

**KILLEEN INDEPENDENT SCHOOL DISTRICT
BOARD AUDIT COMMITTEE**

Tuesday, February 10, 2026
3:30 p.m.

BOARD AUDIT COMMITTEE MINUTES

Members present: Brett Williams, President (arrived at 3:40 p.m.); Oliver Mintz, Committee Chair, and Rodney Gilchrist

KISD Administration present: Dr. King Davis, Superintendent; Scott Hequembourg, Deputy Superintendent; Kallen Vaden, Chief Financial Officer, and Melanie Jones, Director of Financial Reporting

Lott, Vernon & Company auditors present: Dane Legg, CPA (attended virtual) and Nicholas Brown, CPA

1. Discussion of Annual Comprehensive Financial Report

The District received a clean audit with no material weaknesses or significant deficiencies identified.

- General Fund – fund balance increased by \$11.8 million (2.3%).
- The District remains in compliance with Board Policy CE(Local), which requires the unassigned fund balance of the General Fund to maintain a minimum of three months of operating expenditures. On August 31, 2025, the District maintained 3.9 months of operating expenditures.

Strategic Facilities Fund - the fund balance decreased by \$17.5 million, primarily due to renovations associated with the new administration building.

School Nutrition Fund – the fund balance decreased by \$12.0 million, primarily due to kitchen renovations at 12 campuses during the summer months.

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2. Discussion of Single Audit Report

- A Single Audit is required for entities receiving more than \$750,000 in federal funds. Its purpose is to ensure compliance with federal regulations and proper usage of funds.
- The District qualified as a low-risk auditee signifying strong internal controls. This designation is important as we apply for federal grants and contributes to more favorable interest rates for any future bond issuance.
- Major programs audited in depth this year included School Nutrition and Title II, Part A.
- For the upcoming year, major programs scheduled for testing include Special Education and Impact Aid.

3. Informal Comments

- Fixed Asset Additions – reconciliation process requires further refinement.
- Percentage of Allotment Spending - several programs did not meet annual required spending percentages (State Compensatory Education, Gifted & Talented, Career and Technical Education, and Bilingual Education)
- Investment Account Valuation – a one-time discrepancy was noted between recorded asset value and market value.

The meeting concluded at 4:20 p.m.

Oliver Mintz, Chairperson