
**TEXAS CITY
INDEPENDENT SCHOOL
DISTRICT**

**AGREED-UPON PROCEDURES RELATED
TO THE DISTRICT'S VOTER-APPROVED
TAX RATE ELECTION**

**Data for the Year Ended
August 31, 2023**



CPAs and Professional Consultants

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Table of Contents

	Page
Independent Accountant’s Report on Applying Agreed-Upon Procedures	1
Section I – Summary	2
Section II – Key Information about the District	4
Section III – Objectives and Approach	5
Section IV – District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons	8
Section V – Additional Financial, Operational, and Academic Information	20

**INDEPENDENT ACCOUNTANT'S
REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Trustees and Citizens
of Texas City Independent School District

We have performed the agreed-upon procedures enumerated below, which were agreed to by Texas City 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 Legislative Budget Board's ("LBB") House Bill 3 Efficiency Audit Guidelines in relation to the District's peer districts.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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. Accordingly, we do not express an opinion or conclusion. Our report includes specific findings based on the procedures performed. Had we been engaged to perform additional procedures; other matters might have come to our attention that would have been reported to you.

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

Whitley Penn LLP

Houston, Texas
September 9, 2024

TEXAS CITY INDEPENDENT SCHOOL DISTRICT

REPORT ON APPLYING AGREED-UPON PROCEDURES

Data for the Year Ended August 31, 2023

Section I - Summary

In conducting the 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 year ended August 31, 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.

A summary of the results are as follows:

Date of election to adopt the District's M&O tax rate

Tuesday, November 5, 2024

Dates of the previous three tax ratification elections, the tax rate increase proposed by each, and the results of the elections

Based on available information, the District has only had one tax ratification election. This election was successful in November 2015 and increased the tax rate from \$1.0400 to \$1.1700.

The current M&O tax rate and the proposed tax rate compared to peer districts and the state average

	District	Peer Districts	State Average
Current M&O tax rate	\$ 0.7959	\$ 0.7478	\$ 0.7337
Proposed Tax Rate	\$ 0.7936	N/A	N/A

The amount of tax revenue the tax rate change is estimated to generate in the first school year in dollars and as a percentage of the district's current operating budget

	VATRE	No VATRE	Net VATRE Impact
Additional tax revenue generated (FY 2025)	\$ 3,562,826	\$ 1,194,889	\$ 2,367,937
Current operating budget (Final FY 2024)	\$ 104,925,360	\$ 104,925,360	\$ 104,925,360
Revenue generated as % of operating budget	3.40%	1.14%	2.26%

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

Average home market value	\$ 255,997
Estimated increase (decrease) to tax bill if M&O rate change is approved	\$ 78.10
Estimated increase (decrease) to tax bill if M&O rate change is <u>not</u> approved	\$ 53.66

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section I - Summary (continued)

A district statement explaining how it intends to spend the additional tax revenue, including any new programs, and consequences if the measure does not pass

The District's State funding for fiscal year 2024-2025 is expected to decrease by \$4.2 million due to the expiration of the formula transition grant. However, due to increased property values, the District will generate more local tax collections with a lower total tax rate regardless of the result of the VATRE. The decrease in state funding will be largely offset by additional M&O tax collections of \$3.6 million if the VATRE passes, or \$1.2 million if the VATRE does not pass, when comparing the 2023 M&O tax collections (\$51,867,797) to the projected 2024 M&O tax collections (\$55,430,623). The difference between the projected M&O tax collections with the VATRE (\$55,430,623) and without the VATRE (\$54,912,152) is \$2.5 million. Of the additional \$2.5 million in projected M&O tax collections from the VATRE, the District will send \$1 million to the State for recapture, leaving a net benefit of \$1.5 million to the District.

The District's goal is to maintain current programs. The District intends to use the additional \$1.5 million in tax collections to partially offset the adopted \$5.0 million budget deficit caused by a decrease in state funding, a \$2.8 million compensation plan that included market adjustments for teachers and staff, a \$0.3 million increase in the District's contribution to health insurance, a \$0.9 million increase in property insurance premiums, and a \$0.5 million increase in utilities based on new electricity rates and past usage.

The District has saved and designated \$11.2 million of fund balance to fund the budget deficit over multiple years. If the VATRE passes, the District can fund the current budget for more than three years before cutting existing programs. If the VATRE does not pass, the District can fund the current budget for two years before cutting existing programs.

The district's accountability rating compared to peer districts

The District's accountability rating for the 2022-2023 year was an 85, compared to an 87 for the average of the peer districts.

The district's School Financial Integrity Rating System of Texas (FIRST) rating

The District's preliminary FIRST rating for 2023-2024, based on school year 2022-2023 data, was a 98 out of 100. This is considered a rating of *Superior Achievement*.

The district's actual operating expenditures per enrolled student compared to peer districts and the state average

	District	Peer Districts	State Average
All funds	\$ 15,677	\$ 12,176	\$ 12,386

See Figure 9 for more information.

A high-level summary of any significant findings of the efficiency audit and any district responses to the findings

N/A

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section II - Key Information About the District

Texas City Independent School District ("the District"), is holding a Voter Approved Tax Rate Election (VATRE) to increase the District's maintenance and operations property tax rate in fiscal year 2025. Maintenance and Operations (M&O) taxes are for the operation of public schools. The District had a successful VATRE in November 2015 which raised the M&O rate from 1.0400 to 1.1700.

The M&O tax rate for fiscal years 2022 and 2023 were \$1.1034 and \$0.9429, respectively. The M&O rate was further compressed for fiscal year 2024 to \$0.7959. The net increase in funding to the District as a result of a successful VATRE would be \$1.5 million. The District is projecting a budget shortfall for fiscal year 2025 even with the additional local tax revenues from the VATRE. An agreed-upon procedures engagement was deemed necessary to determine if the District can achieve cost efficiencies before deciding on next steps to close the budget gap for fiscal year 2025. The results of this report are to be considered if efficiencies can be achieved and if a VATRE is warranted.

Even with the M&O tax rate increase the District administration proposed as a result of the VATRE, the District will need to achieve further cost efficiencies and review program cost savings that would allow the District to adopt a balanced budget for fiscal year 2025 and beyond.

Based on the outcome of the agreed upon procedures, the District will begin to address any cost inefficiencies reflected in the agreed-upon procedures. Secondly, the District will determine if any other funds are available to cover General Fund needs in fiscal year 2025. The District can also determine if budget assumptions such as staffing ratios need adjusting in 2025.

If a VATRE is approved for fiscal year 2025, the District intends to use the additional tax revenue to reduce deficits in the adopted and future projected budgets as well as provide a competitive compensation package to recruit and retain the most qualified teachers.

The District engaged Whitley Penn, LLP to conduct agreed-upon procedures, following the guidelines of an efficiency audit established by the Legislative Budget Board. The purpose of the procedures is to inform 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 2023 totaled \$17,623 per student, while its peer districts average and State average were \$12,206 per student and \$12,822 per student, respectively.
- Over the last five years, the District's total average operating revenues for all funds totaled \$15,625 per student, while its peer districts average and State average were \$11,530 per student and \$11,622 per student, respectively.
- Over the last five years, the District's average General Fund operating revenue per student totaled \$13,011, while its peer districts average was \$10,012 per student.
- The District's total operating expenditures for all funds for fiscal year 2023 totaled \$15,679, while its peer districts average and State average were \$12,173 per student and \$12,389 per student, respectively.
- Over the last five years, the District's average total operating expenditures for all funds totaled \$13,481 per student, while its peer districts and state average were \$11,142 per student \$11,151 per student, respectively.
- Over the last five years, the District's average General Fund operating expenditures totaled \$10,882 per student, while its peer districts average was \$9,718 per student.
- Preliminary results for the School Financial Integrity Rating System of Texas (FIRST) for 2024, based on 2022 - 2023 school year, reflect a Superior Rating (98). The District's 5-year average FIRST rating is a 95.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT

REPORT ON APPLYING AGREED-UPON PROCEDURES

Data for the Year Ended August 31, 2023

Section II - Key Information About the District (continued)

Some key information about the District: (continued)

- 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 earned a "B" (85 out of 100 points) for 2022. The accountability report for 2023 was not publicly available as of September 2024 because of a pending judicial ruling and decisions from the 88th Legislature during a special called session. The detail of the rating for 2022 is shown below:

Rating	# of Campuses
A	1
B	5
C	6
F	-
Not Rated	3

Additional details and the results of our procedures 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, Whitley Penn, LLP performed the following procedures:

- Selected 10 peer districts, developed a simple average and used the same comparison group throughout the engagement.
- Reported on the overall accountability rating (A-to-F and a corresponding scale score of 1 to 100).
- Compared the District's peer districts' average score and listed the following District's campus information:
 - Accountability rating count for each campus level within the district.
 - Names of the campuses that received an F accountability rating
 - Campuses that are required to implement a campus turnaround plan
- Reported on the District's School FIRST rating. For a rating of less than A, listed the indicators not met.
- Reported on student characteristics for the District, its peer districts and the State average including:
 - Total Students
 - Economically Disadvantaged
 - English Learners
 - Special Education
 - Bilingual/ESL Education
 - Career and Technical Education
- Reported on the attendance rate for the District, its peer districts, and the State.
- 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.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT

REPORT ON APPLYING AGREED-UPON PROCEDURES

Data for the Year Ended August 31, 2023

Section III - Objectives and Approach (continued)

Approach (continued)

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 in any. In addition, explained the reasons for the District's expenditures exceeding revenue, if applicable.

<ol style="list-style-type: none">a. Instructionb. Instructional resources and mediac. Curriculum and staff developmentd. Instructional leadershipe. School leadershipf. Guidance counseling servicesg. Social work servicesh. Health servicesi. Transportation	<ol style="list-style-type: none">j. Food service operationk. Extracurricularl. General administrationm. Plant maintenance and operationsn. Security and monitoring serviceso. Data processing servicesp. Community servicesq. Total operating expenditures
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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. Calculated unassigned 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

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section III - Objectives and Approach (continued)

Approach (continued)

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 inspected 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?

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section III - Objectives and Approach (continued)

Approach (continued)

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 regards 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

Using Texas Education Agency's (TEA) Snapshot Peer Search and Texas Smart Schools, Whitley Penn, LLP selected ten (10) peer districts shown below. The peer districts were assigned a similarity score based on size, location, metro area, education service center, community type, tax rate, and property wealth.

FIGURE 1			
PEER DISTRICTS			
DISTRICT NAME	2022-2023		Education
	M&O Tax Rate	COUNTY	Service Center
Angleton ISD	\$0.8546	Brazoria	4
Barbers Hill ISD	0.8646	Chambers	4
Crosby ISD	0.9429	Harris	4
Dickinson ISD	0.8540	Galveston	4
Ennis ISD	0.9429	Ellis	10
Hutto ISD	0.9429	Williamson	13
Lubbock-Cooper ISD	0.8546	Lubbock	17
Montgomery ISD	0.8546	Montgomery	6
Port Arthur ISD	1.0070	Jefferson	5
Port Neches-Groves ISD	0.9429	Jefferson	5
Texas City ISD	0.9429	Galveston	4

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons (continued)

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.

FIGURE 2
ACCOUNTABILITY RATING COMPARISON
2022 - 2023

	DISTRICT RATING (A-F)	DISTRICT SCORE (1-100)	PEER DISTRICT AVERAGE SCORE (1-100)
Rating/Score	B	85	87

There were no campuses with a F rating. The results for the District’s 15 campuses are shown below.

FIGURE 3
ACCOUNTABILITY RATING BY CAMPUS LEVEL
2022 - 2023

	ELEMENTARY SCHOOLS	MIDDLE SCHOOLS	HIGH SCHOOLS
A	1	-	-
B	3	1	1
C	3	2	1
Not Rated	-	1	2

Campuses with F Accountability Rating
 None

Campuses with Required to Implement a Campus Turnaround Plan
 None

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*. The *Not Rated: Senate Bill 1365* label was applied when the domain or overall scaled score for district or campus was less than 70.

The issuance of 2023 and 2024 A-F Ratings remain pending and subject to change based on judicial ratings.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons (continued)

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 FIRST rating is based on five (5) critical indicators as well as minimum number of points for an additional ten (10) indicators. Beginning with 2016-2017 Rating (based on the 2015-2016 financial data), the Texas Education Agency moved from a “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 2024 rating based on school year 2022 - 2023 data was an “A” (Superior).

FIGURE 4
SCHOOL FIRST RATING
2024 Rating (Based on School Year 2022-2023 Dat

DISTRICT RATING (A-F)	
Rating	A

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons (continued)

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 Texas Education Agency 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 – The Texas Education Code §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

	TOTAL STUDENT POPULATION COUNT	PERCENTAGE OF STUDENT POPULATION	PEER DISTRICTS AVERAGE PERCENTAGE	STATE AVERAGE PERCENTAGE
Total Students	7,890	100%	N/A	N/A
Economically Disadvantaged	6,551	83%	54%	62%
English Learners	1,039	13%	14%	23%
Special Education	1,493	19%	13%	13%
Bilingual/ESL Education	1,005	13%	14%	23%
Career and Technical Education	1,707	22%	30%	27%

SOURCE: Texas Education Agency, Texas Academic Performance Reports.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons (continued)

4. Student Characteristics, Attendance, and 5-Year Enrollment (continued)

Attendance

FIGURE 6
ATTENDANCE RATE
2022 - 2023

	<u>DISTRICT TOTAL</u>	<u>PEER DISTRICTS AVERAGE</u>	<u>STATE AVERAGE</u>
Attendance Rate	89.6%	92.9%	92.2%

SOURCE: Texas Education Agency, Public Education Information Management System

A school district's State Funding is a complex calculation with many required inputs. However, the primary driver is student attendance. The District's attendance rate is 3.3% less than its peer districts average and 2.6% less than the State average. The District's attendance rate for the 2023-2024 is approximately 90.7% based on available information.

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 2.10 percent.

FIGURE 7
5-YEAR ENROLLMENT
2019 - 2023

	<u>ENROLLMENT</u>	<u>% CHANGE</u>
2023	7,890	1.01%
2022	7,811	-2.90%
2021	8,044	-4.82%
2020	8,451	-1.01%
2019	8,537	-2.78%
Average annual percentage change based on the previous five years	-2.10%	
Estimated final enrollment (2024)	7,874	-0.20%
Projected next school year (2025)	7,700	-2.21%

Note: 2019 through 2024 data obtained from PEIMS reports.
2025 projection provided by the District.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons
(continued)

5. District Revenue

FIGURE 8
DISTRICT TAX REVENUE
2022 - 2023

	DISTRICT		PEER DISTRICT 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)	\$ 7,754	44%	\$ 6,260	51%	\$ 5,214	41%
State (2)	4,566	26%	3,205	26%	4,310	34%
Federal	4,016	23%	1,881	15%	2,568	20%
Other Local and Intermediate	1,287	7%	859	7%	731	6%
Total Revenue	\$ 17,623	100%	\$ 12,205	100%	\$ 12,823	100%

Note: (1) Excludes recapture

(2) Excludes TRS on-behalf revenue

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 revenues. Approximately \$4.3 million of the Teacher Retirement System (TRS) contributions made by the State of Texas on-behalf of the District. In accordance with Governmental Accounting Standards Board, on-behalf contributions must be recorded as both revenue and expenditures. However, the source reports used for the analyses excluded on-behalf revenue but included the on-behalf expenditures. The on-behalf contributions of \$4.3 million equates to \$551 per student.

The District receives \$5,418 more revenue per student compared to the peer district average and \$4,800 more than the State average. The lowest and highest revenue per student were \$10,063 (Lubbock-Cooper ISD) and \$16,966 (Port Arthur ISD), respectively.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons (continued)

6. District Expenditures

FIGURE 9
DISTRICT ACTUAL OPERATING EXPENDITURES
2022 - 2023

	DISTRICT		PEER DISTRICT AVERAGE		STATE AVERAGE	
	EXPENDITURES	PERCENTAGE	EXPENDITURES	PERCENTAGE	EXPENDITURES	PERCENTAGE
	PER STUDENT	OF TOTAL	PER STUDENT	OF TOTAL	PER STUDENT	OF TOTAL
Instruction	\$ 8,101	51.7%	\$ 6,737	55.3%	\$ 6,849	55.3%
Instructional Resources and Media	128	0.8%	109	0.9%	121	1.0%
Curriculum and Staff Development	273	1.7%	243	2.0%	308	2.5%
Instructional Leadership	319	2.0%	162	1.3%	223	1.8%
School Leadership	812	5.2%	597	4.9%	710	5.7%
Guidance Counseling Services	408	2.6%	439	3.6%	497	4.0%
Social Work Services	54	0.3%	34	0.4%	46	0.4%
Health Services	118	0.8%	139	1.1%	133	1.1%
Transportation	429	2.7%	425	3.5%	374	3.0%
Food Service Operation	832	5.3%	583	4.8%	631	5.1%
Extracurricular	482	3.1%	396	3.3%	384	3.1%
General Administration	496	3.2%	378	3.1%	411	3.3%
Plant Maintenance and Operations	2,264	14.4%	1,366	11.2%	1,227	9.9%
Security and Monitoring Services	486	3.1%	172	1.4%	165	1.3%
Data Processing Services	435	2.8%	225	1.8%	239	1.9%
Community Services	40	0.3%	171	1.4%	64	0.5%
Fund Raising (Charter Schools only)	-	0.0%	-	0.0%	4	0.0%
Total Operating Expenditures	\$ 15,677	100.00%	\$ 12,176	100.0%	\$ 12,386	99.9%

Note 1: Amounts include TRS expenditures.

Note 2: Amounts include operating expenditures (objects 61xx to 64xx) only for all funds of the District.

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

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

Overall, the District spends \$3,501 and \$3,291 more per student than its peer districts average and State average, respectively. The percentage of District expenditures spent on instruction was 3.6% less when compared to its peer districts and 3.6% less when compared to the State average. The percentage of District expenditures spent on plant maintenance and operations was 3.2% more when compared to its peer districts and 4.5% more when compared to the State average.

In 2015, TCISD voters approved a VATRE election that provides additional funding for TCISD. This combined with other temporary funding sources including annexation funding (expired 2020-21), formula transition grant (expired 2024-25) enabled the District to provide retention incentives to staff and make one-time purchases like security and technology enhancements district-wide.

Compared to peer Districts, TCISD spends significantly more in function 51, plant maintenance and operations. The District is located on the Gulf Coast and pays approximately \$5.5 million for property / windstorm insurance.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons (continued)

6. District Expenditures (continued)

The following table is included for additional analysis and represents operating expenditures per student for the general fund only:

<u>Fiscal Year</u>	<u>General Fund Operating Expenditure per Student</u>		
	<u>Texas City ISD</u>	<u>Peer Districts</u>	<u>Difference</u>
2023	\$ 11,970	\$ 10,344	\$ 1,626
2022	11,545	10,052	1,493
2021	11,012	10,117	895
2020	10,321	9,154	1,167
2019	9,562	8,925	637
Average	10,882	9,718	1,164

7. District Payroll Expenditures Summary

FIGURE 10
PAYROLL EXPENDITURE SUMMARY
2022 - 2023

	<u>DISTRICT</u>	<u>PEER DISTRICT AVERAGE</u>	<u>STATE AVERAGE</u>
Payroll as a Percentage of All Funds	71.6%	77.2%	78.0%
Average Teacher Salary	\$ 61,654	\$ 61,785	\$ 60,717
Average Administrative Salary	\$ 100,881	\$ 106,398	\$ 98,935
Superintendent Salary	\$ 229,154	\$ 265,116	\$ 158,130
Total Operating Expenditures	\$ 122,543,488	\$ 97,002,530	N/A

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

The District's payroll costs, as a percentage of total expenditures, are less than its peer districts average and the State average. The District spends less per teacher than its peer districts average, but slightly more than the State average. The highest average teacher salary within the peer group is \$77,355 (Barbers Hill ISD) and the lowest is \$52,010 (Lubbock-Cooper ISD). The average administrative salary (includes both campus and central administration) is less than its peer districts, but more than the State average. The Superintendent's salary is less than its peer districts average and but more than the state average. The highest superintendent salary within the peer district is \$466,062 (Barbers Hill ISD), while the lowest superintendent salary is \$184,184 (Crosby ISD). It is also important to note that the State average for the Superintendent salary is comprised of school districts across the State with enrollments ranging from 21 to 189,934 students. Based on the State superintendent salary reports, higher or lower student enrollment does typically correlate with the superintendent salary.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons (continued)

8. Fund Balance

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%) of annual operating expenditures. If the District does not meet goal of three-months, the percentage is shown as less than 100%. Amounts that exceed three (3) months are reflected as percentage greater than 100%. The District met the goal in each of the previous 5 years shown below:

FIGURE 11
GENERAL FUND BALANCE
2019 - 2023

YEAR	DISTRICT			PEER DISTRICT AVERAGE		
	GENERAL FUND UNASSIGNED FUND BALANCE			GENERAL FUND UNASSIGNED FUND BALANCE		
	PER STUDENT	AS A PERCENTAGE OF OPERATING EXPENDITURES	AS A PERCENTAGE OF THREE-MONTH OPERATING EXPENDITURES	PER STUDENT	AS A PERCENTAGE OF OPERATING EXPENDITURES	AS A PERCENTAGE OF THREE-MONTH OPERATING EXPENDITURES
2023	\$ 4,767	39.8%	159.3%	\$ 3,132	29.3%	117.4%
2022	3,528	30.6%	122.2%	3,036	29.6%	118.2%
2021	3,371	30.6%	122.5%	3,521	33.2%	132.8%
2020	3,587	34.8%	139.0%	3,146	32.9%	131.5%
2019	4,721	49.4%	197.5%	2,773	30.1%	120.6%

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

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons (continued)

8. Fund Balance (continued)

The table below shows the amount by which the District did or did not meet the three-month goal.

YEAR	DISTRICT			
	GENERAL FUND UNASSIGNED FUND BALANCE (ACTUAL)	GENERAL FUND UNASSIGNED FUND BALANCE	DIFFERENCE BETWEEN ACTUAL UNASSIGNED FUND BALANCE	DIFFERENCE BETWEEN ACTUAL UNASSIGNED FUND BALANCE
	ACTUAL	THREE-MONTH GOAL	AND THREE-MONTH GOAL (\$)	AND THREE-MONTH GOAL (%)
2023	\$ 37,259,342	\$ 23,388,782	\$ 13,870,560	59.3%
2022	27,364,815	22,386,654	4,978,161	22.2%
2021	26,946,567	22,004,821	4,941,746	22.5%
2020	30,062,926	21,622,786	8,440,140	39.0%
2019	40,301,493	20,406,782	19,894,711	97.5%

The District set aside fund balance in the assigned category amounting to \$67.96 million. The Texas Education agency combines both the assigned and unassigned fund balance in evaluating fund balance compared to operating expenditures. The District's unassigned fund balance as of August 31, 2023, totaled \$37.3 million compared to its General Fund operating expenditures of \$93.6 million. Three months average operating expenditures would equate to \$23.4 million, which is lesser than actual by a \$13.9 million or 59.3 percent.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons (continued)

9. District Staffing Levels

FIGURE 12
STAFF RATIO COMPARISON
2022 - 2023

	<u>DISTRICT</u>	<u>PEER DISTRICT AVERAGE</u>	<u>STATE AVERAGE</u>
Teaching Staff (Percentage of Total Staff)	42.5%	51.6%	48.7%
Support Staff (Percentage of Total Staff)	10.7%	9.6%	10.9%
Administrative Staff (Percentage of Total Staff)	6.2%	4.4%	4.5%
Paraprofessional Staff (Percentage of Total Staff)	9.9%	12.6%	11.3%
Auxiliary Staff (Percentage of Total Staff)	30.7%	21.7%	24.6%
Students Per Total Staff	6.3	7.6	7.2
Students Per Teaching Staff	14.7	14.6	14.8

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

The District's total staff for the year ended August 31, 2023 was 1,253 compared to that of its peer districts of 1,086. The District's students per total staff ratio is 1.3 less than its peer districts and 0.9 less than State average. The District's students per teaching staff ratio is fairly consistent with the peer district average and the State average. The District is maximizing efficient use of staffing resources to serve students while achieving high accountability ratings as peer districts.

10. Teacher Turnover Rates

FIGURE 13
TEACHER TURNOVER RATES
2022 - 2023

	<u>DISTRICT TURNOVER RATE</u>	<u>AVERAGE PEER DISTRICT TURNOVER RATE</u>	<u>STATE TURNOVER RATE</u>
Teachers	32.6%	19.3%	21.4%

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

The District's turnover rate is more than the peer districts average and the State average. The highest turnover rate within the peer districts was 28.6% (Crosby ISD) while the lowest turnover rate was 8.7% (Barbers Hill ISD).

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons (continued)

11. Special Programs

FIGURE 14
SPECIAL PROGRAMS CHARACTERISTICS
2022 - 2023

	NUMBER OF STUDENTS SERVED (1)	PERCENTAGE OF ENROLLED STUDENT SERVED	PROGRAM BUDGET PER STUDENTS SERVED (1)	PROGRAM BUDGET AS A PERCENTAGE OF DISTRICT BUDGET (1)	TOTAL STAFF FOR PROGRAM (1)	STUDENTS PER TOTAL STAFF FOR PROGRAM
Total Students	7,890	100.0%	N/A	N/A	N/A	N/A
Special Education	1,493	18.9%	\$8,007	11.0%	62.6	23.85
Bilingual/ESL Education	1,005	12.7%	399	0.4%	20.4	49.26
Migrant Programs	0	0.0%	0	0.0%	0.0	N/A
Gifted and Talented Programs	395	5.0%	385	0.1%	0.0	N/A
Career and Technical Education	1,707	21.6%	1,801	2.8%	32.8	52.04
Athletics and Extracurricular Activities	4,834	61.3%	790	3.5%	79.0	61.19
Alternative Education Program/Disciplinary Alternative Education Program	474	6.0%	3,309	1.4%	27.0	17.56
Juvenile Justice Alternative Education Program	5	0.1%	41,012	0.2%	0.0	N/A

Note: (1) Information provided by the District

12. State and Regional Resources

The District continuously explores all options for funding, including state and federal sources and local grant sources. The District seeks out and researches potential grants that may be beneficial for the District. The District provides assistance in obtaining external funding for educational programs of distinction which prepare students for academic achievement and graduation. Sources of grants vary widely from State or Federal sources to local options. All funding, state, local or federal, is tied directly to the District Strategic Plan and student performance.

13. Reporting

For the year ended August 31, 2023, Weaver and Tidwell, LLP expressed an unmodified opinion on the 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.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section V - Additional Financial, Operational, and Academic Information

14. Oversight

Not Applicable

15. Budget Process

FIGURE 15 BUDGET PROCESS		
QUESTION	YES/NO	NOT APPLICABLE
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	

16. Self-funded Programs

The District’s self-funded workers’ compensation is accounted for and reported in the District’s internal service fund. At August 31, 2023, the workers’ compensation fund reported net position of \$1,543,226. During fiscal year 2023, the fund’s revenues exceeded expenses by \$133,265. However, during the previous fiscal year 2022, the fund’s revenues were less than expenses by \$218,408. The District anticipates the fund’s revenues will be sufficient to cover costs during fiscal year 2024.

17. Staffing

All District administrators are evaluated annually. 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.

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section V - Additional Financial, Operational, and Academic Information (continued)

18. Compensation System

FIGURE 16

COMPENSATION SYSTEM

QUESTION	YES/NO	NOT APPLICABLE
Does the District use salary bonuses or merit pay systems?	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	

19. Planning

FIGURE 17

OPERATIONAL INFORMATION

QUESTION	YES/NO	NOT APPLICABLE
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	

TEXAS CITY INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data for the Year Ended August 31, 2023

Section V - Additional Financial, Operational, and Academic Information (continued)

20. Programs

FIGURE 18

ACADEMIC INFORMATION

QUESTION	YES/NO	NOT APPLICABLE
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	