

Frisco Independent School District

Independent Accountant's Report on Applying
Agreed-Upon Procedures Related to House Bill 3
Efficiency Audit Guidelines
Data for the Fiscal Year Ended June 30, 2023

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Independent Accountant's Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated in Section III, as listed in the table of contents, which were agreed to by the Frisco Independent School District (the "District"), solely for the purpose of reporting our findings regarding the results of the procedures as compared to the criteria set forth in the House Bill 3 Efficiency Audit Guidelines (the "subject matter"), for the year ended June 30, 2023. The District's management is responsible for the subject matter.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the District's fiscal management, efficiency, and utilization of resources for the year ended June 30, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the specified procedures above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
August 15, 2024

Weaver and Tidwell, L.L.P.
1800 Hughes Landing Blvd, Suite 400 / The Woodlands, Texas 77380
Main: 713.800.1060

SECTION I - EXECUTIVE SUMMARY

Overview of Procedures Performed

In conducting our agreed-upon procedures 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 agreed-upon procedures 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

Frisco Independent School District (the "District"), is holding a voter-approved tax rate election (VATRE or "election") on November 5, 2024 to adopt its maintenance and operations (M&O) property tax rate for school year 2025. M&O taxes are for the operation of public schools. The proposed M&O tax rate for school year 2025 is \$0.7869, which is an increase from school year 2024 (\$0.7575). The school year 2024 average M&O rate of the peer districts was \$0.7178 while the state average was \$0.7306. The proposed M&O tax rate exceeds the District's maximum compressed tax rate which by statute requires an election and an efficiency audit (also referred to as agreed-upon procedures or "AUP" engagement). The District previously held a VATRE on November 6, 2018 which was passed with an M & O tax rate of \$1.17.

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.

If the VATRE is successful, the additional tax revenue will be used to help balance the District's 2024-2025 budget deficit, ensuring we can maintain competitive salaries and high-quality student programming. Specifically, the money generated this year will repay the District's rainy day fund balance for teacher and staff raises approved in the 2024-2025 budget. Alternatives for balancing the budget include raising class sizes and/or reducing or eliminating programs for both students and staff, beginning with the programs that have the least impact on classroom instruction.

Incremental tax revenue to be generated in the first school year is estimated to be \$19 million, netted against an estimated increase in cost of recapture of \$7 million, for a \$12 million net increase in revenue (1.6% of operating revenue).

The estimated dollar-amount increase, as a result of the M&O tax rate change, to the property tax bill of a single-family residential property at the current average home value of the District is \$159. The average taxable home value with a homestead exemption in the District is \$539,763 and the estimated average tax bill on a residence in the District with a homestead exemption is \$5,705.

Some key information about the District:

- The District's total operating revenue for all funds, for fiscal year 2023 totaled \$10,673 per student, while its peer districts average and State average totaled \$11,945 per student and \$12,823 per student, respectively.
- The District's total operating expenditures for all funds for fiscal year 2023 totaled \$10,359 per student, while its peer districts average and State average were \$11,678 per student and \$10,030 per student, respectively.
- The District earned a Superior Rating for the School Financial Integrity Rating System of Texas (FIRST) each year for more than 20 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 "A" (95 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:

Rating	# of Campuses
A	52
B	19
C	-
Not Rated	1

Additional details and results are included in Section IV

SECTION III - OBJECTIVES AND APPROACH

Objectives

The objective of our agreed-upon procedures 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 agreed-upon procedures.
2. Reported on the overall accountability rating (A-to-F and a corresponding scale score of 1 to 100).
3. Compared the District's peer districts' average score and listed the following District's campus information:
 - a. Accountability rating count for each campus level within the district.
 - b. Names of the campuses that received an F accountability rating
 - c. Campuses that are required to implement a campus turnaround plan
4. Reported on the District's School FIRST rating. For a rating of less than A, listed the indicators not met.
5. Reported on student characteristics for the District, its peer districts and the State average including:
 - a. Total Students
 - b. Economically Disadvantaged
 - c. English Learners
 - d. Special Education
 - e. Bilingual/ESL Education
 - f. Career and Technical Education
6. Reported on the attendance rate for the District, its peer districts and the State.
7. Reported on the five-year enrollment for the District for the most recent school year and four (4) years prior, the average annual percentage change based on the previous five years and the projected next school year.
8. Reported on the following indicators related to the District's revenue, its peer districts' average and the State average and explained any significant variances.
 - a. Local M&O Tax (Retained) (without debt service and recapture)
 - b. State
 - c. Federal
 - d. Other local and intermediate
 - e. Total revenue
9. Reported on the following indicators related to the District's expenditures, its peer districts' average, and the State average and explained significant variances from the peer districts' average, 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
10. 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
 11. Reported on the General Fund operating fund balance, excluding debt service and capital outlay, for the past five years and per student for the District and its peer districts. Analyzed unassigned fund balance per student and as a percentage of three-month operating expenditures and explained any significant variances.
 12. Reported the District's allocation of staff, and student-to-teacher and student-to-total staff ratios for the District, its peer districts and the State average. The following staff categories were used:
 - a.* Teaching
 - b.* Support
 - c.* Administrative
 - d.* Paraprofessional
 - e.* Auxiliary
 - f.* Students per total staff
 - g.* Students per teaching staff
 13. Reported on the District's teacher turnover rate as well as its peer districts and the State's average. 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?
 - iv. Does the District have an active and current energy management plan?
 - v. 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?
23. Provided a response to the question if the District modifies programs, plans staff development opportunities, or evaluates staff based on analyses of student test results.

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

1. Peer Districts

The Texas Education Agency’s (TEA) 2022 Snapshot Peer Search identified a total of 17 peer districts based on size (50,000 students and over for 2022). We selected 10 out of the 17 peer districts which are shown below.

Figure 1
Peer Districts

District Name	County
NORTH EAST ISD	BEXAR
CYPRESS-FAIRBANKS ISD	HARRIS
GARLAND ISD	DALLAS
FORT BEND ISD	FORT BEND
ALDINE ISD	HARRIS
KATY ISD	HARRIS
KLEIN ISD	HARRIS
CONROE ISD	MONTGOMERY
ARLINGTON ISD	TARRANT
AUSTIN ISD	TRAVIS

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
2022-2023 (uses most recent data available 2021-2022)

	Frisco ISD		Peer Districts
	District Rating (A-F)	District Rating (1-100)	Average Score (1-100)
Rating/Score	A	95	87

The "F" accountability rating was not applicable for 2021 – 2022. The results for the District's 72 campuses that were assigned a rating are shown below.

Figure 3
Accountability Rating by Campus Level
2022-2023

	<u>Elementary Schools</u>	<u>Middle Schools</u>	<u>High Schools</u>
A	29	13	10
B	14	4	1
C	-	-	-
Not Rated	-	-	1

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

Campuses with Required to Implement a Campus Turnaround Plan- None Noted

Campus assigned a label of Not Rated: Senate Bill 1365 was Collin Co JJAEP.

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 five (5) critical indicators as well as minimum number of points for an additional ten (10) indicators. Beginning with 2015-2016 Rating (based on the 2014-2015 financial data), the Texas Education Agency moved from "Pass/Fail" system and began assigning a letter rating. The ratings and corresponding points are shown below:

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

The District’s 2023 rating based on school year 2021-2022 data was an “A” (Superior). The District has earned a Superior Rating each year for more than the past 20 years.

Figure 4
2023 School FIRST Rating

	<u>District Rating</u> <u>(A-F)</u>
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
2022-2023

	<u>Total Student Population Count</u>	<u>Percentage of Student Population</u>	<u>Peer Districts Average Percentage</u>	<u>State Average Percentage</u>
Total Students	66,916	100.0%	N/A	N/A
Economically Disadvantaged	9,523	14.2%	59.2%	62.0%
English Learners	7,363	11.0%	26.6%	23.0%
Special Education	7,228	10.8%	12.2%	12.7%
Bilingual/ESL Education	7,091	10.6%	26.8%	23.2%
Career and Technical Education	14,436	21.6%	26.3%	26.5%

Source: Texas Education Agency-Texas Academic Performance Reports

There are 5.5 million students served by public schools in the State of Texas. Of those students, 3.4 million or 62.0 percent are economically disadvantaged. The percentage of economically disadvantaged students served by the District compared to its total student population totaled 14.2 percent, which is 44.9 percent less than the peer districts and 47.8 percent less than the State average. Aldine Independent School District had the highest economically disadvantaged student percentage of 91.6 percent, while Frisco Independent School District had the lowest percentage of 14.2 percent.

During 2022-2023, the peer districts' average total student count was 71,623. Of the peer districts evaluated, Cypress-Fairbanks Independent School District had the highest total student count of 118,010, while Garland Independent School District had the lowest student count of 52,767.

Attendance

Figure 6
Attendance Rate
2022-2023

	<u>District Total</u>	<u>Peer Districts Average</u>	<u>State Average</u>
Attendance Rate	94.4%	92.3%	92.2%

Source: Texas Education Agency, Public Education Information Management System District Attendance, Graduation, and Dropout Rates (TAPR) Reports. 2022-23 rates are based on 2021-22 data.

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 2.1 percent and 2.2 percent greater than its peer districts average and the State average, respectively. It should be noted that the District's 2022-2023 attendance rate reflected a decrease from the 2021-2022 rate of 97.0% while the 2021-2022 rate reflected a decrease from the 2020-2021 rate of 99.3%

Five-Year Enrollment

The attendance rate should be evaluated in conjunction with the number of students enrolled. As shown in Figure 7, the District has experienced an average annual increase over the last five years of 2.69 percent. When the current enrollment data for 2024 is incorporated, the average increase in enrollment is 2.09 percent.

Figure 7
5-Year Enrollment
2019-2023

	<u>Enrollment</u>	<u>% Change</u>
2023	66,916	1.66%
2022	65,825	3.67%
2021	63,493	1.26%
2020	62,705	4.19%
2019	60,182	
Average annual percentage change based on the previous five years		2.69%
2024	66,698	-0.33%
Average annual percentage change based on the previous five years and the 2024 fiscal year		2.09%

Note: (1) Based on 2023-2024 PEIMS Standard Reports – Student Enrollment Report.

5. District Revenue

Figure 8
District Tax Revenue
2022-2023

	District		Peer Districts Average		State Average	
	Revenue Per Student	Percentage of Total	Revenue Per Student	Percentage of Total	Revenue Per Student	Percentage of Total
Local M&O Tax (retained) (1)	\$ 7,456	69.9%	\$ 5,820	49.2%	\$ 5,214	40.7%
State (2)	1,332	12.6%	3,141	26.4%	4,310	33.6%
Federal	817	7.7%	2,389	19.3%	2,568	20.0%
Other Local and Intermediate	1,068	10.0%	595	5.0%	731	5.7%
Total Revenue	\$ 10,673	100.0%	\$ 11,945	100.0%	\$ 12,823	100.0%

Note (1): Excludes Recapture
(2): Excludes TRS on-behalf

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

The financial data above includes all funds, except for the District's capital projects fund and debt service fund. Approximately \$33.3 million of the Teacher Retirement System (TRS) contributions made by the State of Texas on- behalf of the District were also excluded from the State revenues. In accordance with Governmental Accounting Standards Board, on-behalf contributions must also be recorded as expenditures. However, the source reports used for the analyses did not exclude these on-behalf expenditures. The on-behalf contributions of \$33.3 million equates to \$498 per student.

The District received \$1,272 less revenue per student compared to its peer districts average and \$2,150 less revenue per student compared to the State average.

6. District Expenditures

Figure 9
District Actual Operating Expenditures
2022-2023

	District		Peer Districts Average		State Average	
	Expenditures Per Student	Percentage of Total	Expenditures Per Student	Percentage of Total	Expenditures Per Student	Percentage of Total
Instruction	\$ 6,315	61.0%	\$ 6,749	57.9%	\$ 6,849	55.3%
Instruction Resources and Media	107	1.0%	111	1.0%	121	1.0%
Curriculum and Staff Development	261	2.5%	339	2.9%	308	2.5%
Instructional Leadership	182	1.8%	204	1.7%	223	1.8%
School Leadership	597	5.8%	657	5.6%	710	5.7%
Guidance Counseling Services	484	4.7%	549	4.7%	497	4.0%
Social Work Services	4	0.0%	45	0.4%	46	0.4%
Health Services	112	1.1%	134	1.2%	133	1.1%
Transportation	250	2.4%	401	3.4%	374	3.0%
Food Service Operation	377	3.6%	552	4.7%	631	5.1%
Extracurricular	353	3.4%	275	2.4%	384	3.1%
General Administration	253	2.4%	260	2.2%	411	3.3%
Facilities Maintenance and Operations	806	7.8%	978	8.4%	1,227	9.9%
Security and Monitoring Services	82	0.8%	144	1.2%	165	1.3%
Data Processing Services	131	1.3%	223	1.9%	239	1.9%
Community Services	45	0.4%	58	0.5%	68	0.5%
Total Expenditures	\$ 10,359	100.0%	\$ 11,678	100.0%	\$ 12,386	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 spent \$1,319 less per student than the peer districts average and \$2,027 less than the State average. However, the amount spent by the District on Instruction is 3.1 percent and 5.7 percent more than the peer districts average and the State average, respectively. The District's percentage of expenditures spent in remaining areas varies by 1.0 percent or less from the peer districts with the exception of Food Service Operation (the District spent 1.1 percent less than the peer districts).

The most significant differences between the District and the state average in the remaining areas are Food Service Operations (the District spent 1.5 percent less than the state average) and Facilities Maintenance and Operations (the District spent 2.1% less than the state average).

7. District Payroll Expenditures Summary

Figure 10
Payroll Expenditure Summary
2022-2023

	<u>District</u>	<u>Peer Districts Average</u>	<u>State Average</u>
Payroll as a Percentage of All Funds	84.83%	82.92%	77.83%
Average Teacher Salary	\$ 64,546	\$ 63,611	\$ 60,716
Average Administrative Salary	\$ 93,764	\$ 95,467	\$ 92,683
Superintendent Salary	\$ 348,000	\$ 357,930	\$ 161,416

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 (84.83%) than its peer districts average (82.92%) and the State average (77.83%). The District, on average, spends \$935 more per teacher than its peer districts average and \$3,830 more than the State average. In addition, the average District administrative salary is \$1,703 lower than the peer districts average and \$1,081 higher than the state average.

The Superintendent's salary is \$186,584 higher than the State average but \$9,930 lower than the peer districts average. 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 5 to 196,000 students.

8. Fund Balance

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

Figure 11
General Fund Balance
2019-2023

	<u>District</u>			<u>Peer Districts Average</u>		
	<u>General Fund Unassigned Fund Balance Per Student</u>	<u>General Fund Unassigned Fund Balance as a Percentage of Operating Expenditures</u>	<u>General Fund Unassigned Fund Balance as a Percentage of 3 Months Operating Expenditures</u>	<u>General Fund Unassigned Fund Balance Per Student</u>	<u>General Fund Unassigned Fund Balance as a Percentage of Operating Expenditures</u>	<u>General Fund Unassigned Fund Balance as a Percentage of 3 Months Operating Expenditures</u>
2023	\$ 3,405	36.2%	144.8%	\$ 3,623	43.2%	172.7%
2022	3,255	35.9%	143.7%	3,286	35.7%	142.7%
2021	3,201	35.8%	143.2%	3,021	32.5%	129.9%
2020	3,178	37.0%	148.1%	2,991	34.8%	139.3%
2019	2,819	35.3%	141.0%	2,767	33.3%	133.3%

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 (3) months are reflected as percentage greater than 100 percent. The District met 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 exceeded the three-month goal.

	<u>General Fund Unassigned Fund Balance (Actual)</u>	<u>General Fund Unassigned Fund Balance 3 Month Goal</u>	<u>Difference between Actual Unassigned Fund Balance and Month Goal in Dollars</u>	<u>Difference between Actual Unassigned Fund Balance and 3 Month Goal in Percentage</u>
2023	\$ 227,369,020	\$ 157,040,370	\$ 70,328,650	44.8%
2022	213,615,624	148,676,274	64,939,350	43.7%
2021	202,789,572	141,565,673	61,223,900	43.2%
2020	198,853,860	134,235,269	64,618,591	48.1%
2019	169,214,689	119,972,429	49,242,260	41.0%

The District's unassigned fund balance as of June 30, 2023 totaled \$227.4 million and General Fund operating expenditures for the year ended June 30, 2023 totaled \$628.2 million. Three months average operating expenditures would equate to \$157.0 million. The District's unassigned fund balance is \$70.3 million (or 44.8 percent) more than this amount. It is important to note that the District also has a significant assigned fund balance. The fiscal year 2023 assigned fund balance totaled \$26.1 million, the majority of which was assigned to employee compensation, specifically retention incentives and classroom supply stipends. The table below reflects the assigned fund balance for each of the last five years.

	General Fund Assigned Fund Balance (Actual)	
2023	\$	26,135,573
2022		35,139,749
2021		45,994,395
2020		36,077,190
2019		37,077,190

In reviewing the District's 2023 annual comprehensive financial report, the General Fund reflected a total of \$26.1 million in assigned fund balance. On June 20, 2016, the Board delegated through formal action the authority to assign fund balance to the Chief Financial Officer. 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
2022-2023**

	District	Peer Districts Average	State Average
Teaching Staff (Percentage of Total Staff)	57.2%	48.5%	48.6%
Support Staff (Percentage of Total Staff)	11.9%	12.0%	11.0%
Administrative Staff (Percentage of Total Staff)	4.7%	3.8%	4.6%
Paraprofessional Staff (Percentage of Total Staff)	7.4%	10.4%	11.3%
Auxiliary Staff (Percentage of Total Staff)	18.8%	25.4%	24.6%
Students Per Total Staff	8.5	7.5	7.2
Students Per Teaching Staff	14.8	15.4	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 7,879 compared to that of its peer districts average of 9,564. The District has 1.0 more student per total staff than its peer districts average and 1.3 more than the State average. The District's students per teaching staff ratio is less than its peer districts average by 0.6 students and is the same as the State average. The District is maximizing efficient use of staffing resources to serve students while achieving high accountability ratings.

10. Teacher Turnover Rates

Figure 13
Teacher Turnover Rates
2022-2023

	<u>District Turnover Rate</u>	<u>Average Peer Districts Turnover Rate</u>	<u>State Turnover Rate</u>
Teachers	20.1%	21.7%	21.4%

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

The District's turnover rate is 1.6 percent lower than the average peer districts turnover rate and 1.3 percent lower than the State average. The highest turnover rate within the peer districts was 32.0 percent while the lowest turnover rate was 16.2 percent.

11. Special Programs

Figure 14
Special Programs Characteristics
2022-2023

	<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>
Total Students	66,916	100.00%	N/A	N/A	N/A	N/A
Economically Disadvantaged	9,523	14.23%	\$ 795	1.11%	62.14	153
English Learners	272	0.41%	\$ 198	0.01%	4.08	67
Special Education	7,228	10.80%	\$ 14,907	15.85%	1,369.66	5
Bilingual/ESL Education	7,091	10.60%	\$ 198	0.21%	106.42	67
Career and Technical Education	15,897	23.76%	\$ 1,029	2.41%	175.31	91

Source: Information provided by the District

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 centers 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 aligned with the District's priorities and/or directly tied to the District Improvement Plan or individual Campus Improvement Plans.

2. Reporting

For the year ended June 30, 2023, 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

Local Board Policy allows district professionals and administrators to be appraised on a less-than-annual basis. Eligible employees are appraised every 3 years unless written notice is provided by either the employee or appraiser. In a year in which an employee is not scheduled for a full appraisal, the employee participates in a modified appraisal structure which includes a beginning of year appraisal agreement and a modified end of year conference.

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	Yes	
Do the District's salary ranges include minimum, midpoint, and maximum increments to promote compensation equity based on the employee's education, experience, and other relevant factors?	Yes	
Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking, and comparable salary data?	Yes	
Has the District made any internal equity and/or 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	