



September 12, 2012

Texas Education Agency  
Division of Financial Audits  
Attn: Financial Solvency Team  
1701 N. Congress Ave.  
Austin, TX 78701

Ms. Etheridge and Financial Solvency Team:

Crockett County CCSD is pleased to submit this response to your request for interim financial data related to the Division's Financial Solvency Review for our District.

We respectfully offer the enclosed information related to indicators of concern as explained in TEA's Letter of August 16, 2012 and accompanying worksheets. As applicable, we offer narrative related to each indicator cited as with a FAIL flag in your analysis, and some measure of supporting financial data. Additionally, all CCCSD Audit and Financial Reports are on file with TEA and available to corroborate the submitted narrative. All current PEIMS Financial Data is updated in the Edit+ Application and available for confirmatory analysis as well.

Of course, if further detail or explanation is required for any indicator, please contact us at your convenience and we will readily provide any further documentation or explanatory notes requested. Key contact for us in this regard will be:

Cynthia Hokit  
Business Manager  
Crockett County CCSD  
P.O. Box 400  
Ozona, Texas 76943  
325-392-5501  
[cynthia.hokit@ozonaschools.net](mailto:cynthia.hokit@ozonaschools.net)

Specific background and explanation for each Indicator identified for support are contained in following pages.



### Student-To-Staff Ratio Outside The NORM or Declining:

Even prior to the analysis required for Financial Solvency reviews, CCCCS Administration has recognized that our district staffing was a cause for some concern. From 2000 through 2008, CCCCS experienced an abrupt and sustained decline in enrollment, but staffing levels not only held constant, they actually increased substantially for a period of 2-3 years. With reductions in state aid attention to this concern has become quite magnified.

Beginning at the conclusion of 2009-2010, district leadership and the Board of Trustees have been dedicated to leveraging attrition wisely and scrutinizing every vacancy. Reorganization of existing staff to fill vacancies or to deliver new services or programming has been the norm since that time. Additionally, in the spring of 2011, CCCCS Trustees authorized a Resignation Incentive open to Term Professional employees AND to Support and Auxiliary staff in an effort to reduce staffing numbers. The Incentive had limited success in that we were able to reduce professional staff significantly (11 FTEs) for 2011-2012, but not as substantially as hoped for Support and Auxiliary Staff.

We have further leveraged attrition and restricted hiring across all functions to significantly impact staffing again for 2012-2013. Additionally, we have experience a significant rebound in enrollment since 2009.

As of this submission, we can document that we have reduced overall staffing by over 22 FTEs in all categories since December 2009 and currently have 148 FTEs of total staff. Our current enrollment stands at 814 students. We recognize that although our overall staffing ratio is improving, we still have a significantly larger Support staff than current suggested Schools FIRST ratios for our enrollment class. This has been a major point of consideration in planning discussions and budgeting processes the last two years. Our Board has specifically asked for information and presentations related to possibly leveraging contracted services in lieu of maintaining current staffing levels in functions such as Maintenance and Custodial, and may explore similar options in Food Service going forward. No decisions have been made in this regard, but we feel that we have made significant movement toward healthy Student-Staff ratios since FY11, even if we still have some work to do in the area of Support and Auxiliary staffing.

Our current numbers provide the following Ratios for consideration:

814 Students / 78 Teachers, librarians, Counselors, Nurses = **10.4356** Student-To-Teacher Ratio

814 Students / 148 Total Staff = **5.5000** Student-To-Total Staff Ratio

The Student-To-Teacher Ratio is now within the suggested range from 2012 School FIRST Indicator 16 for our enrollment class. However, we still recognize that the Student-To-Total Staff Ratio for our District is outside the acceptable range for Indicator 17. Our Board has identified all staffing ratios for active monitoring and further attention going forward.





### **General Fund Expenditures Exceeding Revenues:**

#### Expenditure-To-Revenue Ratios for FY10, FY11

With a change in Superintendent in June 2009, the CCCCSD Board of Trustees initiated a comprehensive review of physical and instructional conditions for the District. Several determinations were made that resulted in significant changes to expenditures/allocation originally budgeted for **FY10**.

Namely, immediate replacement of aged buses, acceleration of the District Technology Plan as approved by the Board, and desired Accessibility modifications to some existing spaces all required significant Budget Amendments to reallocate from reserves to operating accounts after the original budget was developed.

Additionally, to complete the opening of a new Elementary building (planned during the term of the previous Superintendent), the Board chose to augment the original facility plan to include new furnishings and technology features not included in bond planning or original allocations in the Construction Fund for the Project. These changes are all reflected in the enclosed Budget Amendment ledgers for FY10.

For FY10, estimated Recapture allocations exceeded actual payments for current year, but we had a significant liability from Prior Year in Tuition Credit Purchase – Fctn 91. (GL excerpt attached)

**In FY11**, the Technology Plan acceleration continued across the close of FY10, and further resources were drawn from Fund Balances accordingly.

There were significant finishing costs for the New Elementary Building in FY11 that exceeded the revenues associated the Construction Fund. These costs are settled in two large budget adjustments in FY11 GL. *[For background – CCCCSD Board in 2008 deliberately decided to dedicate Fund Balance effort toward the planned Construction Project and Bonded only a portion of the cost. The costs incurred at project end greatly exceeded what Trustees originally expected, but they gained awareness of this reality as the Project developed and still accepted these costs and factored them into deliberations about other Fund Balance uses reflected in this narrative].* Trustees were dedicated to ensuring that the new Elementary campus was everything that tax-payers expected, even at significantly expanded cost.

Deliberate action by the Board after original Budget adoption for FY11 also included decisions to leverage available allocations in the Qualified School Construction Bond program to achieve much needed facilities renovations throughout the District without further jeopardizing Fund Balance reserves. Some of the projects were completed in summer months of FY11. These expenses were above original budgetary planning, but are also accompanied by QSCB receipts that bolstered Revenues when realized, and were subsequently Committed for the improvement program going forward. Regular transfers from the reservations occur through FY 11 and into FY12 and even FY13 (accompanying FY11 Budget Amendment ledgers provided). These are not Budgeted in the General Fund at the start of the year, but booked as Function 81 allocations after original Budget is adopted each year.



Other activity decided by the Board after the General Fund Budget was adopted for FY11 included augmenting district equipment and small wares to accommodate a new food service program; a decision to purchase real property adjacent to school premises when offered at unusually good value; and a Resolution by the Board to authorize a Resignation Incentive in the spring of 2011 to assist in reducing staffing levels. (Likewise these decisions are documented by accompanying Budget Amendments)

Again for FY11, Recapture estimates differed from budgeted allocations, but this time to our detriment, AND we incurred more Prior Year Tuition Credit settle-up as a result of closing out a previous (Option 4) arrangement with ESC XV. (GL excerpt attached)

Through much of its Chapter 41 history, CCCCSD has been able to absorb significant budgetary impacts through maintenance of large undesignated, unreserved Fund Balances. The political and fiscal attitudes in Crockett County toward saving cash balances for projects and large improvements influenced CCCCSD Board determinations about financing improvements and big-ticket capital purchases, including construction, facilities maintenance, transportation and technology.

In the current fiscal climate, and especially after dedication of appreciable Fund Balance effort to improving (much needed) environmental and instructional conditions for students in recent years – our Board has begun to recognize that we need to explore new strategies for financing improvements and expensive capital items. They have a new appreciation and understanding of bonding for such large costs rather than budgeting for them in M&O or paying cash. We have dedicated much time and attention to adopting new perspectives and re-directing fiscal mindsets. We certainly understand our out-of-balance staffing concerns, and have made good headway in this area since FY11.

I am confident that we have entered a new era of fiscal awareness in CCCCSD and that dedicated attention to our current and future fiscal health is a priority for our Trustees.

Please contact me at your convenience if further clarification or support is required.

Respectfully,

Chris duBois, RTSBA  
Superintendent, CCCCSD



Financial Solvency Indicators for 2010-2011 Fiscal Year

053001 Crockett County Consolidated

STUDENT-TO-STAFF RATIO OUTSIDE THE NORM OR DECLINING

Mean WADA / staff ratio for enrollment group	9.07		
85% of Mean	7.71		
2010-2011 WADA	1,248.57		
All Staff PRF4D007 2010-2011 Fall Collection Total Staff Row, Summary FTE Column	164.38		
2010-2011 WADA:Staff Ratio	7.60		
2010-2011 WADA:Staff Ratio Less Than 85% of Mean		YES	Flag 1
2009-2010 WADA	1,235.83		
All Staff PRF4D007 2009-2010 Fall Collection Total Staff Row, Summary FTE Column	168.40		
2009-2010 WADA:Staff Ratio	7.34		
Change in WADA:Staff Ratio	0.26		
Percent Change in WADA:Staff Ratio	3.50%		
Decline by more than 7% from prior year		NO	Flag 2
Mean Enrollment / teacher ratio for enrollment group	11.51		
85% of Mean	9.78		
Membership PRF5D016 2010-2011 Fall Collection Total Membership	754		
Teachers PRF4D007 2010-2011 Fall Collection Teachers Row, Summary FTE Column	80.41		
2010-2011 Student:Teacher Ratio	9.38		
2010-2011 Student:Teacher Ratio Less Than 85% of Mean		YES	Flag 3
Membership PRF5D016 2009-2010 Fall Collection Total Membership	743		
Teachers PRF4D007 2009-2010 Fall Collection Teachers Row, Summary FTE Column	83.64		
2009-2010 Student:Teacher Ratio	8.88		
Change in Student:Teacher Ratio	0.49		
Percent Change in Student:Teacher Ratio	5.55%		
Decline by more than 7% from prior year		NO	Flag 4

Any "YES" caused a "FAIL" flag for this category

FAIL

GENERAL FUND EXPENDITURES EXCEEDING REVENUES

2011 Expenditure to Revenue Ratio

General Fund Expenditures		
- PRF9D011 2011-2012 Mid-Year Collection Row 6030, Total Expenditures, Column 100-199	\$ 11,094,879	
General Fund LESS function 91,93,94,96,97,99 due to recapture		
- Total Expenditures in Fund 266 less function 91,93,94,96,97,99 due to recapture	\$ 232,181	
Total Expenditures in General Fund and Fund 266 less function 91,93,94,96,97,99 due to recapture	\$ 11,327,060	
General Fund Revenues		
- PRF9D011 2011-2012 Mid-Year Collection Row 5020, Total Revenues, Column 100-199	\$ 10,161,478	
General Fund Less Expenditure function 91 due to recapture		
- Total Revenue in Fund 266	\$ 232,181	
Total Revenue in General Fund and Fund 266 less function 91	\$ 10,393,659	
2011 Expenditure to Revenue Ratio	1.090	

2010 Expenditure to Revenue Ratio

General Fund Expenditures			
- PRF9D011 2010-2011 Mid-Year Collection Row 6030, Total Expenditures, Column 100-199	\$ 10,951,029		
General Fund LESS function 91,93,94,96,97,99 due to recapture			
- Total Expenditures in Fund 266 less function 91,93,94,96,97,99 due to recapture	\$ 249,177		
Total Expenditures in General Fund and Fund 266 less function 91,93,94,96,97,99 due to recapture	\$ 11,200,206		
General Fund Revenues			
- PRF9D011 2010-2011 Mid-Year Collection Row 5020, Total Revenues, Column 100-199	\$ 10,362,696		
General Fund Less Expenditure function 91 due to recapture			
- Total Revenue in Fund 266	\$ 249,177		
Total Revenue in General Fund and Fund 266 less function 91	\$ 10,611,873		
2010 Expenditure to Revenue Ratio	1.055		
2011 Expenditures Exceed Revenues by more than 6%		YES	Flag 5
2011 Expenditures Exceed Revenues by more than 4% and 2010 Expenditures Exceeded Revenues by more than 3% in the prior year		YES	Flag 6
2011 Expenditures Exceed Revenues by any amount and Fund Balance Declined from prior year and Fund Balance less than 4% of Expenditures		NO	Flag 7

Any "YES" caused a "FAIL" flag for this category

FAIL

**Financial Solvency Indicators for 2010-2011 Fiscal Year**

**053001 Crockett County Consolidated**

ACTUAL EXPENDITURES CONSISTENTLY EXCEEDING BUDGETED EXPENDITURES

2011 Actual to Budgeted Expenditure Ratio

Actual Expenditures			
- PRF9D011 2011-2012 Mid-Year Collection Row 6030, Total Expenditures, Column 100-199	\$ 11,094,879		
General Fund LESS function 91,93,94,96,97,99 due to recapture			
- Total Expenditures in Fund 266 LESS function 91,93,94,96,97,99 due to recapture	\$ 232,181		
Total Expenditures in General Fund and Fund 266 less function 91,93,94,96,97,99 due to recapture	\$ 11,327,060		
Budgeted Expenditures			
PRF2D009 2010-2011 Fall Collection Total Expenditures Row, Column 100 – General Fund (including Fund 266) LESS function 91,93,94,96,97,99 due to recapture	\$ 10,380,254		
2011 Actual to Budget Expenditure Ratio		1.091	
Actual Exceeds Budget by more than 10%			NO Flag 8

2010 Actual to Budgeted Expenditure Ratio

Actual Expenditures			
- PRF9D011 2010-2011 Mid-Year Collection Row 6030, Total Expenditures, Column 100-199	\$ 10,951,029		
General Fund LESS function 91,93,94,96,97,99 due to recapture			
- Total Expenditures in Fund 266 LESS function 91,93,94,96,97,99 due to recapture	\$ 249,177		
Total Expenditures in General Fund and Fund 266 less function 91,93,94,96,97,99 due to recapture	\$ 11,200,206		
Budgeted Expenditures			
PRF2D009 2009-2010 Fall Collection Total Expenditures Row, Column 100 – General Fund (including Fund 266) LESS function 91,93,94,96,97,99 due to recapture	\$ 9,344,017		
2010 Actual to Budget Expenditure Ratio		1.199	
Actual Exceeds Budget by more than 6% and Actual Exceeds Budget by more than 4% in prior year			YES Flag 9
Any "YES" caused a "FAIL" flag for this category			<b>FAIL</b>

DECLINING OR LOW ASSIGNED AND UNASSIGNED GENERAL FUND BALANCE

2011 Assigned and Unassigned General Fund Balance

Fiscal Year 2010-2011 Annual Financial Audit, Exhibit C-1, Row 3550, 3560, 3565, 3570, 3580, 3590, Assigned and Row 3600, Unassigned Fund Balance, Column 10, General Fund	\$ 3,664,179
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2010 Unreserved General Fund Balance

Fiscal Year 2009-2010 Annual Financial Audit, Exhibit C-1, Row 3600, Unreserved Fund Balance, Column 10, General Fund	\$ 4,677,985
Variance in Unreserved General Fund Balance	\$ (1,013,806)
Percent Variance in Unreserved General Fund Balance	-21.67%
Fund Balance as Percent of Expenditures	32.35%

- Fund balance declined from prior year and fund balance less than 6.25% of expenditures NO Flag 10
- Fund balance declined by more than 25% from prior year and fund balance less than 12.5% of expenditures NO Flag 11
- Fund balance less than 1% of expenditures NO Flag 12

Any "YES" caused a "FAIL" flag for this category

PASS

<b>ANALYSIS</b>	
<b>053001 Crockett County Consolidated CSD</b>	
* Any District with 3 or more "FAIL" flags	<b>FLAG</b>
* Any District with 2 or more "FAIL" flags and a fund balance less than 12.5% (1½ months) of the district's general fund expenditures	PASS
* Any District with the fund balance "FAIL" flag and one other "FAIL" flag	PASS
* Any district with a fund balance less than 1% of general fund expenditures.	PASS
<b>Overall Analysis</b>	<b>FLAG</b>