

Birdville Independent School District

Efficiency Audit

June 30, 2023

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**Report of Independent Auditors on an Efficiency Audit
Conducted in Accordance with Government Auditing Standards**

To the Board of Trustees
of Birdville Independent School District

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
September 22, 2023

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SECTION I- EXECUTIVE SUMMARY

Overview of Procedures Performed

In conducting the efficiency audit for the District, we gained an understanding of the District's fiscal management, efficiency and utilization of resources, and whether the District has implemented best practices utilized by Texas school districts. This was accomplished by analyzing data from the fiscal year ended June 30, 2023 and prior, maintained by the Texas Education Agency ("TEA") and the District. An overview of the objectives and approach performed during the efficiency audit are provided in Section III of this report. District data on accountability, students, staffing and finances, with peer districts and state comparisons are described in Section IV of this report.

SECTION II- KEY INFORMATION ABOUT THE DISTRICT

Birdville Independent School District (the "District"), is exploring holding an election to increase the District's maintenance and operations property tax rate in tax year 2023 (fiscal year 2024). Maintenance and Operations (M&O) taxes are for the operation of public schools. The District has not held a voter-approval tax ratification election (VATRE) in the past.

The M&O tax rate for fiscal year 2023 was \$0.8659. The rate adopted for fiscal year 2024 has been compressed and reduced by 7.67 cents over fiscal year 2023. The fiscal year 2024 adopted M&O rate exceeds the voter approval tax rate, which triggered a voter-approval tax rate election (VATRE). An efficiency audit, as required by law, is deemed necessary in order to provide full transparency to taxpayers. The District was projecting a budget shortfall of \$8.0 million for fiscal year 2024 when the budget was adopted and has implemented some cost efficiencies that have been factored into the fiscal year 2024 budget.

The estimated revenue from the proposed change in tax rate is \$23.2 million, made up of approximately \$16.8 million in taxes and an additional \$6.4 million in state funding generated by the additional taxes, which represents about 9.4 percent of the total 2023 - 2024 amended general fund budget approved by the Board of Trustees in August 2023, prior to adopting the 2024 tax rate. The budget must be adjusted after the certified tax values are received by the District in late July.

The average home taxable value of a single-family residential property for tax year 2023 is \$201,333. The average tax bill as a result of the M&O rate change will decrease the taxes due by \$317 compared to the prior year.

The District plans to address any cost efficiencies identified in the efficiency audit to ensure best practices are in place for District staffing and facility usage.

If a VATRE is successful, the District intends to use the additional revenue to address security requirements and continue offering competitive teacher and staff salaries along with compensation increases. The District will continue to identify opportunities for operational efficiencies within the budget in order to create capacity to accommodate future student growth and needs. The additional revenue will help fund teacher and support staff salaries for 2023-24 and beyond and the district will receive enough money to close the gap and to help fund the budget.

If the VATRE were not to pass, the District's gap between state funding and the operating budget will grow and the District will not receive the additional \$6.4 million in state funding. The District would continue to work towards alternative measures for safety and security, and continue to investigate opportunities to keep class sizes at the same level.

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

Some key information about the District:

- The District's total operating revenue for all funds, for fiscal year 2022 totaled \$11,318 per student, while its peer districts average and State average totaled \$11,562 per student and \$12,504 per student, respectively. When applied to District enrollment, this equates to the District receiving \$5.5 million less revenue on average than their peer districts and \$26.7 million less revenue than the state average.
- The District's total operating expenditures for all funds for fiscal year 2022 totaled \$10,868 per student, while its peer districts average and State average were \$11,442 per student and \$11,943 per student, respectively. When applied to District enrollment, this equates to the District spending \$12.9 million less on average than their peer districts and \$24.1 million less than the State average.

- The District earned a Superior Rating for the School Financial Integrity Rating System of Texas (FIRST) for the last five years.
- The Texas Education Agency reviews and tracks the performance of both school districts and individual schools with the Texas A-F Accountability System. The results are posted year-to-year. The District, as a whole, earned a "B" (84 out of 100 points) in 2021 – 2022, the last year accountability ratings were issued. The detail by campus for the 2021 – 2022 accountability rating is shown below:

<u>Rating</u>	<u># of Campuses</u>
A	7
B	15
C	7
D	-
F	-
Not Rated	3

- For fiscal year 2023, the District was recognized by the Texas Association of School Business Officials and received the Excellence in Financial Management Award.
- For fiscal year 2023, the District was recognized by the Texas Association of School Business Officials and received the Purchasing Award of Merit.

Additional details and audit results are included in Section IV.

SECTION III- OBJECTIVES AND APPROACH

Objectives

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

Approach

In order to achieve the objectives, set forth above, Weaver and Tidwell, LLP performed the following procedures:

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

- g. Social work services
 - h. Health services
 - i. Transportation
 - j. Food service operation
 - k. Extracurricular
 - l. General administration
 - m. Plant maintenance and operations
 - n. Security and monitoring services
 - o. Data processing services
 - p. Community services
 - q. Total operating expenditures
9. Reported on the following indicators for payroll and select District salary expenditures compared to its peer districts' average and the State average and explained any significant variances from the peer districts' average in any category.
 - a. Payroll as a percentage of all funds
 - b. Average teacher salary
 - c. Average administrative salary
 - d. Superintendent salary
 10. Reported on the General Fund operating fund balance, excluding debt service and capital outlay, for the past five years and per student for the District and its peer districts. Analyzed unassigned fund balance per student and as a percentage of three-month operating expenditures and explained any significant variances.
 11. Reported the District's allocation of staff, and student-to-teacher and student-to-total staff ratios for the District, its peer districts and the State average. The following staff categories were used:
 - a. Teaching
 - b. Support
 - c. Administrative
 - d. Paraprofessional
 - e. Auxiliary
 - f. Students per total staff
 - g. Students per teaching staff
 12. Reported on the District's teacher turnover rate as well as its peer districts and the State's average and explained any significant variances from the peer district average in any category.
 13. Reported on the following programs offered by the District, including the number of students served, percentage of enrolled students served, program budget, program budget as a percentage of the District's budget, total staff for the program, and student-to-staff ratio for the program.
 - a. Special Education
 - b. Bilingual Education
 - c. Migrant Programs
 - d. Gifted and Talented Programs
 - e. Career and Technical Education
 - f. Athletics and Extracurricular Activities
 - g. Alternative Education Program/Disciplinary Alternative Education Program
 - h. Juvenile Justice Alternative Education Program
 14. Described how the District maximizes available resources from state sources and regional education service centers to develop or implement programs or deliver services.

15. Report on the District's annual external audit report's independent auditor's opinion as required by *Government Auditing Standards*.
16. Explained the basis of the TEA assigning the District a financial-related monitoring/oversight role during the past three years, if applicable.
17. In regards to the District's budget process, provided a response to each of the following questions:
 - a. Does the District's budget planning process include projections for enrollment and staffing?
 - b. Does the District's budget process include monthly and quarterly reviews to determine the status of annual spending?
 - c. Does the District use cost allocation procedures to determine campus budgets and cost centers?
 - d. Does the District analyze educational costs and student needs to determine campus budgets?
18. Provided a description of the District's self-funded program, if any, and analyzed whether program revenues are sufficient to cover program costs.
19. Reported whether the District administrators are evaluated annually and, if so, explained how the results inform District operations.
20. In regards to the District's compensation system, provided a response to the following questions:
 - a. Does the District use salary bonuses or merit pay systems? If yes, explain the performance-based systems and the factors used.
 - b. Do the District's salary ranges include minimum, midpoint, and maximum increments to promote compensation equity based on the employee's education, experience, and other relevant factors?
 - c. Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking, and comparable salary data?
 - d. Has the District made any internal equity and/or market adjustments to salaries within the past two years?
21. In regards to planning, provided a response for each of the following questions:
 - a. Does the District develop a District Improvement Plan (DIP) annually?
 - b. Do all campuses in the District develop a Campus Improvement Plan (CIP) annually?
 - c. Does the District have an active and current facilities master plan? If yes, does the District consider these factors to inform the plan:
 - i. Does the District use enrollment projections?
 - ii. Does the District analyze facility capacity?
 - iii. Does the District evaluate facility condition?
 - d. Does the District have an active and current energy management plan?
 - e. Does the District maintain a clearly defined staffing formula for staff in maintenance, custodial, food service, and transportation?
22. In regard to District academic information, we will provide a response for each of the following questions:
 - a. Does the District have a teacher mentoring program?
 - b. Are decisions to adopt new programs or discontinue existing programs made based on quantifiable data and research?
 - c. When adopting new programs, does the District define expected results?
 - d. Does the District analyze student test results at the district and/or campus level to design, implement and/or monitor the use of curriculum and instructional programs?
 - e. Does the District modify programs, plan staff development opportunities or evaluate staff based on analyses of test results?

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

1. Peer Districts

The Texas Education Agency's (TEA) Snapshot Peer Search identified a total of 22 peer districts based on size (10,000 to 24,999 students and over). The District selected 7 out of the 22 peer districts based on enrollment, and the peer districts are shown below.

**Figure 1
Peer Districts**

<u>District Name</u>	<u>County</u>
CROWLEY ISD	TARRANT
GALENA PARK ISD	HARRIS
EAGLE MT-SAGINAW ISD	TARRANT
GOOSE CREEK CISD	HARRIS
JUDSON ISD	BEXAR
PEARLAND ISD	BRAZORIA
HAYS CISD	HAYS

2. Accountability Rating

The Texas Education Agency (TEA) annually assigns an A-to-F rating and a corresponding scaled score (1 to 100) to each district and campus based on student assessment results and other accountability measures. To align with Senate Bill 1365, school districts and campuses received an A, B or C rating or were assigned a label of Not Rated: Senate Bill 1365. This Not Rated: Senate Bill 1365 label was applied when the domain or overall scaled score for a district or campus was less than 70.

**Figure 2
Accountability Rating Comparison**

	District Rating (A-F)	District Rating (1-100)	Peer District Average Score (1-100)
Rating/Score	B	84	88

The "F" accountability rating was not applicable for 2021 – 2022. The results for the District's 32 campuses that were assigned a rating are shown below.

Figure 3
Accountability Rating by Campus Level

	Elementary Schools	Middle Schools	High Schools
A	6	1	-
B	10	3	2
C	3	3	1
D	-	-	-
F	-	-	-
Not Rated	1	-	2

Campuses with a "F" Accountability Rating- N/A due to Senate Bill 1365

Campuses that are Required to Implement a Campus Turnaround Plan- None Noted

Campus assigned a label of Not Rated: Senate Bill 1365 was Tarrant County JJAEP, Shannon High School and Jack C. Binion Elementary.

3. Financial Rating

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

The School Financial Integrity Rating System of Texas (FIRST) holds school districts accountable for the quality of their financial management practices. The rating is based on four (4) critical indicators, five (5) ceiling indicators and eleven (11) other indicators. Beginning with 2015-2016 Rating (based on the 2014-2015 financial data), the Texas Education Agency moved from "Pass/Fail" system and began assigning a letter rating. The ratings and corresponding points are shown below:

Rating	Points
A = Superior	90 - 100
B = Above standard	80 - 89
C = Meets standards	60 - 79
F = Substandard achievement	Less than 60

The District's 2022 – 2023 rating based on school year 2021 – 2022 data was an "A" (Superior). The District also earned a Superior Rating in 2017, 2018, 2019, 2020, 2021 and 2022. In fact, the District has received the top rating since inception of the rating system over 20 years ago.

Figure 4
School FIRST Rating

	District Rating (A-F)
Rating	A

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

Student Characteristics

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

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

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

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

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

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

Figure 5
Selected Student Characteristics

	Total Student Population Count	Percentage of Student Population	Peer District Average Percentage	State Average Percentage
Total Students	22,505	100.0%	N/A	N/A
Economically Disadvantaged	13,430	59.7%	60.5%	60.6%
English Learners	5,283	23.5%	18.8%	21.7%
Special Education	2,684	11.9%	12.1%	11.7%
Bilingual/ESL Education	5,234	23.3%	18.9%	21.8%
Career and Technical Education	N/A	N/A	N/A	N/A

Data for the Career and Technical Education was not provided by the TEA in 2021 – 2022.

English learners as a percentage of student population and bilingual/ESL education were higher than the peer district average due to the make-up of the population in the surrounding communities of each district and the varying student counts of each district. Special education and economically disadvantaged as a percentage of student population were comparable to the peer district average. The peer districts' average total student count was 21,576. Of the peer districts evaluated, Judson ISD had the highest total student count of 24,536, while Crowley Independent School District had the lowest student count of 16,278.

Attendance

Figure 6
Attendance Rate

	District Total	Peer District Average	State Average
Attendance Rate 2020-2021	95.7%	95.3%	95.0%
Attendance Rate 2019-2020	98.1%		

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

A school district's State Funding is a complex calculation with many inputs. One of the primary drivers used in the calculation is student attendance. The District's attendance rate is 0.4 percent and 0.7 percent greater than its peer districts average and the State average, respectively. It should be noted that the District's 2020 – 2021 attendance rate reflected a decrease from the 2019 – 2020 rate of 98.1%, and both the 2020 – 2021 and 2019 – 2020 rates were hold harmless rates, adjusted by TEA due to COVID.

Five-Year Enrollment

The attendance rate should be evaluated in conjunction with the number of students enrolled. As shown in Figure 7, the District has experienced an average annual decrease over the last five years of 1.09 percent. When the current enrollment data for 2022 is incorporated, the average decrease in enrollment is 1.08 percent.

Figure 7
5-Year Enrollment

	Enrollment	% Change
2021	22,736	-3.56%
2020	23,576	0.25%
2019	23,518	-0.38%
2018	23,607	-0.67%
2017	23,767	
Average annual percentage change based on the previous five years		-1.09%
2022 (1)	22,505	-1.02%
Average annual percentage change based on the previous five years and the 2022 fiscal year		-1.08%

Note: (1) Based on fiscal year 2022 PEIMS Data Submission

5. District Revenue

Figure 8
District Tax Revenue

	District		Peer District		State Average	
	Revenue Per Student	Percentage of Total	Revenue Per Student	Percentage of Total	Revenue Per Student	Percentage of Total
Local M&O Tax (retained) (1)	\$ 5,035	44.5%	\$ 4,855	42.1%	\$ 4,960	39.7%
State	3,715	32.8%	4,277	37.1%	4,516	36.1%
Federal	2,172	19.2%	2,146	18.3%	2,611	20.9%
Other Local and Intermediate	<u>396</u>	<u>3.5%</u>	<u>283</u>	<u>2.5%</u>	<u>417</u>	<u>3.3%</u>
Total Revenue	\$ 11,318	100.0%	\$ 11,562	100.0%	\$ 12,504	100.0%

Note (1): Excludes Debt Service and Recapture

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

The District receives less revenue per student compared to its peer districts average and the State average, and, specifically, less state revenue per student than the peer district and state average. This results in lower available funding for the District's operations and programs as compared to their peer districts and the State average. When applied to total enrollment, this equates to the District receiving \$5.5 million less revenue on average than their peer districts and \$26.7 million less revenue than the state average.

6. District Expenditures

Figure 9
District Actual Operating Expenditures

	District		Peer Districts Average		State Average	
	Expense Per Student	Percentage of Total	Expense Per Student	Percentage of Total	Expense Per Student	Percentage of Total
Instruction	\$ 6,131	56.4%	\$ 6,423	56.2%	\$ 6,671	55.9%
Instruction Resources and Media	126	1.2%	95	0.8%	120	1.0%
Curriculum and Staff Development	492	4.5%	255	2.2%	291	2.4%
Instructional Leadership	181	1.7%	215	1.8%	206	1.7%
School Leadership	610	5.6%	637	5.6%	688	5.8%
Guidance Counseling Services	581	5.4%	400	3.5%	468	3.9%
Social Work Services	14	0.1%	45	0.4%	43	0.4%
Health Services	119	1.1%	128	1.1%	139	1.2%
Transportation	227	2.1%	433	3.7%	353	3.0%
Food Service Operation	507	4.7%	578	5.0%	598	5.0%
Extracurricular	269	2.5%	315	2.8%	355	3.0%
General Administration	308	2.8%	367	3.2%	393	3.3%
Facilities Maintenance and Operations	974	9.0%	1,167	10.2%	1,177	9.9%
Security and Monitoring Services	73	0.7%	132	1.1%	131	1.1%
Data Processing Services	223	2.1%	223	2.0%	246	2.1%
Community Services	33	0.3%	28	0.2%	60	0.5%
Fundraising	-	0.0%	-	0.0%	4	0.0%
Total Expense	\$ 10,868	100.0%	\$ 11,441	100.0%	\$ 11,943	100.0%

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

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

Overall, the District spends less per student than the peer districts' average and the State average. The percentage spent in Instruction is 0.2 percent more and 0.6 percent more than the peer districts' average and the State average, respectively. The District's percentage of expenditures spent in remaining areas is 1.0 percent or less different than the peer districts' average with the exception of Curriculum and Staff Development (2.3 percent) Guidance Counseling Services (1.8 percent), Transportation (-1.7 percent) and Facilities Maintenance and Operations (-1.3 percent). The primary reason for the increase in Guidance Counseling Services and Curriculum and Staff Development was due to additional supports that were provided by Elementary and Secondary School Emergency Relief (ESSER) fund.

The District's percentage of expenditures spent in remaining areas is 1.0 percent or less different than the State average with the exception of Curriculum and Staff Development (2.1 percent) and Guidance Counseling Services (1.4 percent).

Overall, when applied to District enrollment, overall spending is \$12.9 million less on average than their peer districts and \$24.1 million less than the State average. In addition, spending on general administration is around \$1.3 million lower than peer districts and \$1.9 million lower than the State average when applied to District enrollment.

7. District Payroll Expenditures Summary

Figure 10
Payroll Expenditure Summary

	District	Peer District Average	State Average
Payroll as a Percentage of All Funds	84.2%	79.2%	78.0%
Average Teacher Salary	63,500	63,541	60,716
Average Administrative Salary	95,132	99,206	92,683
Superintendent Salary	336,810	319,092	163,948

Source: Texas Education Agency, Public Education Information Management System District Financial Actual Reports and FTE Counts and Salary Reports

The District spends a greater percentage of its overall funds on payroll costs than its peer districts average and the State average. The District, on average, spends more per teacher than the State average but a comparable amount with the peer district average. In addition, the average District administrative salary is higher than the state average but less than the peer district average. Some districts among the peer districts outsource some of the auxiliary services that can cause variances in the number of staff in specific areas.

The differences in the Superintendent's salary represent a tenured superintendent with 18 years as a superintendent and more than 32 years in education. Four of the seven superintendents in the peer group have similar tenure with an average of 15 years, much longer than the other three. Their average annual salary is \$349,563. In reviewing four other State districts whose superintendents have 16 or more years of experience, the average annual salary is \$404,417. It is important to note that the data for the State average for the Superintendent is comprised of school districts across the State with enrollments ranging from nine to 190,000.

8. Fund Balance

Figure 11
General Fund Balance
2018-2022

	District			Peer District Average		
	General Fund Unassigned Fund Balance Per Student	General Fund Unassigned Fund Balance as a Percentage of Operating Expenditures	General Fund Unassigned Fund Balance as a Percentage of 3 Month Operating Expenditures	General Fund Unassigned Fund Balance Per Student	General Fund Unassigned Fund Balance as a Percentage of Operating Expenditures	General Fund Unassigned Fund Balance as a Percentage of 3 Month Operating Expenditures
2022	\$ 711	8.0%	32.1%	\$ 3,000	31.7%	126.7%
2021	705	8.0%	31.9%	3,078	32.6%	130.4%
2020	679	8.2%	32.8%	2,539	28.5%	114.2%
2019	646	7.9%	31.7%	2,606	30.5%	122.1%
2018	642	8.0%	32.0%	2,473	28.9%	115.5%

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

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

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

- Assigned fund balance is fund balance that has been set aside by management for a specific purpose.
- Unassigned fund balance is the remaining amount that is not restricted, committed, or assigned for a specific purpose.

The Texas Education Agency evaluates unassigned fund balance by comparing it to three-months (25 percent) of annual operating expenditures. If the District does not meet goal of three-months, the percentage is shown as less than 100 percent. Amounts that exceed three months are reflected as percentage greater than 100 percent. The District did not meet the three-month average goal in each of the past 5 years. The table below shows the amount by which the District's unassigned fund balance differed from the three-month goal.

	General Fund Unassigned Fund Balance (Actual)	General Fund Unassigned Fund Balance 3 Month Goal	Difference between Actual Unassigned Fund Balance and Three Month Goal in Dollars	Difference between Actual Unassigned Fund Balance and Three Month Goal in Percentage
2022	\$ 15,959,346	\$ 49,756,456	\$ (33,797,110)	-67.9%
2021	15,976,953	50,061,214	(34,084,261)	-68.1%
2020	15,962,236	48,605,236	(32,643,000)	-67.2%
2019	15,186,246	47,906,564	(32,720,318)	-68.3%
2018	15,147,464	47,295,730	(32,148,266)	-68.0%

The District's unassigned fund balance as of June 30, 2022 totaled \$16.0 million and General Fund operating expenditures for the year ended June 30, 2022 totaled \$199.0 million. Three months average operating expenditures would equate to \$49.8 million. The District's unassigned fund balance is \$33.8 million (or 67.9 percent) less than this amount.

The table below shows the amount by which the District's unassigned and assigned fund balance, when combined, differed from the three-month goal.

	General Fund Unassigned and Assigned Fund Balance (Actual)	General Fund Unassigned & Assigned Fund Balance 3 Month Goal	Actual Unassigned and Assigned Fund Balance and Three Month Goal in Dollars	Actual Unassigned and Assigned Fund Balance and Three Month Goal in Percentage
2022	\$ 47,049,455	\$ 49,756,456	\$ (2,707,001)	94.6%
2021	50,147,834	50,061,214	86,620	100.2%
2020	47,519,026	48,605,236	(1,086,210)	97.8%
2019	34,743,036	47,906,564	(13,163,528)	72.5%
2018	34,704,254	47,295,730	(12,591,476)	73.4%

The District uses assigned and unassigned fund balances for the three-month goal. The table reflects the three-month goal over the last five years.

General Fund Unassigned & Assigned Fund Balance Per Student	General Fund Unassigned & Assigned Fund Balance as a Percentage of Operating Expenditures	General Fund Unassigned & Assigned Fund Balance as a Percentage of 3 Month Operating Expenditures
\$ 2,096	23.6%	94.6%
2,212	25.0%	100.2%
2,022	24.4%	97.8%
1,478	18.1%	72.5%
1,470	18.3%	73.4%

It should also be noted that unassigned fund balance should be used for one-time expenditures or for emergencies related to an unforeseen event. However, fund balance should not be relied upon for on-going operational expenditures.

9. District Staffing Levels

**Figure 12
Staff Ratio Comparison**

	District	Peer District Average	State Average
Teaching Staff (Percentage of Total Staff)	50.4%	49.7%	48.6%
Support Staff (Percentage of Total Staff)	11.7%	10.5%	11.0%
Administrative Staff (Percentage of Total Staff)	5.5%	4.5%	4.6%
Paraprofessional Staff (Percentage of Total Staff)	10.7%	10.4%	11.3%
Auxiliary Staff (Percentage of Total Staff)	21.7%	24.8%	24.6%
Students Per Total Staff	7.5	7.3	7.2
Students Per Teaching Staff	14.9	14.7	14.8

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

The District's total staff for the year ended June 30, 2023 was 2,992 compared to that of its peer districts average of 3,015. The District has 0.2 more students per total staff than its peer districts average and 0.3 more students per total staff than the State average. The District's students per teaching staff ratio is greater than its peer districts average by 0.2 students and the State average by 0.1 students. Teaching staff as a percentage of total staff is comparable with the peer district average and slightly above the state average. The District has slightly higher administrative staff as a percentage of staff and less auxiliary staff as a percentage of total staff than the peer district and state average. The District is maximizing efficient use of staffing resources to serve students while achieving high accountability ratings similar to peer districts.

10. Teacher Turnover Rates

Figure 13
Teacher Turnover Rates

	District Turnover Rate	Average Peer District Turnover Rate	State Turnover Rate
Teachers	15.8%	15.7%	17.7%

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

The District's turnover rate is within 0.1 percentage of the average peer district turnover rate and 1.9 percent lower than the State average. The highest turnover rate within the peer districts was 20.8 percent while the lowest turnover rate was 12.8 percent.

11. Special Programs

Figure 14
Special Programs Characteristics

	<u>Number of Students Served</u>	<u>Percentage of Enrolled Student Served</u>	<u>Program Budget Per Students Served</u>	<u>Program Budget as a Percentage of District Budget</u>	<u>Total Staff For Program</u>	<u>Students Per Total Staff For Program</u>
Special Education	3,495	14.5%	37,750,004	12.3%	460	7.60
Bilingual Education	6,088	25.2%	3,444,976	1.1%	95	64.08
Migrant Programs	3	0.0%	NA	NA	NA	NA
Gifted and Talented Programs	1,620	6.7%	1,426,992	0.5%	15	108.00
Career and Technical Education	8,240	34.2%	6,194,796	2.0%	85	96.94
Athletics and Extracurricular Activities	12,846	53.3%	6,185,650	2.0%	333	38.61
Alternative Education Program/Disciplinary Alternative Education Program	610	2.5%	818,782	0.3%	14	43.57
Juvenile Justice Alternative Education Program	-	0.0%	-	0.0%	-	-

Note 1: Migrant programs are served through Region 11 SSA.

Note 2: In regards to Disciplinary Alternative Education Program, some students served multiple placements.

Note 3: In regards to enrollment count, these enrollment counts do not incorporate how many hours per day a student receives services.

Note 4: Athletics and Extracurricular Activities and Career and Technical Education, as noted above, are only serving secondary students.

Source: Information provided by the district

Each program student count and budget have unique funding mechanisms and student service requirements, and thus, comparisons between programs and can be difficult based on the details above.

SECTION V- ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION

1. State and Regional Resources

The District uses the State's Available School Fund allotment to fund state mandated programs. Additionally, the District takes advantage of the Regional Educational service center's expertise when needed. The District continuously explores all options for funding, including state and federal sources and local grant sources. All funding, state, local or federal, is tied directly to the District Strategic Plan and student performance.

2. Reporting

For the year ended June 30, 2022, Weaver and Tidwell, LLP issued an unmodified opinion on the District's financial statements. There are three possible opinions: unmodified, modified (e.g., scope limitation or departure from generally accepted accounting principles) or a disclaimer of an opinion. An unmodified opinion is considered a clean opinion.

3. Oversight

Not Applicable

4. Budget Process

**Figure 15
Budget Process**

<u>Question</u>	<u>Yes/No</u>	<u>Not Applicable</u>
Does the District's budget planning process include projections for enrollment and staffing?	Yes	
Does the District's budget process include monthly and quarterly reviews to determine the status of annual spending?	Yes	
Does the District use cost allocation procedures to determine campus budgets and cost centers?	Yes	
Does the District analyze educational costs and student needs to determine campus budgets	Yes	

5. Self-funded Programs

Not Applicable

6. Staffing

All District administrators are evaluated annually by the end of the District's fiscal year end, June 30th. Evaluations help to ensure that highly qualified and effective administrators lead campuses and departments to successfully develop and implement the District's Strategic Plan and focus on student achievement.

7. Compensation System

Figure 16
Compensation System

<u>Question</u>	<u>Yes/No</u>	<u>Not Applicable</u>
Does the District use salary bonuses or merit pay systems?	No	
Do the District's salary ranges include minimum, midpoint, and maximum increments to promote compensation equity based on the employee's education, experience, and other relevant factors?	Yes	
Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking, and comparable salary data?	Yes	
Has the District made any internal equity and/or market adjustments to salaries within the past two years?	Yes	

8. Planning

Figure 17
Operational Information

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

9. Programs

Figure 18
Academic Information

<u>Question</u>	<u>Yes/No</u>	<u>Not Applicable</u>
Does the District have a teacher mentoring program?	Yes	
Are decisions to adopt new programs or discontinue existing programs made based on quantifiable data and research?	Yes	
When adopting new programs, does the District define expected results?	Yes	
Does the District analyze student test results at the District and/or campus level to design, implement and/or monitor the use of curriculum and instructional programs?	Yes	
Does the District modify programs, plan staff development opportunities, or evaluate staff based on analyses of student test results?	Yes	