will come back to school and the state will give us more money, post COVID.
- Given previous fiscal year's actual results, revenue parameters were too optimistic.
- Revenue parameters were too optimistic, "borderline naïve".
- For property tax revenue budget amounts, timing of receiving final levy and tax rate from the county four to five months after budget was approved. Budgets not amended after receipt of final county data.

Budgeting Expenditures

- Expected money will be left over in the personnel budget due to not filling positions included in annual budgets.
- No appetite for making cuts in spending to account for revenue shortfalls; not wanting to make “hard” decisions.
- Spending cuts always about people, which led into school programs.
- Budget concerns regarding transportation costs, knew transportation would exceed budget from the start and at the time the original budgets were submitted to the Board for approval.
- Transportation – finance team told they could not budget the amount they needed because it would put them in a deficit.
- Forgone conclusion budget amendment needed for “transportation” expense.
- Utilities and P&C insurance not budgeted adequately.
- P&C insurance premium estimates arrived right or just after budget approval, so timing issue to accurately budget in original budget.

E. Fiscal Year Budget to Actual Analysis

Fiscal Year 2022 – 2023

In our review of fiscal year ended 2023 budget to actual results we observed the following key drivers resulting in an overall higher actual deficit reported than budgeted –

- Total actual revenues reported in fiscal year 2022 (\$317.4 million) were more actual revenues reported in fiscal year 2023 (314.8 million).
- Local & intermediate sources missed budgeted amount by \$11.6 million.
 - Keller ISD - Current Taxes⁷ accounted for approximately 96.6%⁸ of Local & intermediate sources revenue.
- State program revenues missed budgeted amount by \$8.9 million.

⁷ Current Taxes represent local property tax collections, which Keller ISD internally reports as “Current Taxes” in account 5711.

⁸ 96.6% = [\$219,767,081 (FY 2023 Current Taxes – 5711) / \$227,572,725 (FY 2023 Total Local and Intermediate Sources Revenue)

- Keller ISD – Available School Fund (5811)⁹ and Foundation School Fund (5812)¹⁰ accounted for approximately 83.8%¹¹ of State program revenues.
- Federal program revenues missed budgeted amount by \$1.1 million.

The following sections address specific reasons for significant budget to actual variances.

Revenues

	FY 2022 Actual Reported	FY 2023 Original Budget	FY 2023 Final Budget	FY 2023 Actual Reported	FY 2023 Under/ (Over) Budgeted
Local & Intermediate Sources	\$ 217,905,428	\$ 239,125,186	\$ 239,125,186	\$ 227,572,725	\$ (11,552,461)
State Program Revenues	94,074,119	92,488,898	92,596,998	83,732,496	(8,864,502)
Federal Program Revenues	5,469,218	4,600,000	4,600,000	3,513,581	(1,086,419)
Total Revenues	\$ 317,448,765	\$ 336,214,084	\$ 336,322,184	\$ 314,818,802	\$ (21,503,382)

Local & Intermediate Sources

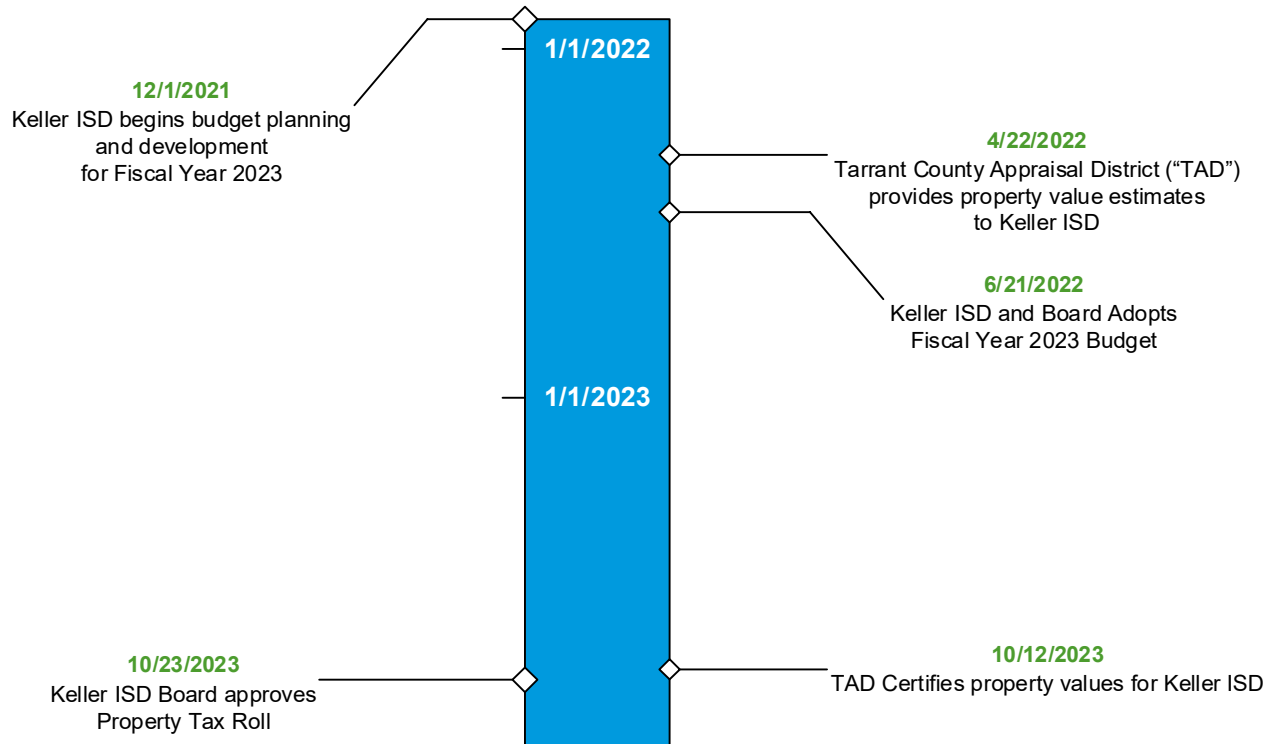
To budget Local & Intermediate Revenue, which consists primarily of property taxes, Keller ISD relied on information from Tarrant County Appraisal District, which is received months prior to the adoption of the fiscal year budget. Based on discussions with Keller ISD employees, a similar timeline and milestones is also applicable for fiscal years prior to fiscal year 2023 (see below).

⁹ The Available School Fund (ASF) serves as a finance method for the Foundation School Program (FSP). This source of revenue helps pay the state’s FSP payments to school districts and charter schools. ASF payments are based on a district’s or charter school’s prior year average daily attendance (ADA). The payment rate per ADA (the distribution rate) is adopted each year by the State Board of Education. [<https://tea.texas.gov/finance-and-grants/state-funding/state-funding-manuals/available-school-funds-asf-payments-one-pager.pdf>]

¹⁰ The FSP is the state program that establishes the amount of state and local funding due to school districts under Texas school finance law and provides the state share of this funding to districts. The program is administered by the Texas Education Agency (TEA). The FSP is meant to ensure that all school districts, regardless of property wealth, receive "substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences." [Texas Education Code (TEC), §48.001(b)]

¹¹ 83.8% = [\$20,203,301 (ASF) + \$49,995,843 (FSF) / \$83,732,496 (FY 2023 Total State Program Revenues)]

Keller ISD – Local & Intermediate Revenue Timeline



Keller ISD Current Taxes account for a significant portion of total Local & Intermediate Sources of revenue. We requested the Fiscal Year 2023 Current Taxes budget support, which Keller ISD relied upon to prepare the Fiscal Year 2023 original budget adopted by the district. In Fiscal Year 2023, Keller ISD over estimated Current Taxes by approximately \$11.9 million. To estimate Current Taxes, Keller ISD received and relied on information including:

Estimated Net Taxable Value

- Keller ISD relied on the Tarrant County Appraisal District ("TAD") "Estimated Net Taxable Value" for appraised properties in the district accounting for exemptions. Keller ISD relied on the April (2022) uncertified preliminary estimates to budget for the upcoming fiscal year.
 - TAD Estimated Net Taxable Value on April 22, 2022 - \$24,512,064,733

- Keller ISD applied an adjustment, as a percent, based upon historical internal calculations comparing the April 2022 TAD property value to TAD Certified Value. The average April TAD Estimated Net Taxable Value was -2.26% less than Certified Property Values.
 - Keller ISD applied a -2.26% adjustment to \$24,512,064,733 to arrive at the budgeted 2022 taxable value, or \$23,958,092,070.¹²
- TAD Certified the Net Taxable Value on July 31, 2022 - \$23,388,895,244
- Keller ISD relied on the information provided by TAD in April to adopt budgets approved in June, prior to TAD certifying property values.

Funding Elements	FY 2023 Budget Estimates	FY 2023 Certified	FY 2023 Difference	FY 2023 As a %
	A	B	C = A - B	C / A
TAD - Estimated Net Taxable Value	\$ 24,512,064,733			
Keller ISD - Adjustment	-2.26%			
2022 Taxable Value	\$ 23,958,092,070	\$ 23,388,895,244	\$ 569,196,826	2.4%
M&O Tax Rate	98.32%	94.29%	4.03%	4.1%

Maintenance & Operations (“M&O”) Tax Rate and Collection Rate

- Keller ISD estimated the Maintenance and Operations (“M&O”) tax rate of 98.32% using a template referred to as the “Omar Garcia Template”.
- TAD issued the Adopted M&O Tax Rate on October 12, 2022, or 94.29%. Fiscal Year 2023 resulted in overestimating the M&O Tax Rate by approximately 4.1%.
- Keller ISD estimated a projected property tax collection rate of 99%, to account for delinquent collections.

Refer to **Schedule B.1**.

Conclusion

Keller ISD relied on information from TAD including 1) Estimated Net Taxable Values and 2) M&O Tax Rates months before TAD certifies property values and tax rates. We understand Keller ISD must rely on preliminary property tax data prior to finalize its fiscal year original budgeted amount for this revenue source. Tarrant County property tax data is typically finalized and reported around

¹² \$23,958,092,070 = [\$24,512,064,733 (April 2022 TAD Estimated Net Taxable Value) x (1-2.26%) (Keller ISD Adjustment)]

October of each calendar year. During Fiscal Year 2023, Keller ISD did not initiate an amendment for Current Taxes to reflect finalized tax data information known and available sometime in October, or approximately 4 months after initial budget adoption.

State Program Revenues

Keller ISD Foundation School Program – State Funding includes Available School Fund (“ASF”) and Foundation School Fund (“FSF”), which account for a significant portion of total State Program revenues. We requested the Fiscal Year 2023 ASF and FSF budget support, which Keller ISD relied upon to prepare the Fiscal Year 2023 original budget adopted by the district. In Fiscal Year 2023, Keller ISD over estimated ASF and FSF by approximately \$8.1 million. To estimate ASF and FSF, Keller ISD received and relied on information including:

Foundation School Program – State Funding

Keller ISD, like other school districts in Texas, rely on a template developed by Omar Garcia (“Omar Garcia Template”), which was designed to allow school districts to estimate state aid and funding.¹³ The Omar Garcia Template is intended to help school districts estimate school funding by entering data inputs such as Refined Average Daily Attendance (“ADA”) and State Certified Property Values.

- Among the multiple inputs Keller ISD used to develop the estimate for total state funding, Keller ISD relied on a 33,067 ADA.
- In Fiscal Year 2023 Keller ISD engaged a demographic firm to calculate and project Keller ISD enrollment. The firm calculated an estimated 35,178 students in Keller ISD.
- Keller ISD applied an internal projected 94% attendance rate to arrive at 33,067¹⁴ Refined ADA for Fiscal Year 2023.
 - In Fiscal Year 2022, Keller ISD actual attendance rate was approximately 91.8%, or 2.2% less than the percentage used for fiscal year 2023’s inputs.

¹³ The “Omar Garcia Template” states – “This template is designed to calculate revenue based on the school finance provisions enacted by the 88th Session of the Texas Legislature and is based on my current understanding of those provisions and of previous laws. TEA is the official source for determining state aid. MY (Omar Garcia) UNDERSTANDING IS ABSOLUTELY SUBJECT TO CHANGE AT ANY TIME.”

¹⁴ 33,067 Refined ADA = [35,178 (Demographic Firm Keller ISD Students) x 94% (Keller Budgeted Attendance Rate)]

- Based on our interviews, Keller ISD believed the students would “come back” and attendance rates in the shadow of the Covid-19 pandemic would result in better attendance rates than Fiscal Year 2022. This expectation did not materialize.

Keller ISD, like other school districts in Texas, report the number of students in average daily attendance to the State of Texas. This along with other information, is summarized by Texas Education Agency (“TEA”) in the Summary of Finance Report. The Summary of Finance Report is a state aid report produced by the TEA for each school district and charter school, including information such as Refined ADA, Property Values, Tax Rates, and Tax Collections.¹⁵ Because Keller ISD relied upon the April 2022 TAD to budget local taxes, we reviewed and analyzed the last Summary of Finance reported to TEA for Keller ISD in the month of April 2022.

- Keller ISD Summary of Finance Report dated April 25, 2022 indicated a Refined ADA of 32,202.
- The Refined ADA as of April 25, 2022 was 865¹⁶ less the number of students budgeted by Keller ISD in the June 2022 adopted budget.
- The Final Refined ADA for Fiscal Year 2023 reported 31,282¹⁷, or 1,785 less the number of students budgeted by Keller ISD in the June 2022 adopted budget.

We requested the native excel file Keller ISD prepared using the Omar Garcia Template, however, only a physical copy (pdf version) of the inputs was readily available. Rather than recalculating an alternative budget, assuming Keller ISD had used the Funding Elements noted in the table below, we noted those Funding Elements and the differences between those reported to TEA. We understand these Funding Elements are variable that impact the amount of state funding calculated in the Omar Garcia Template.

Funding Elements	FY 2023 Budget Estimates	FY 2023 Summary of Finance	FY 2023 Over (Under)	FY 2023 As a %
Funding Elements - Students	A	B	C = A - B	C / A
Refined Daily Attendance (ADA)	33,067	32,202	865	2.6%
Regular Program ADA	28,666	28,389	277	1.0%
Special Education FTE's	1,120	1,154	(34)	-3.0%
Career & Technology FTE's	3,281	2,659	622	18.9%
Weighted ADA (WADA)	40,959	40,125	834	2.0%

¹⁵ Texas Education Agency – Finance and Grants – State Funding. [<https://tea.texas.gov/finance-and-grants/state-funding/foundation-school-program/summary-of-finances>]

¹⁶ 865 = [33,067 (FY 2023 Refined ADA Budget) – 32,202 (Summary of Finance Refined ADA)]

¹⁷ Keller ISD Summary of Finance as of Final (2022 - 2023 Summary of Finance) September 18, 2024.

Refer to **Schedule C.1**.

Conclusion

Keller ISD relied on information from sources including 1) Third party demographic firm estimating students in Keller ISD and 2) Inputs included in the “Omar Garcia Template”, and 3) An attendance percentage rate higher than the actual prior fiscal year (94% verses 91.8%). Keller ISD relied on estimates from third party demographic firms rather than relying on actual Keller ISD Refined ADA for the most recent period. In Fiscal Year 2023, it more likely than not resulted in estimating more State Program Revenue funding than actual based on actual Refined ADA observed in Fiscal Year 2023.

Expenditures

Student Transportation

During our initial interviews Student Transportation was mentioned relative to issues budgeting this expense item. Student Transportation costs are paid from the General Fund and Function Code 34 (Student Transportation). In Fiscal Year 2023, Student Transportation original budget was approximately \$12.1 million compared to an amended (and final) budget of \$15.2 million. We observed the following as it related to the Student Transportation budgeting process:

- Function Code 34 Student Transportation also contains transportation costs related to extended school year, summer school and career and technical education, and other programs which are budgeted for by other departments.
- The “home to school bus routes” are budgeted by Keller ISD at the district level. Keller ISD budgeted Transportation and Fuel totaling approximately \$11.4 million, while actual costs were \$13.9 million, or approximately \$2.5 million over budget.
- Keller ISD explained that while the budget increased between Fiscal Year 2022 and 2023, the actual costs still exceeded and outpaced budget.
- Keller ISD submitted a budget amendment on April 3, 2023, approved by the board, for approximately \$1,000,000 related to “For additional student transportation funds for use district wide.”
- Fiscal year 2022 actual Student Transportation expense (\$14.1 million) was approximately \$2.0 million, greater than the amount originally budgeted for fiscal year 2023 (\$12.1 million).

Property & Casualty Expense

During our initial interviews Property & Casualty was mentioned relative to issues budgeting this expense. Property & Casualty Insurance costs are paid from the General Fund and Function Code 51 (Plant Maintenance and Operations). In Fiscal Year 2023, Plant Maintenance and Operations original budget was approximately \$30.8 million compared to an amended (and final) budget of \$35.4 million. We noted the following as it related to the Property & Casualty budgeting process:

- North American Solutions provides Keller ISD with an insurance premium estimate for purposes of budget planning and development. Keller ISD explained North American Solutions is unable to provide a more accurate amount until after the budget has been adopted.
- Based on explanations from Keller ISD, Property Casualty Insurance original budget was \$2,841,187 compared to actual insurance policy costs totaling \$3,662,537, representing an approximate \$821,000 budgeted shortfall.
- Keller ISD submitted a budget amendment on July 19, 2022, approved by the board, for approximately \$799,000 from Fund Balance.

Budget Amendment - Property & Casualty Insurance				
Date of Request	From	To	Amount	Reason
7/19/2022	Fund Balance	51-612900	\$ 346,773	For increase in Property/Casualty insurance premium for the 2022-2023 year. The amount of the increase was not known at time of budget adoption.
7/19/2022	Fund Balance	51-614600	\$ 196,909	
7/19/2022	Fund Balance	51-614900	\$ 255,981	
Subtotal			\$ 799,664	

Fiscal Year 2021 – 2022

In our review of fiscal year ended 2022 budget to actual results we observed the following key drivers resulting in an overall higher actual deficit reported than budgeted –

- Total actual revenues reported in fiscal year 2021 were less than total revenue actual revenues reported in fiscal year 2022.
- Local and intermediate source revenue was under budgeted by \$1.4 million.¹⁸
- State program revenues missed budgeted amount by \$19.2 million.
 - Keller ISD – Available School Fund (5811) and Foundation School Fund (5812) accounted for approximately 83.8%¹⁹ of State program revenues.
- Keller ISD maintained the fiscal year 2022 State Program Revenue budget (\$112.9 million), despite fiscal year 2021 budget (\$113.3 million) was \$11.7 million lower than actual fiscal year 2021 results (\$101.6 million).

The following sections address specific reasons for significant budget to actual variances.

Revenues

	FY 2021 Actual Reported	FY 2022 Original Budget	FY 2022 Final Budget	FY 2022 Actual Reported	FY 2022 Under/ (Over) Budgeted
Local & Intermediate Sources	\$ 215,760,232	\$ 216,479,427	\$ 216,479,427	\$ 217,905,428	\$ 1,426,001
State Program Revenues	101,615,286	112,951,941	113,227,577	94,074,119	(19,153,458)
Federal Program Revenues	5,998,271	3,996,684	3,996,684	5,469,218	1,472,534
Total Revenues	\$ 323,373,789	\$ 333,428,052	\$ 333,703,688	\$ 317,448,765	\$ (16,254,923)

State Program Revenues

Keller ISD Foundation School Program – State Funding includes Available School Fund (“ASF”) and Foundation School Fund (“FSF”), which account for a significant portion of total State Program revenues. We requested the Fiscal Year 2022 ASF and FSF budget support, which Keller ISD relied upon to prepare the Fiscal Year 2022 original budget adopted by the district. In Fiscal Year 2022, Keller ISD over estimated ASF and FSF by approximately \$16.9 million. To

¹⁸ Refer to Schedule A.2.

¹⁹ 87.6% = [\$17,173,227 (ASF) + \$65,201,754 (FSF) / \$94,074,119 (FY 2022 Total State Program Revenues)

estimate ASF and FSF, Keller ISD receives and relied on information described in the Fiscal Year 2023 section above.

Keller ISD relied on the following information, compared to actual, when preparing the Fiscal Year 2022 State Program revenue budget:

- Among the multiple inputs Keller ISD used to develop the estimate for total state funding, Keller ISD relied on a 33,792 ADA.
- In Fiscal Year 2022 Keller ISD engaged a demographic firm to calculate and project Keller ISD enrollment. The firm calculated an estimated 35,200 students in Keller ISD.
- Keller ISD applied an internal projected 96% attendance rate to arrive at 33,792²⁰ Refined ADA for Fiscal Year 2022.
 - In Fiscal Year 2021, Keller ISD actual attendance rate was approximately 95.3%, a slight variance from projected attendance rate.

Similar to Fiscal Year 2023, we reviewed and analyzed the last Summary of Finance reported to TEA for Keller ISD in the month of April 2021.

- Keller ISD Summary of Finance Report dated April 9, 2021 indicated a Refined ADA of 32,208.
- The Refined ADA as of April 9, 2021 was 1,583²¹ less the number of students budgeted by Keller ISD in the June 2021 adopted budget.
- The Final Refined ADA for Fiscal Year 2022 reported 32,016, or 1,776 less the number of students budgeted by Keller ISD in the June 2021 adopted budget.

We requested the native excel file Keller ISD prepared using the Omar Garcia Template, however, only a physical copy (pdf version) of the inputs was readily available. Rather than recalculating an alternative budget, assuming Keller ISD had used the Funding Elements noted in the table below, we noted those Funding Elements and the differences between those reported to TEA. We understand these Funding Elements are variables that impact the amount of state funding calculated in the Omar Garcia Template.

²⁰ 33,792 Refined ADA = [35,200 (Demographic Firm Keller ISD Students) x 96% (Keller Budgeted Attendance Rate)]

²¹ 1,583 = [33,792 (FY 2022 Refined ADA Budget) – 32,208 (Summary of Finance Refined ADA)]

Funding Elements	FY 2022 Budget Estimates	FY 2022 Summary of Finance	FY 2022 Over (Under)	FY 2022 As a %
Funding Elements - Students	A	B	C = A - B	C / A
Refunded Daily Attendance (ADA)	33,792	32,208	1,584	4.7%
Regular Program ADA	29,941	28,383	1,558	5.2%
Special Education FTE's	1,192	1,030	162	13.6%
Career & Technology FTE's	2,659	2,795	(136)	-5.1%
Weighted ADA (WADA)	42,058	39,984	2,074	4.9%

Refer to **Schedule C.2**.

Expenditures

Student Transportation

During our initial interviews Student Transportation was mentioned relative to issues budgeting this expense. In Fiscal Year 2022, Student Transportation original budget was approximately \$11.7 million compared to actual costs of \$14.1 million. We observed the following as it related to the Student Transportation budgeting process:

- The “home to school bus routes” are budgeted by Keller ISD at the district level. Keller ISD budgeted Transportation and Fuel totaling approximately \$10.9 million, while actual costs were \$13.2 million, or approximately \$2.3 million over budget.
- Keller ISD explained that while the budget increased between Fiscal Year 2021 and 2022, the actual costs still exceeded and outpaced budget.
- Keller ISD submitted a budget amendment on June 14, 2022, approved by the board, for approximately \$1,100,000 related to “To reconcile the general fund functional budget to conform with the TEA's end of year reporting requirements.”
- Fiscal Year 2021 actual Student Transportation expense (\$12.9 million) was approximately \$1.2 million, greater than the amount originally budgeted for fiscal year 2022 (\$11.7 million).

Property & Casualty Expense

During our initial interviews Property & Casualty was mentioned relative to issues budgeting this expense. Property & Casualty Insurance costs are paid from the General Fund and Function Code 51 (Plant Maintenance and Operations). In Fiscal Year 2022, Plant Maintenance and Operations original budget was approximately \$30.9 million compared to actual costs of \$30.8 million. While

the Function Code 51, Plant Maintenance and Operations, did not experience a budget overrun, we noted the following as it related to the Property & Casualty budgeting process:

- North American Solutions provides Keller ISD with an insurance premium estimate for purposes of budget planning and development. Keller ISD explained North American Solutions is unable to provide a more accurate amount until after the budget has been adopted.
- Based on explanations from Keller ISD, Property Casualty Insurance was under budgeted by approximately \$842,000 in Fiscal Year 2022.
- Keller ISD submitted two budget amendments approved by the board, for approximately \$800,000, including:
 - July 12, 2021 – Fund Balance to 51-642500 for \$301,311 for “Property and Casualty insurance renewal for fiscal year 2021-2022. Final amounts were not received prior to adoption of budget.”
 - December 15, 2021 – 11-611900 to 51-612900 for \$499,539 for “For increase in property casualty insurance due to some property that had been previously overlooked”

Property & Casualty	FY 2022 Budget Estimates	FY 2022 Actual	FY 2022 Over (Under)	FY 2022 As a %
Property & Casualty	A	B	C = A - B	C / A
Property & Casualty Premiums	\$ 2,367,187	\$ 2,668,498		
Cyber Security Insurance		41,804		
Additional Coverage		499,539		
Subtotal	\$ 2,367,187	\$ 3,209,841	\$ (842,654)	-35.6%

Fiscal Year 2020 – 2021

In our review of fiscal year ended 2021 budget to actual results we observed the following key drivers resulting in an overall higher actual deficit reported than budgeted –

- Total actual revenues reported in fiscal year 2021 were less than total revenue actual revenues reported in fiscal year 2020.
- Local & intermediate sources missed budgeted amount by \$10.7 million.²²
 - Keller ISD – Current Taxes accounted for approximately 98%²³ of Local and intermediate sources revenue.
- State program revenues missed budgeted amount by \$11.7 million.
- Federal program revenues missed budgeted amount by \$0.3 million.

The following sections address specific reasons for significant budget to actual variances.

	FY 2020 Actual Reported	FY 2021 Original Budget	FY 2021 Final Budget	FY 2021 Actual Reported	FY 2021 Under/ (Over) Budgeted
Local & Intermediate Sources	\$ 212,532,049	\$ 226,434,035	\$ 226,434,035	\$ 215,760,232	\$ (10,673,803)
State Program Revenues	107,822,529	100,727,226	113,316,212	101,615,286	(11,700,926)
Federal Program Revenues	5,583,412	6,315,558	6,315,558	5,998,271	(317,287)
Total Revenues	\$ 325,937,990	\$ 333,476,819	\$ 346,065,805	\$ 323,373,789	\$ (22,692,016)

Revenues

Local Property Tax Revenues

Keller ISD Current Taxes account for a significant portion of total Local & Intermediate Sources of revenue. We requested the Fiscal Year 2021 Current Taxes budget support, which Keller ISD relied upon to prepare the Fiscal Year 2023 original budget adopted by the district. In Fiscal Year 2021, Keller ISD over estimated Current Taxes by approximately \$8.8 million. To estimate Current Taxes, Keller ISD received and relied on information from:

²² Refer to Schedule A.3.

²³ 98.0% = [\$211,544,693 (FY 2021 Current Taxes – 5711) / \$215,760,232 (FY 2021 Total Local and Intermediate Sources Revenue)

Estimated Net Taxable Value

- Keller ISD relied on the Tarrant County Appraisal District (“TAD”) “Estimated Net Taxable Value” for appraised properties in the district accounting for exemptions. Keller ISD relied on the April (2022) uncertified preliminary estimates to budget for the upcoming fiscal year.
 - TAD Estimated Net Taxable Value on April 29, 2020 - \$21,370,355,914
- Keller ISD did not apply an adjustment in Fiscal Year 2021, similar to those calculated and relied upon in Fiscal Years 2023 and 2022.
- TAD Certified the Net Taxable Value on July 31, 2022 - \$19,198,771,792
- Keller ISD relied on the information provided by TAD in April to adopt budgets approved in June, prior to TAD certifying property values.

Funding Elements	FY 2021 Budget Estimates	FY 2021 Certified	FY 2021 Difference	FY 2021 As a %
	A	B	C = A - B	C / A
TAD - Estimated Net Taxable Value	\$ 21,370,355,914			
Keller ISD - Adjustment	0.00%			
2021 Taxable Value	\$ 21,370,355,914	\$ 19,198,771,792	\$ 2,171,584,122	10.2%
M&O Tax Rate	104.09%	105.47%	-1.38%	-1.3%

Maintenance & Operations (“M&O”) Tax Rate and Collection Rate

- Keller ISD estimated the Maintenance and Operations (“M&O”) tax rate of 104.09% using a template referred to as the “Omar Garcia Template”.
- TAD issued the Adopted M&O Tax Rate on April 23, 2021 (last updated), or 105.47%. Fiscal Year 2021 resulted in underestimating the M&O Tax Rate by approximately 1.3%. Based on discussion with Keller employees, the M&O Tax Rate is certified sometime on or around the month of October.
- Keller ISD estimated a projected property tax collection rate of 99%, to account for delinquent collections.

Refer to **Schedule B.3**.

Conclusion

Keller ISD relied on information from TAD including 1) Estimated Net Taxable Values and 2) M&O Tax Rates months before TAD certifies property values and tax rates. During Fiscal Year 2021, Keller ISD did not amend Current Taxes to reflect information known and available sometime in October, or approximately 4 months after initial budget adoption.

State Program Revenues

Keller ISD Foundation School Program – State Funding includes Available School Fund (“ASF”) and Foundation School Fund (“FSF”), which account for a significant portion of total State Program revenues. We requested the Fiscal Year 2021 ASF and FSF budget support, which Keller ISD relied upon to prepare the Fiscal Year 2021 original budget adopted by the district. In Fiscal Year 2021, Keller ISD over estimated ASF and FSF by approximately \$11.6 million. To estimate ASF and FSF, Keller ISD received and relied on information described in the Fiscal Year 2023 section above.

Keller ISD relied on the following information, compared to actual, when preparing the Fiscal Year 2021 State Program revenue budget:

- Among the multiple inputs Keller ISD used to develop the estimate for total state funding, Keller ISD relied on a 34,248 ADA.
- In Fiscal Year 2021 Keller ISD engaged a demographic firm to calculate and project Keller ISD enrollment. The firm calculated an estimated 35,675 students in Keller ISD.
- Keller ISD applied an internal projected 96% attendance rate to arrive at 34,248²⁴ Refined ADA for Fiscal Year 2021.
 - In Fiscal Year 2020, Keller ISD actual attendance rate was approximately 95.8%, in line with projected attendance rate.

Similar to Fiscal Year 2023, we reviewed and analyzed the last Summary of Finance reported to TEA for Keller ISD in the month of April 2020.

- Keller ISD Summary of Finance Report dated April 30, 2020 indicated a Refined ADA of 33,393.

²⁴ *34,248 Refined ADA = [35,675 (Demographic Firm Keller ISD Students) x 96% (Keller Budgeted Attendance Rate)]*

- The Refined ADA as of April 30, 2020 was 855²⁵ less the number of students budgeted by Keller ISD in the June 2021 adopted budget.

We requested the native excel file Keller ISD prepared using the Omar Garcia Template, however, only a physical copy (pdf version) of the inputs was readily available. Rather than recalculating an alternative budget, assuming Keller ISD had used the Funding Elements noted in the table below, we noted those Funding Elements and the differences between those reported to TEA. We understand these Funding Elements are independent factors that impact the amount of state funding calculated in the Omar Garcia Template.

Funding Elements	FY 2021 Budget Estimates	FY 2021 Summary of Finance	FY 2021 Over (Under)	FY 2021 As a %
Funding Elements - Students	A	B	C = A - B	C / A
Refined Daily Attendance (ADA)	34,249	33,393	855	2.5%
Regular Program ADA	30,342	30,055	287	0.9%
Special Education FTE's	1,164	993	172	14.8%
Career & Technology FTE's	2,742	2,346	397	14.5%
Weighted ADA (WADA)	42,011	40,791	1,220	2.9%

Refer to **Schedule C.3**.

Expenditures

Student Transportation

During our initial interviews Student Transportation was mentioned relative to issues budgeting this expense. In Fiscal Year 2021, Student Transportation original budget was approximately \$10.7 million compared to actual costs of \$12.9 million. We observed the following as it related to the Student Transportation budgeting process:

- The “home to school bus routes” are budgeted by Keller ISD at the district level. Keller ISD budgeted Transportation and Fuel totaling approximately \$9.9 million, while actual costs were \$12.2 million, or approximately \$2.3 million over budget.
- During the budgeting process for Student Transportation, the Keller ISD finance team asked the Director of Purchasing for a cost estimate and contract with the new transportation company. Since the previous transportation company did not share bus route information with the new company, the new company was unable to provide a cost estimate prior to Keller ISD budget adoption.

²⁵ 855 = [34,248 (FY 2021 Refined ADA Budget) – 33,393 (Summary of Finance Refined ADA)]

- Keller ISD submitted a budget amendment on May 17, 2021, approved by the board, for approximately \$1,300,000 related to “For transportation costs through the end of the school year, including cost sharing service shortfall charges.”
- Fiscal Year 2020 actual Student Transportation expense (\$11.4 million) was approximately \$0.7 million, greater than the amount originally budgeted for fiscal year 2021 (\$10.7 million).

F. Conclusions

Based on interviews conducted with Keller ISD employees, review of budget and actual financial information, we observed and concluded the following key recurring factors resulted in Keller ISD budget deficits, including:

Local Revenue

- Keller ISD relied on information obtained from Tarrant County Appraisal District including estimated property tax values and M&O tax rates.
- After Keller ISD did receive Certified Property Tax Values and M&O Rates from TAD, no amendment to Current Taxes Revenue was directed by Keller ISD management.

State Revenue

- Keller ISD relied on a third-party demographic organization to budget Keller ISD enrollment, however, the enrollment estimate was greater than the actual prior year's final Refined ADA.
- Attendance rates applied to ADA data for budgeted revenue where higher, in some cases, than the actual attendance rate reported in the prior fiscal year.

Expenditures

- Although total actual expenditures were managed by Keller ISD under budget in Fiscal Years 2023, 2022, and 2021, the significant over budgeting in total revenues compared to actual revenues resulted in an overall actual deficit reported by Keller ISD.
- A consistent underbudgeting of student transportation expenses in fiscal years 2021, 2022, and 2023.

Description	Schedule
Fiscal Year 2023 Budgetary Comparison Schedule - General Fund	Schedule A.1
Fiscal Year 2022 Budgetary Comparison Schedule - General Fund	Schedule A.2
Fiscal Year 2021 Budgetary Comparison Schedule - General Fund	Schedule A.3
Fiscal Year 2023 - Current Taxes (5711) Analysis	Schedule B.1
Fiscal Year 2022 - Current Taxes (5711) Analysis	Schedule B.2
Fiscal Year 2021 - Current Taxes (5711) Analysis	Schedule B.3
Fiscal Year 2023 - State Taxes (5811 and 5812) Analysis	Schedule C.1
Fiscal Year 2022 - State Taxes (5811 and 5812) Analysis	Schedule C.2
Fiscal Year 2021 - State Taxes (5811 and 5812) Analysis	Schedule C.3
Fiscal Year 2023 Staffing and Budget Preparation Schedule	Schedule D.1

Fiscal Year 2022 - 2023 Budget to Actual Analysis						
Data Control Codes		Budgeted Amounts [1]		Actual Amounts [1]	Comparison - Final & Actual	Actual to Final Budget = A - B
		Original	Final B	(GAAP Basis) A	Percentage Change	
REVENUES						
5700	Local and intermediate sources	\$ 239,125,186	\$ 239,125,186	\$ 227,572,725	-5%	\$ (11,552,461)
5800	State program revenues	92,488,898	92,596,998	83,732,496	-10%	(8,864,502)
5900	Federal program revenues	4,600,000	4,600,000	3,513,581	-24%	(1,086,419)
5020	Total revenues	336,214,084	336,322,184	314,818,802	-6%	(21,503,382)
EXPENDITURES						
Current:						
0011	Instruction	217,701,281	213,568,318	208,435,097	-2%	5,133,221
0012	Instructional resources and media services	4,165,414	4,158,765	3,944,231	-5%	214,534
0013	Curriculum and instructional staff development	6,322,695	6,359,927	5,498,399	-14%	861,528
0021	Instructional leadership	5,120,378	5,176,968	4,888,989	-6%	287,979
0023	School leadership	21,617,162	21,884,281	20,937,542	-4%	946,739
0031	Guidance counseling and evaluation services	15,559,070	15,727,111	15,151,929	-4%	575,182
0032	Social services	184,558	195,458	187,187	-4%	8,271
0033	Health services	4,258,703	4,134,902	3,856,643	-7%	278,259
0034	Student (pupil) transportation	12,103,140	15,194,232	14,786,880	-3%	407,352
0035	Food services	3,000	3,000	2,312	-23%	688
0036	Cocurricular/ extracurricular activities	10,564,944	11,084,913	10,370,644	-6%	714,269
0041	General administration	8,898,685	9,226,525	8,927,095	-3%	299,430
0051	Plant maintenance and operations	30,815,909	35,410,973	33,961,691	-4%	1,449,282
0052	Security and monitoring services	3,619,905	4,304,847	4,010,857	-7%	293,990
0053	Data processing services	4,852,281	5,117,571	4,342,471	-15%	775,100
0061	Community services	2,080,957	1,895,285	1,594,746	-16%	300,539
Debt service:						
0071	Debt service - Principal on long-term debt	-	600,000	-	-100%	600,000
Capital outlay:						
0081	Facilities acquisition and construction	3,960	38,310	33,894	-12%	4,416
Intergovernmental:						
0095	Juvenile Justice Alternative Education Programs	23,320	16,920	-	-100%	16,920
0099	Other intergovernmental charges	1,454,180	1,367,186	1,331,658	-3%	35,528
6030	Total expenditures	349,349,542	355,465,492	342,262,265	-4%	13,203,227
1100	Excess (deficiency) of revenues over (under) expenditures	(13,135,458)	(19,143,308)	(27,443,463)	43%	(8,300,155)
OTHER FINANCING SOURCES (USES)						
7915	Transfers in	5,000,000	5,000,000	5,000,000		-
7949	Other resources	3,000,000	-	-		-
7080	Total other financing sources	8,000,000	5,000,000	5,000,000		-
1200	Net change in fund balance	(5,135,458)	(14,143,308)	(22,443,463)		(8,300,155)
0100	Fund balances - beginning	69,620,885	69,620,885	69,620,885		-
3000	FUND BALANCES - ENDING	\$ 64,485,427	\$ 55,477,577	\$ 47,177,422		\$ (8,300,155)

Notes:

[1] Keller ISD Annual Comprehensive Financial Report Year Ended June 30, 2023, Exhibit G-1.

Fiscal Year 2021 - 2022 Budget to Actual Analysis						
Data Control Codes		Budgeted Amounts [1]		Actual Amounts [1]	Comparison - Final & Actual	Actual to Final Budget = A - B
		Original	Final B	(GAAP Basis) A	Percentage Change	
REVENUES						
5700	Local and intermediate sources	\$ 216,479,427	\$ 216,479,427	\$ 217,905,428	1%	\$ 1,426,001
5800	State program revenues	112,951,941	113,227,577	94,074,119	-17%	(19,153,458)
5900	Federal program revenues	3,996,684	3,996,684	5,469,218	37%	1,472,534
5020	Total revenues	333,428,052	333,703,688	317,448,765	-5%	(16,254,923)
EXPENDITURES						
Current:						
0011	Instruction	218,193,472	220,056,371	208,022,564	-5%	12,033,807
0012	Instructional resources and media services	4,354,640	4,471,358	4,138,668	-7%	332,690
0013	Curriculum and instructional staff development	6,755,170	6,559,379	5,630,939	-14%	928,440
0021	Instructional leadership	4,982,669	5,163,185	4,870,244	-6%	292,941
0023	School leadership	21,874,111	22,025,577	20,872,404	-5%	1,153,173
0031	Guidance counseling and evaluation services	16,239,325	16,115,876	14,803,807	-8%	1,312,069
0032	Social services	287,684	284,530	186,473	-34%	98,057
0033	Health services	4,178,379	1,601,155	503,018	-69%	1,098,137
0034	Student (pupil) transportation	11,666,927	15,425,867	14,122,795	-8%	1,303,072
0035	Food services	3,000	3,000	2,006	-33%	994
0036	Cocurricular/ extracurricular activities	10,994,970	11,332,280	10,747,341	-5%	584,939
0041	General administration	8,692,032	9,256,022	9,029,762	-2%	226,260
0051	Plant maintenance and operations	30,955,763	32,401,195	30,872,070	-5%	1,529,125
0052	Security and monitoring services	3,747,957	4,004,942	3,216,232	-20%	788,710
0053	Data processing services	4,547,981	4,933,794	4,622,583	-6%	311,211
0061	Community services	2,243,459	2,205,107	1,749,054	-21%	456,053
Capital outlay:						
0081	Facilities acquisition and construction	124,000	146,144	118,420	-19%	27,724
Intergovernmental:						
0095	Juvenile Justice Alternative Education Programs	20,820	25,013	22,704	-9%	2,309
0099	Other intergovernmental charges	1,454,181	1,328,533	1,328,533	0%	-
6030	Total expenditures	351,316,540	357,339,328	334,859,617	-6%	22,479,711
1100	Excess (deficiency) of revenues over (under) expenditures	(17,888,488)	(23,635,640)	(17,410,852)	-26%	6,224,788
OTHER FINANCING SOURCES (USES)						
7915	Transfers in	-	-	5,000,000		5,000,000
7949	Other resources	3,000,000	-	-		-
7080	Total other financing sources	3,000,000	-	5,000,000		-
1200	Net change in fund balance	(14,888,488)	(23,635,640)	(12,410,852)		6,224,788
0100	Fund balances - beginning	82,031,737	82,031,737	82,031,737		-
3000	FUND BALANCES - ENDING	\$ 67,143,249	\$ 58,396,097	\$ 69,620,885		\$ 6,224,788

Notes:

[1] Keller ISD Annual Comprehensive Financial Report Year Ended June 30, 2022, Exhibit G-1.

Fiscal Year 2020 - 2021 Budget to Actual Analysis						
Data Control Codes	Budgeted Amounts [1]		Actual Amounts [1]		Comparison - Final & Actual	Actual to Final Budget = A - B
	Original	Final B	(GAAP Basis) A	Percentage Change		
REVENUES						
5700	Total local and intermediate sources	\$ 226,434,035	\$ 226,434,035	\$ 215,760,232	-5%	\$ (10,673,803)
5800	State program revenues	100,727,226	113,316,212	101,615,286	-10%	(11,700,926)
5900	Federal program revenues	6,315,558	6,315,558	5,998,271	-5%	(317,287)
5020	Total revenues	333,476,819	346,065,805	323,373,789	-7%	(22,692,016)
EXPENDITURES						
Current:						
0011	Instruction	208,219,047	217,437,830	202,555,621	-7%	14,882,209
0012	Instructional resources and media services	4,107,638	4,284,047	3,968,509	-7%	315,538
0013	Curriculum and instructional staff development	6,452,568	6,572,600	3,840,089	-42%	2,732,511
0021	Instructional leadership	5,232,937	4,979,370	4,620,921	-7%	358,449
0023	School leadership	20,465,414	22,322,600	20,945,749	-6%	1,376,851
0031	Guidance counseling and evaluation services	15,376,174	16,358,986	15,492,352	-5%	866,634
0032	Social services	223,755	190,889	131,333	-31%	59,556
0033	Health services	3,895,759	4,045,769	1,356,298	-66%	2,689,471
0034	Student (pupil) transportation	10,666,927	13,338,539	12,921,614	-3%	416,925
0035	Food services	3,000	3,000	2,275	-24%	725
0036	Cocurricular/ extracurricular activities	10,184,816	11,222,134	10,349,290	-8%	872,844
0041	General administration	8,360,603	8,857,984	8,271,796	-7%	586,188
0051	Plant maintenance and operations	28,572,107	31,089,577	28,954,466	-7%	2,135,111
0052	Security and monitoring services	3,010,685	3,719,611	3,418,280	-8%	301,331
0053	Data processing services	4,974,443	5,989,784	4,753,572	-21%	1,236,212
0061	Community services	2,067,217	1,931,623	1,710,321	-11%	221,302
Capital outlay:						
0081	Facilities acquisition and construction	34,000	58,958	34,914	-41%	24,044
Intergovernmental:						
0093	Shared services agreement	-	-	-	-	-
0095	Juvenile Justice Alternative Education Programs	20,820	-	-	-	-
0099	Other intergovernmental charges	1,471,319	1,421,319	1,283,519	-10%	137,800
6030	Total expenditures	333,339,229	353,824,620	324,610,919	-8%	29,213,701
1100	Excess (deficiency) of revenues over (under) expenditures	137,590	(7,758,815)	(1,237,130)	-84%	6,521,685
OTHER FINANCING SOURCES (USES)						
8911	Transfers out	-	-	(205,550)	-	(205,550)
7080	Total other financing sources	-	-	(205,550)	-	(205,550)
1200	Net change in fund balance	137,590	(7,758,815)	(1,442,680)	-	6,316,135
0100	Fund balances - beginning	83,474,417	83,474,417	83,474,417	-	-
3000	FUND BALANCES - ENDING	\$ 83,612,007	\$ 75,715,602	\$ 82,031,737		\$ 6,316,135

Notes:

[1] Keller ISD Annual Comprehensive Financial Report Year Ended June 30, 2021, Exhibit G-1.

Keller ISD Budget Estimates [1]		Tarrant County as of:			Summary of Finance as of:
Funding Elements	FY 2023	Funding Elements	Estimated April 22, 2022	Certified July 31, 2022	Certified September 1, 2023
TAD - Estimated Net Taxable Value	\$ 24,512,064,733 [8]				
Keller ISD - Adjustment	-2.26% [9]				
2022 Taxable Value	\$ 23,958,092,070 C				
2022 Taxable Value	\$ 23,958,092,070 C	Net Taxable Value	\$ 24,508,462,360 [3]	\$ 23,388,895,244 [4]	\$ 23,592,498,281 [5]
Divide by 100	100	Divide by 100	100	100	100
2022 Taxable Value (in Millions)	239,580,921	2022 Taxable Value (in Millions)	245,084,624	233,888,952	235,924,983
M&O Adopted Tax Rate	98.32%	M&O Adopted Tax Rate	94.29% [6]	94.29% [6]	94.29% [6]
Gross M&O Tax Collections	235,555,961	Estimated - M&O Tax Collections	\$ 231,090,292	\$ 220,533,893	\$ 222,453,666
Projected Collection Rate	99.00%				
Estimated - M&O Tax Collections	\$ 233,200,402				
Less: Recapture - Copper Penny Level	1,463,420				
Net M&O Revenue - Local Taxes	\$ 231,736,982 B				
	[2]				
5711 - Current Taxes [7]	219,767,081 A				
Over / (Under) Budget	\$ (11,969,900) = [A - B]				

Notes:

- Maintenance and Operations ("M&O")
- [1] Keller ISD - FY 2022 - 2023 Budget Adoption Workpapers.
 - [2] Keller ISD - FY 2023 Original Budget Adopted June 21, 2022 for Current Taxes (5711).
 - [3] Tarrant Appraisal District - Keller ISD Estimated Net Taxable Value as of April 22, 2022.
 - [4] Tarrant Appraisal District - Keller ISD Certified Net Taxable Value (2022 July Roll).
 - [5] Keller ISD - 2022 - 2023 Summary of Finances (Last Update - September 1, 2023).
 - [6] Tarrant Appraisal District - 2022 Tax Rates per \$100 Valuation for Tarrant County School Districts as of October 12, 2022.
 - [7] Keller ISD - Fiscal Year 2023 Revenue Detail by Account.
 - [8] Tarrant Appraisal District - Keller ISD Estimated Net Taxable Value as of April 22, 2022.
 - [9] Keller ISD internal calculation comparing the April TAD property value to TAD Certified Value, for the years 2016 to 2022, and the percent difference calculated by the district to budget the estimated 2022 taxable values.

Keller ISD Budget Estimates [1]		Tarrant County as of:		Summary of Finance as of:	
Funding Elements	FY 2022	Funding Elements	Estimated July 21, 2020	Certified July 21, 2021	Certified September 2, 2022
TAD - Estimated Net Taxable Value	\$ 20,462,119,993 [3]				
Keller ISD - Adjustment	8.00% [8]				
2022 Taxable Value	\$ 22,099,089,592 C				
2021 Taxable Value	\$ 22,099,089,592	2021 Taxable Value	\$ 20,462,119,993 [3]	\$ 20,829,687,642 [4]	\$ 21,391,227,934 [5]
Divide by 100	100	Divide by 100	100	100	100
2022 Taxable Value (in Millions)	220,990,896	2021 Taxable Value (in Millions)	204,621,200	208,296,876	213,912,279
M&O Adopted Tax Rate	96.68%	M&O Adopted Tax Rate	100.40% [6]	100.40% [6]	100.40% [6]
Gross M&O Tax Collections	213,653,998	Estimated - M&O Tax Collections	\$ 205,439,685	\$ 209,130,064	\$ 214,767,928
Projected Collection Rate	99.00%				
Estimated - M&O Tax Collections	\$ 211,517,458				
Less: Recapture - Copper Penny Level	1,274,178				
Net M&O Revenue - Local Taxes	\$ 210,243,280 B				
	[2]				
5711 - Current Taxes [7]	212,971,903 A				
Over / (Under) Budget	\$ 2,728,623 = [A - B]				

Notes:

- Maintenance and Operations ("M&O")
- [1] Keller ISD - FY 2021 - 2022 Budget Adoption Workpapers.
 - [2] Keller ISD - FY 2023 Original Budget Adopted June 21, 2021 for Current Taxes (5711).
 - [3] Tarrant Appraisal District - Keller ISD Estimated Net Taxable Value as of July 21, 2020.
 - [4] Tarrant Appraisal District - Keller ISD Certified Net Taxable Value (2021 July Roll).
 - [5] Keller ISD - 2021 - 2022 Summary of Finances (Last Update - September 2, 2022).
 - [6] Tarrant Appraisal District - 2021 Tax Rates per \$100 Valuation for Tarrant County School Districts as of October 12, 2021.
 - [7] Keller ISD - Fiscal Year 2022 Revenue Detail by Account.
 - [8] Keller ISD relied upon statement from TAD property values were estimated to increase by 8% after the July 2020 Estimated Net Taxable Value issued.

Keller ISD Budget Estimates [1]		Tarrant County as of:			Summary of Finance as of:
Funding Elements	FY 2021	Funding Elements	Estimated April 29, 2020	Certified July 31, 2020	Certified September 1, 2021
2020 Taxable Value	\$ 21,370,355,914	2020 Taxable Value	\$ 21,370,355,914 [3]	\$ 19,198,771,792 [4]	\$ 20,227,782,862 [5]
Divide by 100	100	Divide by 100	100	100	100
2022 Taxable Value (in Millions)	213,703,559	2020 Taxable Value (in Millions)	213,703,559	191,987,718	202,277,829
M&O Adopted Tax Rate	104.09%	M&O Adopted Tax Rate	105.47% [6]	105.47% [6]	105.47% [6]
Gross M&O Tax Collections	222,444,035	Estimated - M&O Tax Collections	\$ 225,393,144	\$ 202,489,446	\$ 213,342,426
Projected Collection Rate	99.00%				
Estimated - M&O Tax Collections	\$ 220,219,594				
Plus: Recapture - Copper Penny Level	125,499				
Net M&O Revenue - Local Taxes	\$ 220,345,093 B				
	[2]				
5711 - Current Taxes [7]	211,544,693 A				
Over / (Under) Budget	\$ (8,800,400) = [A - B]				

Notes:

Maintenance and Operations ("M&O")

[1] Keller ISD - FY 2020 - 2021 Budget Adoption Workpapers.

[2] Keller ISD - FY 2023 Original Budget Adopted June 22, 2020 for Current Taxes (5711).

[3] Tarrant Appraisal District - Keller ISD Estimated Net Taxable Value as of April 29, 2020.

[4] Tarrant Appraisal District - Keller ISD Certified Net Taxable Value (2020 July Roll).

[5] Keller ISD - 2022 - 2023 Summary of Finances (Last Update - September 1, 2021).

[6] Tarrant Appraisal District - 2020 Tax Rates per \$100 Valuation for Tarrant County School Districts as of April 23, 2021.

[7] Keller ISD - Fiscal Year 2021 Revenue Detail by Account.

Keller Independent School District
Budget Compliance Review
Fiscal Year 2023 - State Taxes (5811 and 5812) Analysis

Schedule C.1

Funding Elements - Students	Keller ISD Budget Estimates [1]		Summary of Finance Reports		= A - B	= A - C
	A	B	C		Over / (Under)	Over / (Under)
	FY 2023	April 25, 2022	September 18, 2024		Budget Estimate	Budget Estimate
Refined Daily Attendance (ADA)	33,067	32,202 [3]	31,282 [4]		865	1,785
Regular Program ADA	28,666	28,389 [3]	27,202 [4]		277	1,464
Special Education FTE's	1,120	1,154 [3]	1,294 [4]		(34)	(174)
Career & Technology FTE's	3,281	2,659 [3]	2,785 [4]		622	495
Weighted ADA (WADA)	40,959	40,125 [3]	40,329 [4]		834	630
Foundation School Program - State Funding	FY 2023 Budget	FY 2023 Actual		Under / (Over) Budget Estimate		
Available School Fund (5811)	\$ 14,847,669 [2]	\$ 20,203,301 [5]		\$ 5,355,632		
Foundation School Fund (5812)	63,450,879 [2]	49,995,843 [5]		(13,455,036)		
Subtotal	\$ 78,298,548	\$ 70,199,144		\$ (8,099,404)		

Notes:

- [1] Keller ISD - FY 2022 - 2023 Budget Adoption Workpapers.
- [2] Keller ISD - FY 2023 Original Budget Adopted June 21, 2022 for State Taxes (5811 and 5812).
- [3] Keller ISD Summary of Finance as of April 25, 2022.
- [4] Keller ISD Summary of Finance as of Final (2022 - 2023 Summary of Finance) September 18, 2024.
- [5] Keller ISD - Fiscal Year 2023 Revenue Detail by Account.

Funding Elements - Students	Keller ISD Budget Estimates [1]		Summary of Finance Reports		= A - B	= A - C
	A	B	C		Over / Under	Over / Under
	FY 2022	April 9, 2021	May 3, 2023		Budget Estimate	Budget Estimate
Refined Daily Attendance (ADA)	33,792	32,208 [3]	32,016 [4]		1,584	1,776
Regular Program ADA	29,941	28,383 [3]	28,023 [4]		1,558	1,919
Special Education FTE's	1,192	1,030 [3]	1,156 [4]		162	36
Career & Technology FTE's	2,659	2,795 [3]	2,837 [4]		(136)	(178)
Weighted ADA (WADA)	42,058	39,984 [3]	39,965 [4]		2,074	2,093
	FY 2022	FY 2022	Under / (Over)			
Foundation School Program - State Funding	Budget	Actual	Budget Estimate			
Available School Fund (5811)	\$ 6,722,867 [2]	\$ 17,173,227 [5]	\$ 10,450,360			
Foundation School Fund (5812)	92,562,181 [2]	65,201,754 [5]	(27,360,427)			
Subtotal	\$ 99,285,047	\$ 82,374,981	\$ (16,910,066)			

Notes:

- [1] Keller ISD - FY 2021 - 2022 Budget Adoption Workpapers.
- [2] Keller ISD - FY 2022 Original Budget Adopted June 21, 2021 for State Taxes (5811 and 5812).
- [3] Keller ISD Summary of Finance as of April 9, 2021.
- [4] Keller ISD Summary of Finance as of Final (2021 - 2022 Summary of Finance) May 3, 2023.

Funding Elements - Students	Keller ISD Budget Estimates [1]		Summary of Finance Reports		= A - B Over / Under Budget Estimate	= A - C Over / Under Budget Estimate
	A FY 2021		B April 30, 2020	C April 14, 2022		
Refined Daily Attendance (ADA)	34,249		33,393 [3]	32,775 [4]	855	1,474
Regular Program ADA	30,342		30,055 [3]	29,415 [4]	287	927
Special Education FTE's	1,164		993 [3]	999 [4]	172	165
Career & Technology FTE's	2,742		2,346 [3]	2,361 [4]	397	381
Weighted ADA (WADA)	42,011		40,791 [3]	40,187 [4]	1,220	1,824
Foundation School Program - State Funding	FY 2021 Budget		FY 2021 Actual	Under / (Over) Budget Estimate		
Available School Fund (5811)	\$ 13,452,036 [2]		\$ 16,212,394 [4]	\$ 2,760,358		
Foundation School Fund (5812)	87,403,272 [2]		73,030,758 [4]	(14,372,514)		
Subtotal	\$ 100,855,308		\$ 89,243,152	\$ (11,612,156)		

Notes:

- [1] Keller ISD - FY 2020 - 2021 Budget Adoption Workpapers.
- [2] Keller ISD - FY 2021 Original Budget Adopted June 22, 2020 for State Taxes (5811 and 5812).
- [3] Keller ISD Summary of Finance as of April 30, 2020.
- [4] Keller ISD - Fiscal Year 2021 Revenue Detail by Account.

2021 - 2022 Timeline For the 2022 - 2023 School Year

Timeline	Summary of Activities
December 2021	<ul style="list-style-type: none">• Finance estimates funding and identifies additional funds.• Assistant Director reconciles Finance and HR Position control systems.• HR sets contract timelines and key dates.• Chief HR Officer schedules February staffing appointments.
January 2022	<ul style="list-style-type: none">• Area Superintendents and Chief Facility Officer create campus pupil projections.• Superintendent, CFO, and CHRO determine raise possibilities.• HR submits salary reports and market research to TASB.• CHRO, Superintendent, ASDO, and CFO discuss staffing and budget requests.• CHRO meets with department leaders to review budget and staffing needs.• Assistant/Area Superintendents and Chief Officers prepare requests for personnel, paygrade adjustments, and payroll changes.• Final requests are documented using the Electronic Position/Reclassification Request Form.• Enrollment projections will be analyzed by late January.• Area Superintendents provide final enrollment numbers to the Chief HR Officer by the last week of January.
February 2022	<ul style="list-style-type: none">• New Position/Reclassification Request Forms must be completed by 2/18/2022.• Non-personnel Supplemental Funding Requests are reviewed by Cabinet members.• Approved requests are forwarded to Finance by 2/25/2022.• HR Staffing Team and Area Superintendents review enrollment, schedules, and staffing with campus administrators.• Finance prepares a summary report for review.

2021 - 2022 Timeline For the 2022 - 2023 School Year

Timeline	Summary of Activities
March 2022	<ul style="list-style-type: none">• In early March, Area Superintendents present teacher needs, staffing changes, and budget impacts to ASDO, CFO, CHRO, and the Superintendent.• Involuntary transfers/overages must be completed before postings, expected in late March/early April.• Early Notice of Resignation forms are due to HR by 03/11/2022, and final staffing allocations updated by the same date.• Cabinet reviews reclassifications, new personnel requests, and stipends by 03/29/2022.• HR collaborates with TASB on salary adjustments and prepares cost estimates.• New positions, stipends, and other changes must be sent to Finance by 03/25/2022.• Involuntary transfers/overages are finalized by 03/31/2022.
April 2022	<ul style="list-style-type: none">• HR posts approved positions as retirements/resignations are received.• Transfer Fair occurs.• HR finalizes and posts approved new positions.• Finance submits proposed budgets to campuses and departments for review and revisions.• Finance calculates pay raise scenarios.• All manual payroll projections completed by Finance.• Completed budgets returned to Finance.• Initial property value estimates received from the Appraisal District.• Budget Workshop #1 scheduled for 4/25/2022.
May 2022	<ul style="list-style-type: none">• May property value estimates received.• Budget Workshop #2 scheduled for 5/23/2022 with mostly completed amounts.• CHRO provides final campus staffing count to Finance for payroll calculations.• Finance issues Notice of Public Meeting to discuss the budget and proposed tax rate.
June 2022	<ul style="list-style-type: none">• Budget Workshop held if necessary.• Finance presents the 2022-2023 Budget for Board approval on 06/20/2022.
July 2022	<ul style="list-style-type: none">• Human Resources posts Salary Schedules on the website.• Certified Appraised Property Values received on 07/25/2022.
August 2022	<ul style="list-style-type: none">• Board adopts tax rate.