
**LUMBERTON
INDEPENDENT SCHOOL
DISTRICT**

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

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



CPAs and Professional Consultants

LUMBERTON INDEPENDENT SCHOOL DISTRICT

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

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

We have performed the agreed-upon procedures enumerated below, which were agreed to by Lumberton 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.

A handwritten signature in black ink that reads 'Whitley Penn LLP'.

Houston, Texas
September 27, 2024

LUMBERTON INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
Data For The Year Ended August 31, 2023

SECTION I - EXECUTIVE SUMMARY

Overview of Procedures Performed

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.

SECTION II - KEY INFORMATION ABOUT THE DISTRICT

Lumberton Independent School District (“the District”), is considering 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 has not had a tax ratification election in the past.

The M&O tax rate for fiscal years 2022 and 2023 were \$0.8720 and \$0.8546, respectively. The M&O rate was further compressed for fiscal year 2024 to \$0.6692. As of August 2024 projections, a \$0.03 increase in tax rate would provide an estimated \$1.7 million of additional local tax revenue. The District is projecting a budget shortfall for fiscal year 2025. 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.

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 2024.

If a VATRE is considered and approved, the District intends to use the additional tax revenue to balance the adopted budget and reduce the future projected budget deficits 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.

LUMBERTON INDEPENDENT SCHOOL DISTRICT
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Data For The Year Ended August 31, 2023

SECTION II – KEY INFORMATION ABOUT THE DISTRICT (continued)

Some key information about the District:

- The 2022 and 2023 maintenance and operations (M&O) tax rates were lower than the District’s peer districts average M&O tax rate.
- The District’s total operating revenue for all funds for fiscal year 2023 totaled \$9,819 per student, while its peer districts average and State average were \$13,628 per student and \$12,823 per student, respectively.
- The District’s total operating expenditures for all funds for fiscal year 2023 totaled \$9,569 per student, while its peer districts average and State average were \$12,325 per student and \$12,386 per student, respectively.
- Over the last five years, the District’s General Fund operating revenue totaled \$8,412 per student, while its peer districts average was \$10,299 per student.
- Over the last five years, the District’s total operating revenue for all funds totaled \$9,766 per student, while its peer districts average and State average were \$12,061 per student and \$11,622 per student, respectively.
- Over the last five years, the District’s General Fund operating expenditures totaled \$7,506 per student, while its peer districts average was \$9,438 per student.
- Over the last five years, the District’s total operating expenditures for all funds totaled \$8,717 per student, while its peer districts and State average were \$11,141 per student and \$11,151 per student, respectively.
- The District’s Financial Integrity Rating System of Texas (FIRST) score for 2023-2024 was based on the school year-2022-2023 data. The District earned 98 points out of 100 or rating of A (Superior).
- The accountability report for 2023 was not publicly available as of September 2024 because there is pending judicial ruling and decisions from the 88th Legislature during a special called session. As such, the 2022 accountability rating overall summary for Lumberton Independent School District was a 86 or a “B.” Its peer district average rating was an 85.
- The Texas Education Agency reviews and tracks the performance of both school districts and individual schools with the Texas A-F Accountability System. The 2022 accountability reports for all of its campuses are shown below.

Rating	# of Campuses
A	-
B	4
C	1
Not Rated	-

Additional details and results of our procedures are included in Section IV.

LUMBERTON INDEPENDENT SCHOOL DISTRICT

REPORT ON APPLYING AGREED-UPON PROCEDURES

Data For The Year Ended August 31, 2023

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, Whitley Penn, LLP performed the following procedures:

1. Selected 10 peer districts, developed a simple average and used the same comparison group throughout the engagement.
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 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. Transportationj. Food service operation	<ol style="list-style-type: none">k. Extracurricularl. General administrationm. Plant maintenance and operationsn. Security and monitoring serviceso. Data processing servicesp. Community servicesq. Total operating expenditures
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LUMBERTON INDEPENDENT SCHOOL DISTRICT
REPORT ON APPLYING AGREED-UPON PROCEDURES
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SECTION III - OBJECTIVES AND APPROACH (continued)

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 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.

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SECTION III - OBJECTIVES AND APPROACH (continued)

19. Reported whether the District administrators are evaluated annually and, if so, explained how the results inform District operations.
20. In regards to the District's compensation system, provided a response to the following questions:
 - a. Does the District use salary bonuses or merit pay systems? If yes, explain the performance-based systems and the factors used.
 - b. Do the District's salary ranges include minimum, midpoint, and maximum increments to promote compensation equity based on the employee's education, experience, and other relevant factors?
 - c. Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking, and comparable salary data?
 - d. Has the District made any internal equity and/or market adjustments to salaries within the past two years?
21. In regards to planning, provided a response for each of the following questions:
 - a. Does the District develop a District Improvement Plan (DIP) annually?
 - b. Do all campuses in the District develop a Campus Improvement Plan (CIP) annually?
 - c. Does the District have an active and current facilities master plan? If yes, does the District consider these factors to inform the plan:
 - i. Does the District use enrollment projections?
 - ii. Does the District analyze facility capacity?
 - iii. Does the District evaluate facility condition?
 - d. Does the District have an active and current energy management plan?
 - e. Does the District maintain a clearly defined staffing formula for staff in maintenance, custodial, food service, and transportation?
22. In 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.

LUMBERTON INDEPENDENT SCHOOL DISTRICT
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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 91 peer districts based on size (5,000 to 9,999). Using other similar characteristics for tax rate, district type, and Texas Smart Schools, Whitley Penn, LLP selected the ten (10) peer districts shown below.

FIGURE 1
PEER DISTRICTS

DISTRICT NAME	COUNTY
Andrews ISD	Andrews County
Burnet CISD	Burnet County
Chapel Hill ISD	Smith County
Gatesville ISD	Coryell County
Greenwood ISD	Midland County
Gregory-Portland ISD	San Patricio County
La Vega ISD	Mclennan County
Lockhart ISD	Caldwell County
Mabank ISD	Kaufman County
Vidor ISD	Orange County

The District’s M&O tax rate was \$0.8720 in fiscal year 2021-2022 and was used by the TEA to identify the District’s peer districts. The 2022 average M&O tax rate for all peer districts was \$0.9365, with the highest tax rate being \$1.0161 (La Vega ISD) and the lowest tax rate was \$0.8620 (Gatesville ISD). The 2022-2023 M&O tax rate for the District was \$0.8546, which the peer district average was \$0.8957. The District’s tax rates for both 2022 and 2023 are approximately \$0.06 and \$0.04, respectively, less than its peer districts.

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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	86	85

There were no campuses with a F rating. The results for the District’s 5 campuses are shown below.

FIGURE 3
ACCOUNTABILITY RATING BY CAMPUS LEVEL
2022 - 2023

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

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

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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 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 is based on the school year 2023 was an “A” (Superior). The District’s rating from 2019 through 2023 has Superior or an “A”.

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

<u>Rating</u>	<u>DISTRICT RATING (A-F)</u>
Rating	A

LUMBERTON INDEPENDENT SCHOOL DISTRICT
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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

The District's enrollment for 2023 was 4,195 students, while the average peer district enrollment was 3,927 students. Gatesville ISD had the lowest enrollment at 2,708, while Lockhart ISD had the largest enrollment at 6,443 within the District's peer group.

There are 5.5 million students served by public schools in the State of Texas. 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.

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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)

FIGURE 5
SELECTED STUDENT CHARACTERISTICS
2022 - 2023

	TOTAL STUDENT POPULATION COUNT	PERCENTAGE OF STUDENT POPULATION	PEER DISTRICTS AVERAGE PERCENTAGE	STATE AVERAGE PERCENTAGE
Total Students	4,195	100.0%	N/A	N/A
Economically Disadvantaged	1,558	37.1%	62.6%	62.0%
English Learners	109	2.6%	15.5%	23.0%
Special Education	584	13.9%	14.2%	12.7%
Bilingual/ESL Education	105	2.5%	15.5%	23.2%
Career and Technical Education	1,439	34.3%	26.8%	26.5%

SOURCE: Texas Education Agency, Texas Academic Performance Reports.

The State of Texas serves 3.4 million students, or 62 percent, who are economically disadvantaged. The percentage of economically disadvantaged students served by the District compared to its total student population totaled 37.1 percent. The peer district average for economically disadvantaged students is 62.6 percent, or 25.5 percent more than Lumberton ISD. La Vega Independent School District had the highest economically disadvantaged student percentage of 93.1 percent, while Greenwood Independent School District had the lowest percentage of 38.8 percent.

The District’s career and technical student population totals 34.3 percent compared to its peer districts which have an average of 26.8 percent. The State’s career and technical student population is 26.5 percent, or 7.8 percent less than the District. The District’s special education population totals 13.9 percent compared to its peer districts which have an average of 14.2 percent. The State’s special education population totals 12.7 percent, or 1.2 less than the District.

LUMBERTON INDEPENDENT SCHOOL DISTRICT
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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	93.4%	91.9%	92.2%

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

State funding provided by the State of Texas is a complex calculation, requiring inputs. However, the primary driver is average daily attendance. The District’s attendance rate is 1.5 percent higher than its peer districts average and 1.2 percent more than State average. The District’s attendance has fluctuated in the last five (5) years due to the COVID-19 pandemic and the adjustments made by the State to combat the effects of the virus. However, the District has been in line (1 percent difference) with the State average attendance rate.

LUMBERTON INDEPENDENT SCHOOL DISTRICT
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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)

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 1.12 percent. When the current enrollment data for 2024 is incorporated, the average increase in enrollment is 0.94 percent.

FIGURE 7
5-YEAR ENROLLMENT
2019 - 2023

	<u>ENROLLMENT</u>	<u>% CHANGE</u>
2023	4,195	-0.17%
2022	4,202	1.40%
2021	4,144	-0.07%
2020	4,147	2.98%
2019	4,027	1.46%
Average annual percentage change based on the previous five years	1.12%	
Estimated final enrollment (2024)	4,197	0.05%
Projected next school year (2025)	4,120	-1.83%

LUMBERTON INDEPENDENT SCHOOL DISTRICT
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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

	<u>DISTRICT</u>		<u>PEER DISTRICT AVERAGE</u>		<u>STATE AVERAGE</u>	
	<u>REVENUE PER STUDENT</u>	<u>PERCENTAGE OF TOTAL</u>	<u>REVENUE PER STUDENT</u>	<u>PERCENTAGE OF TOTAL</u>	<u>REVENUE PER STUDENT</u>	<u>PERCENTAGE OF TOTAL</u>
Local M&O Tax (Retained) (1)	\$ 3,177	32.4%	\$ 6,434	47.2%	\$ 5,214	40.7%
State (2)	4,863	49.5%	4,186	30.7%	4,310	33.6%
Federal	1,220	12.4%	2,041	15.0%	2,568	20.0%
Other Local and Intermediate	559	5.7%	967	7.1%	731	5.7%
Total Revenue	\$ 9,819	100.0%	\$ 13,628	100.0%	\$ 12,823	100.0%

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 operating revenue, except for the District’s capital projects fund and debt service fund revenues. Approximately \$1.6 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 revenues. The on-behalf contributions of \$1.6 million equates to \$389 per student.

The District received \$3,257 less Local M&O tax revenue per student compared to the peer district average and \$2,037 less than State average. Overall, the District receives \$3,809 less revenue per student compared to the peer district average and \$3,004 less than State average. The lowest and highest peer district revenue per student were \$11,557 (Vidor ISD) and \$21,982 (Gregory-Portland ISD), respectively.

LUMBERTON INDEPENDENT SCHOOL DISTRICT
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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 PER STUDENT	PERCENTAGE OF TOTAL	EXPENDITURES PER STUDENT	PERCENTAGE OF TOTAL	EXPENDITURES PER STUDENT	PERCENTAGE OF TOTAL
Instruction	\$ 5,538	57.9%	\$ 6,612	53.6%	\$ 6,849	55.3%
Instructional Resources and Media	78	0.8%	117	0.9%	121	1.0%
Curriculum and Staff Development	183	1.9%	269	2.2%	308	2.5%
Instructional Leadership	136	1.4%	170	1.4%	223	1.8%
School Leadership	472	4.9%	667	5.4%	710	5.7%
Guidance Counseling Services	316	3.3%	428	3.5%	497	4.0%
Social Work Services	-	0.0%	45	0.4%	46	0.4%
Health Services	81	0.8%	128	1.0%	133	1.1%
Transportation	336	3.5%	455	3.7%	374	3.0%
Food Service Operation	454	4.7%	691	5.6%	631	5.1%
Extracurricular	304	3.2%	530	4.3%	384	3.1%
General Administration	274	2.9%	486	3.9%	411	3.3%
Plant Maintenance and Operations	1,121	11.7%	1,291	10.5%	1,227	9.9%
Security and Monitoring Services	121	1.3%	143	1.2%	165	1.3%
Data Processing Services	132	1.4%	247	2.0%	239	1.9%
Community Services	23	0.2%	46	0.4%	64	0.5%
Total Operating Expenditures	\$ 9,569	100.0%	\$ 12,325	100.0%	\$ 12,386	100.0%

Note 1: Amounts include TRS expenditures

Note 2: Amounts include operating expenditures (objects 61xx to 64xx) only

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

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

Overall, the District spends \$2,756 less per student than its peer districts average and \$2,817 less than per student State average. The percentage spent on instruction is 57.9 percent of total District expenditures compared to 53.6 percent and 55.3 percent of its peer districts and the State average, respectively. Transportation functional expenditures is lower than the District's peer district average but higher than State average, respectively. The District spends 1.2 percent and 1.8 percent more in Plant Maintenance and Operations than its peer districts and the State average, respectively. Curriculum and Staff Development functional expenditures is lower than the District's peer district and State average, respectively. The District's general administration expenditure percentage of 2.9 is 1.0 percent less than its peer district average and 0.4 percent more than the State average of 3.3 percent.

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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

	DISTRICT	PEER DISTRICT AVERAGE	STATE AVERAGE
Payroll as a Percentage of All Funds	75.8%	77.8%	77.8%
Average Teacher Salary	\$ 52,078	\$ 57,580	\$ 60,717
Average Administrative Salary	\$ 87,513	\$ 97,989	\$ 98,935
Superintendent Salary	\$ 166,400	\$ 202,526	\$ 152,350
Total Operating Expenditures	\$ 40,051,567	\$ 48,278,745	N/A

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

The District payroll costs as a percentage of total expenditures are less than its peer districts average and the State average. The District also spends less per teacher than its peer districts average and the State average. The highest average teacher salary within the peer group is \$67,435 (Gregory-Portland ISD) and the lowest is \$51,773 (Gatesville ISD). The District does not receive the Teacher Incentive Allotment (TIA) but four of its peer districts do receive the TIA. Chapel Hill ISD, La Vega ISD, Lockhart ISD, and Vidor ISD had a total of 5, 20, 39, and 16 teachers eligible for the TIA, respectively. The peer district average payout for TIA ranges from \$4,614 to \$25,195 for teachers achieving the recognized, exemplary, and master designation. The State average payout for TIA is \$5,974 to \$21,920.

The average administrative salary (includes both campus and central administration) is less than its peer districts and the State average. The campus leadership average years of experience of 5.8 is lower than that of the State average of 6.1. Of the ten (10) peer districts, seven (7) peer districts' campus leadership average years of experience is less than the District (Andrews ISD, Chapel Hill ISD, Gatesville ISD, Gregory-Portland ISD, Lockhart ISD, Mabank ISD, and Vidor ISD). The Superintendent's salary is less than its peer districts average but more than the State average. The highest superintendent salary within the peer district is \$286,183 (La Vega ISD), while the lowest superintendent salary is \$144,206 (Gatesville 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, for the most part, directly correlate with the superintendent salary.

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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 did meet the three-month average goal.

**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 PERCENTAGE OF OPERATING EXPENDITURES	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF 3-MONTH OPERATING EXPENDITURES	GENERAL FUND UNASSIGNED FUND BALANCE PER STUDENT	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF OPERATING EXPENDITURES	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF 3-MONTH OPERATING EXPENDITURES
2023	\$ 3,380	40.7%	162.9%	\$ 4,484	43.5%	173.8%
2022	3,297	42.0%	167.9%	4,177	41.9%	167.8%
2021	3,513	46.5%	185.9%	4,564	48.9%	195.5%
2020	3,300	45.0%	180.1%	3,381	36.7%	146.8%
2019	2,841	43.8%	175.2%	2,969	34.8%	139.2%

Note: (1) Includes Peer District 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.

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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.

DISTRICT						
YEAR	GENERAL FUND UNASSIGNED FUND BALANCE (ACTUAL)		GENERAL FUND UNASSIGNED FUND BALANCE THREE-MONTH GOAL		DIFFERENCE BETWEEN ACTUAL UNASSIGNED FUND BALANCE AND THREE-MONTH GOAL (\$)	DIFFERENCE BETWEEN ACTUAL UNASSIGNED FUND BALANCE AND THREE-MONTH GOAL (%)
2023	\$	14,144,790	\$	8,681,719	\$ 5,463,071	62.9%
2022		13,807,188		8,224,055	5,583,133	67.9%
2021		14,506,874		7,803,366	6,703,508	85.9%
2020		13,617,440		7,562,487	6,054,953	80.1%
2019		11,441,695		6,530,634	4,911,062	75.2%

The District did not set aside fund balance in the assigned category. 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 \$14.1 million compared to its General Fund operating expenditures of \$34.7 million. Three months average operating expenditures would equate to \$8.68 million, which is greater than actual by a \$5.5 million (or 62.9 percent). In 2023, there were only two (2) peer districts that set aside more than \$2 million in assigned fund balance. Burnet CISD, and Gregory-Portland ISD set aside \$3.9 million, and \$48.5 million respectively.

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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)	50.9%	46.3%	48.7%
Support Staff (Percentage of Total Staff)	8.4%	9.0%	10.9%
Administrative Staff (Percentage of Total Staff)	5.1%	5.1%	4.5%
Paraprofessional Staff (Percentage of Total Staff)	14.4%	15.6%	11.3%
Auxiliary Staff (Percentage of Total Staff)	21.3%	24.0%	24.6%
Students Per Total Staff	7.8	6.8	7.2
Students Per Teaching Staff	15.3	14.7	14.8

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

The District’s total staff for the year ended August 31, 2023 was 539 compared to that of its peer districts of 574. The District’s teacher count for the 2023 school year was 274 (50.9 percent), while the State average is 48.7 percent. The District’s teaching staff as a percentage of total staff is 4.6 percent higher than its 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	20.8%	23.6%	21.4%

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

The District’s turnover rate is less than the peer districts and the State average. The highest turnover rate within the peer districts was 34.4 percent (Chapel Hill ISD) while the lowest turnover rate was 14.9 percent (Gregory-Portland ISD).

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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	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	4,195	100.0%	N/A	N/A	N/A	N/A
Special Education	584	13.9%	\$7,011	10.9%	29.8	19.60
Bilingual/ESL Education	105	2.5%	937	0.3%	1.1	95.45
Gifted and Talented Programs	207	4.9%	975	0.5%	9.5	21.79
Career and Technical Education	1,439	34.3%	1,326	5.1%	18.8	76.54
Athletics and Extracurricular Activities (1)	1,541	36.7%	423	1.7%	46.0	33.50

Note: (1) Information provided by Lumberton ISD

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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. The District has a Grants Department which seeks out and researches potential grants that may be beneficial for the District. 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.

2. Reporting

For the year ended August 31, 2023, Mitchell T Fontenote CPA, Inc. 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.

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

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SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION (continued)

6. 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.

7. Compensation System

FIGURE 16
COMPENSATION SYSTEM

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

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SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION (continued)

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	

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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	