

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
Efficiency Audit Report
Year Ended August 31, 2024

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Report of Independent Auditors on an Efficiency Audit Conducted in Accordance with <i>Government Auditing Standards</i> | 1 |
| Section I - Executive Summary | 2 |
| Section II - Key Information about the District | 3-4 |
| Section III - Objectives and Approach..... | 5-7 |
| Section IV - District Data on Accountability, Students, Staffing and Finances, with Peer Districts and State Comparisons..... | 8-18 |
| Section V - Additional Financial, Operational, and Academic Information | 19-21 |



A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA
Megan Solsbery, CPA

(325) 944-3571
FAX: (325) 942-1093
www.eckertcpa.com

Members of
American Institute of CPAs
Texas Society of CPAs

REPORT OF INDEPENDENT AUDITORS ON AN EFFICIENCY AUDIT CONDUCTED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Fort Stockton Independent School District
101 West Division
Fort Stockton, TX 79735

Eckert & Company, LLP conducted an efficiency audit as prescribed by the State of Texas Legislative Budget Board for Fort Stockton 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 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.

Eckert & Company, LLP

August 8, 2024

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

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 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 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.

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

SECTION II - KEY INFORMATION ABOUT THE DISTRICT

Fort Stockton Independent School District (the “District”) is exploring holding a Voter Approved Tax Ratification Election (VATRE) November 5, 2024, to increase the District’s maintenance and operations property tax rate in tax year 2024 (fiscal year 2025). Maintenance and Operations (M&O) taxes are for the operation of public schools. The District has not held a VATRE in the past.

The current M&O tax rate for the District’s fiscal year 2025 is \$0.6707. District administration will be proposing an M&O rate above the voter approval tax rate of \$0.7007 that, if approved by the Board, would trigger a voter approval tax rate election (“VATRE”). An efficiency audit, as required by law, was deemed necessary in anticipation of the proposing a VATRE to the Board to provide full transparency to taxpayers.

The estimated revenue from the proposed tax rate increase is \$1 million and represents about 2.77 percent of the total 2024 - 2025 proposed budget of \$36.2 million.

The average market value of a single-family residence for tax year 2024 is \$158,096. As a result of the M&O rate change, the average M&O portion of a tax bill would increase approximately \$63 compared to what the average resident would pay without an M&O tax rate increase. It is important to note that, although the Debt Service tax rate is not subject to a VATRE, it is used in the overall tax bill calculation. For tax year 2024 the Debt Service tax rate is proposed at \$0.3393, which is a decrease from the prior year’s Debt Service rate of \$0.3993. The combined tax rates would result in a reduction of the total tax rate to \$1.04 for tax year 2024 compared to \$1.06 for tax year 2023.

Based on the outcome of the efficiency audit, the District will first address any cost inefficiencies reflected in the efficiency audit. 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 fiscal year 2025.

If a VATRE is successful, the District intends to use the additional tax revenue to replace a portion of the funds they will lose due to the sunset of the Formula Transition Grant. When legislators approved House Bill 3 in 2019, they enacted the Formula Transition Grant to ensure that all Districts would receive at least a 3 percent increase in per-student funding. This grant went to Districts, such as Fort Stockton, that would otherwise see little or no increase. There is no new revenue to replace this grant. Under the current law the only way to overcome a portion of the loss of funding is to hold a VATRE.

If the VATRE were not to pass, the District expects that some of the measures already in place, such as the virtual school program, successful bonds, and Chapter 313 agreements will assist the District in remaining financially sound.

The District engaged Eckert & Company, 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 2023 totaled \$14,981 per student, while its peer districts average and State average totaled \$16,423 per student and \$12,823 per student, respectively.
- Over the last five years, the District’s total average operating revenues for all funds totaled \$13,644 per student, while its peer districts average and State average totaled \$14,711 per student and \$11,622 per student, respectively.
- Over the last five years, the District’s average General Fund operating revenue per student totaled \$12,017, while its peer districts average totaled \$12,538 per student.
- The District’s total operating expenditures for all funds for fiscal year 2023 totaled \$14,638 per student, while its peer districts average and State average were \$13,749 per student and \$12,389 per student, respectively.
- Over the last five years, the District’s average total operating expenditure for all funds totaled \$12,888 per student compared to its peer districts average of \$12,292 per student and the State average of \$11,151 per student.

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

SECTION II - KEY INFORMATION ABOUT THE DISTRICT - Continued

- Over the last five years, the District’s average General Fund operating expenditures per student was \$11,313 per student, while its peer districts average was \$10,244 per student.
- The District earned a Superior Rating for the School Financial Integrity Rating System of Texas (FIRST) for four of the last five years as well as one Above Standard rating.
- 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” (89 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>Number of Campuses</u> |
|---------------|-------------------------------|
| B | 2 |
| C | 3 |

Additional details and audit results are included in Section IV.

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

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, Eckert & Company, 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).
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

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

SECTION III - OBJECTIVES AND APPROACH - Continued

9. Continued -

- 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 on 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
14. Described how the District maximizes available resources from State sources and Regional Education Service Centers to develop or implement programs or deliver services.

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

SECTION III - OBJECTIVES AND APPROACH - Continued

15. Reported 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 regard 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 regard 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 regard to planning, provided a response for each of the following questions:
 1. Does the District develop a District Improvement Plan (DIP) annually?
 2. Do all campuses in the District develop a Campus Improvement Plan (CIP) annually?
 3. 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?
 4. Does the District have an active and current energy management plan?
 5. 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.

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

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 64 peer districts based on size (1,600 to 2,999 students), community type, and property wealth. We have selected 9 out of the 64 peer districts and are shown below.

Figure 1
Peer Districts

| District Name | County |
|----------------------------|--------------|
| Brownfield ISD | Terry |
| Carthage ISD | Panola |
| Lamesa ISD | Dawson |
| Pecos-Barstow-Toyah ISD | Reeves |
| Snyder ISD | Scurry |
| Sweeny ISD | Brazoria |
| Ingleside ISD | San Patricio |
| Lago Vista ISD | Travis |
| Monahans-Wickett-Pyote ISD | Ward |

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
2021 - 2022

| | District Rating (A-F) | District Score (1-100) | Peer District Average Score (1-100) |
|--------------|--------------------------|---------------------------|---|
| Rating/Score | B | 81 | 85 |

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

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

2. Accountability Rating - Continued

The “F” accountability rating was not applicable for 2021 - 2022. The results for the District’s 5 campuses that were assigned a rating are shown below.

Figure 3
Accountability Rating by Campus Level
2021 - 2022

| <u>Rating</u> | <u>Elementary Schools</u> | <u>Middle Schools</u> | <u>High Schools</u> |
|---------------|---------------------------|-----------------------|---------------------|
| A | 0 | 0 | 0 |
| B | 1 | 1 | 0 |
| C | 1 | 1 | 1 |

There were no campuses required to implement a turnaround plan.

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 rating is based on five (5) critical indicators as well as a minimum number of points for an additional ten (10) indicators. 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 2022 - 2023 rating based on school year 2021 - 2022 data was an “A” (Superior). The District also earned a Superior Rating in 2019, 2020, and 2022.

Figure 4
School FIRST 2023 Rating
(Based on School Year 2021-2022 Data)

| <u>Rating</u> | <u>District Rating (A-F)</u> |
|---------------|------------------------------|
| Rating | A |

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

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

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>Student Population %</u> | <u>Peer Districts Average %</u> | <u>State Average %</u> |
|----------------------------|---|---------------------------------|-------------------------------------|----------------------------|
| Total Students | 2,187 | 100.0% | N/A | N/A |
| Economically Disadvantaged | 1,543 | 70.6% | 63.70% | 62.0% |
| English Learner | 268 | 12.3% | 9.60% | 23.0% |
| Special Education | 324 | 14.8% | 14.27% | 12.7% |
| Bilingual/ESL Education | 252 | 11.5% | 9.34% | 23.2% |
| Career and Technology | 711 | 32.5% | 30.63% | 26.5% |

Source: Texas Education Agency, Texas Academic Performance Reports.

To the Board of Trustees and Citizens of
 Fort Stockton Independent School District

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

4. Student Characteristics, Attendance, and Five-Year Enrollment Student Characteristics - Continued

Student Characteristics - Continued

There are 5.5 million students served by public schools in the State of Texas. Of those students, 3.4 million or 62% percent are economically disadvantaged. The percentage of economically disadvantaged students served by the District compared to its total student population totaled 70.6%, which is 6.9% and 8.6% more than the peer districts and State average, respectively. Brownfield Independent School District had the highest economically disadvantaged student percentage of 84.3%, while Lago Vista Independent School District had the lowest percentage of 25.8%.

The peer districts average total student count was 2,123. Of the peer districts evaluated, Pecos-Barstow-Toyah Independent School District had the highest total student count of 2,776, while Lamesa Independent School District had the lowest student count of 1,588.

Attendance

Figure 6
 Attendance Rate
 2021 - 2022

| | <u>District Total</u> | <u>Peer Districts Average</u> | <u>State Average</u> |
|-----------------|-----------------------|-------------------------------|----------------------|
| Attendance Rate | 89.2% | 92% | 92.2% |

Source: Texas Education Agency, Texas Academic Performance 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 2.8% and 3% lower than its peer districts average and the State average, respectively. It should be noted that the District's 2021 - 2022 attendance rate has increased from the 2020 - 2021 attendance rate of 83%.

To the Board of Trustees and Citizens of
 Fort Stockton Independent School District

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

4. Student Characteristics, Attendance, and Five-Year Enrollment Student Characteristics - Continued

Five-Year Enrollment

The attendance rate should be evaluated in conjunction with the number of students enrolled. As shown in the table below, the District has experienced an average annual decrease over the last five years of 2.925%.

Figure 7
 Five Year Enrollment
 2019 - 2023

| | <u>Enrollment</u> | <u>% Change</u> |
|--|-------------------|-----------------|
| 2023 | 2,187 | -2.7% |
| 2022 | 2,248 | -2.6% |
| 2021 | 2,310 | -6.2% |
| 2020 | 2,464 | -0.2% |
| 2019 | 2,469 | |
| Average annual % change based on the previous five years | | -2.925% |
| 2024 ¹ | 8,427 | |

Note: ¹ Beginning with the 2023-2024 school year, the District became part of the Texas Virtual School Network, providing full-time online instruction to eligible Texas public school students.

Source: Texas Education Agency, PEIMS Standard Reports, Student Enrollment Reports

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

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 | % of Total | Revenue per Student | % of Total | Revenue per Student | % of Total |
| Local M&O Tax Retained ¹ | \$ 8,736 | 58.31% | \$ 8,791 | 53.53% | \$ 5,214 | 40.66% |
| State ² | 1,916 | 12.79% | 3,252 | 19.80% | 4,310 | 33.61% |
| Federal | 2,255 | 15.05% | 2,241 | 13.65% | 2,568 | 20.03% |
| Other Local Intermediate | 2,074 | 13.85% | 2,139 | 13.02% | 731 | 5.70% |
| Total Revenue | \$ 14,981 | 100.00% | \$ 16,423 | 100.00% | \$ 12,823 | 100.00% |

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.

The District’s receives less revenue per student compared to its peer districts average and more than the State average.

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

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 Districts Average | | State Average | |
|-------------------------------------|-----------------------------|----------------|-----------------------------|----------------|-----------------------------|----------------|
| | Expenditures per Student | % of Total | Expenditures per Student | % of Total | Expenditures per Student | % of Total |
| Instruction | \$ 6,965 | 47.58% | \$ 7,297 | 53.07% | \$ 6,849 | 55.31% |
| Instructional Resources | 16 | 0.11% | 135 | 0.98% | 121 | 0.98% |
| Curriculum and Staff Development | 375 | 2.56% | 171 | 1.24% | 308 | 2.49% |
| Instructional Leadership | 157 | 1.07% | 182 | 1.32% | 223 | 1.80% |
| School Leadership | 930 | 6.35% | 758 | 5.51% | 710 | 5.73% |
| Guidance Counseling | 344 | 2.35% | 386 | 2.81% | 497 | 4.01% |
| Social Services | 23 | 0.16% | 18 | 0.13% | 46 | 0.37% |
| Health Services | 136 | 0.93% | 137 | 1.00% | 133 | 1.07% |
| Transportation | 554 | 3.78% | 407 | 2.96% | 374 | 3.02% |
| Food Services | 1,016 | 6.94% | 765 | 5.56% | 631 | 5.10% |
| Extracurricular | 677 | 4.62% | 660 | 4.80% | 384 | 3.10% |
| General Administration | 657 | 4.49% | 620 | 4.51% | 411 | 3.32% |
| Facilities Maintenance | 2,079 | 14.20% | 1,664 | 12.10% | 1,227 | 9.91% |
| Security and Monitoring | 182 | 1.24% | 151 | 1.10% | 165 | 1.33% |
| Data Processing | 395 | 2.70% | 346 | 2.52% | 239 | 1.93% |
| Community Services | 132 | 0.90% | 52 | 0.38% | 64 | 0.52% |
| Total Operating Expenditures | \$ 14,638 | 100.00% | \$ 13,749 | 100.00% | \$ 12,382 | 100.00% |

Note: ¹ Includes TRS on-behalf expenditures

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.

Approximately \$1.25 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 \$1.25 million equates to \$579 per student.

Overall, the District spends more per student than the State average and peer districts average. The percentage spent in Instruction is 5.49% and 7.73% less than the peer districts average and the State average, respectively. The District's percentage of expenditures spent in Instructional and School Leadership is comparable to its peer districts average and the State average.

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

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

7. District Payroll Expenditures Summary

Figure 10
Payroll Expenditure Summary
2022-2023

| | <u>District ¹</u> | <u>Peer Districts Average ²</u> | <u>State Average ²</u> |
|--------------------------------------|------------------------------|--|-----------------------------------|
| Payroll as a Percentage of All Funds | 63.90% | 56.64% | 75.19% |
| Average Teacher Salary | \$ 60,328 | \$ 57,083 | \$ 60,716 |
| Average Administrative Salary | 90,050 | 86,715 | 90,238 |
| Superintendent Salary | 205,000 | 176,813 | 165,700 |

Source: ¹ Texas Education Agency, Texas Academic Performance Reports.

² PEIMS Standard Reports, Staff FTE Counts and Salary Reports

The District spends more on payroll costs than its peer districts average and less than the State average. Also, the District, on average, spends more per teacher than its peer districts average and is comparable to the State average.

The average administrative salary is higher than its peer districts average and is comparable to the State average. The Districts Superintendent's salary is higher than the two comparison groups. It is important to note that the data for the State averages is comprised of all school districts across the State which vary in enrollment size.

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

8. Fund Balance

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 the goal of three-months, the percentage is shown as less than 100 percent. Amounts that exceed three months are reflected as a percentage greater than 100%.

Figure 11
General Fund Balance
2019 - 2023

| Year | District | | | Peer District Average ¹ | | |
|------|--|--|---|--|--|---|
| | General Fund Unassigned Fund Balance per Student | General Fund Unassigned Fund Balance as a % of Operating Expenditures | General Fund Unassigned Fund Balance as a % of Three-Month Operating Expenditures | General Fund Unassigned Fund Balance per Student | General Fund Unassigned Fund Balance as a % of Operating Expenditures | General Fund Unassigned Fund Balance as a % of Three-Month Operating Expenditures |
| 2023 | \$ 9,410 | 72.10% | 288.42% | \$ 7,073 | 62.97% | 251.90% |
| 2022 | 8,498 | 72.68% | 290.73% | 7,061 | 65.21% | 260.86% |
| 2021 | 7,740 | 66.23% | 264.93% | 6,562 | 63.09% | 252.37% |
| 2020 | 8,329 | 79.19% | 316.76% | 8,747 | 87.59% | 350.38% |
| 2019 | 8,353 | 86.84% | 347.36% | 7,959 | 89.33% | 357.31% |

Note: ¹ Includes Peer Districts with a policy requiring a minimum assigned fund balance equal to 90-days of operating expenses, which reduces the amount of Unassigned Fund Balance

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.

- Nonspendable 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.

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

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 Total</u> | <u>Peer Districts Average</u> | <u>State Average</u> |
|---|-----------------------|-----------------------------------|----------------------|
| Teaching Staff (% of Total Staff) | 43.50% | 45.90% | 48.70% |
| Support Staff (% of Total Staff) | 5.80% | 7.27% | 10.90% |
| Administrative Staff (% of Total Staff) | 5.70% | 5.54% | 4.50% |
| Paraprofessional Staff (% of Total Staff) | 15.10% | 15.59% | 11.30% |
| Auxiliary Staff (% of Total Staff) | 29.90% | 25.70% | 24.60% |
| Students per Total Staff | 6.19 | 6.53 | 7.21 |
| Students per Total Teaching Staff | 14.20 | 14.30 | 14.80 |

Source: 2022-2023 Texas Academic Performance Report (TAPR)

The District’s total staff for the year ended August 31, 2023, was 350 compared to that of its peer districts average of 329. The District has .34 and 1.02 fewer students per total staff than its peer districts average and the State, respectively. The District’s students per teaching staff ratio is 2.4% and 5.2% less than its peer districts average and the State average, respectively.

10. Teacher Turnover Rates

Figure 13
Teacher Turnover Rates
2022 - 2023

| | <u>District Total</u> | <u>Peer Districts Average</u> | <u>State Average</u> |
|----------|-----------------------|-----------------------------------|----------------------|
| Teachers | 32.70% | 24.76% | 21.40% |

Source: 2022-2023 Texas Academic Performance Report (TAPR)

The District’s turnover rate is 7.94% and 11.30% higher than its peer districts average and the State average, respectively. Fort Stockton’s geographic location plays a part in the turnover rate. Housing costs in Fort Stockton tend to be higher due to the oil industry. The District has restructured their compensation package to try and reduce the turnover rate.

To the Board of Trustees and Citizens of
Fort Stockton Independent School District

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

11. Special Programs

Figure 13 - Continued
Special Programs
2022 - 2023

| | Number of Students Served | % of Enrolled Students Served | Program Budget per Students Served ¹ | Program Budget as % of District Budget ¹ | Total Staff for Program | Students per Total Staff for Program |
|--|---------------------------------|-------------------------------------|--|--|-------------------------------|---|
| Special Education | 324 | 14.8% | \$ 5,894 | 4.7% | 18 | 18 |
| Bilingual/ESL Education | 252 | 11.5% | 472 | 29.0% | 0 | 1 |
| Migrant Program | 10 | 0.5% | 1,510 | 4.0% | 0 | 0 |
| Gifted and Talented Programs | 99 | 4.5% | 97 | 2.0% | 0 | 0 |
| Career and Technical Education | 711 | 32.5% | 1,375 | 2.4% | 10 | 73 |
| Athletics and Extracurricular Activities ¹ | 1,050 | 48.0% | 1,464 | 0.8% | 35 | 30 |

Note: ¹ Information was provided by the District.

Source: Per 2022/2023 Texas Academic Performance Report except for information provided by District.

To the Board of Trustees and Citizens of
 Fort Stockton Independent School District

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION

1. State and Regional Resources

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. For the 2023-2024 school year, the District became part of the Texas Virtual Schools Network in an effort to increase State revenue.

2. Reporting

For the year ended August 31, 2023, Eckert & Company, LLP issued 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.

3. Oversight

Not Applicable

4. 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 | |

5. Self-funded Programs

Not Applicable

6. Staffing

All District administrators are evaluated annually using a locally developed evaluation. The results of the evaluations are used to help the District administrators identify strengths and weaknesses to promote their growth and overall efficiency. The impact this has on the District is one of continuous improvement.

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION - Continued

7. Compensation System

Figure 16
Compensation System

| Question | Yes/No | Not Applicable |
|--|--------|----------------|
| Does the District use salary bonuses or merit pay systems? The District's compensation plan and stipends are designed to encourage staff to seek certification and to consider certification in critical areas. | 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 related 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

| 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? | No | |

To the Board of Trustees and Citizens of
 Fort Stockton Independent School District

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION - Continued

9. 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 | |