MoakCasey™

PROVEN LEADERS ADVANCING TEXAS SCHOOLS

JULY 23, 2026

FISCAL FITNESS: IS YOUR DISTRICT FINANCIALLY HEALTHY?

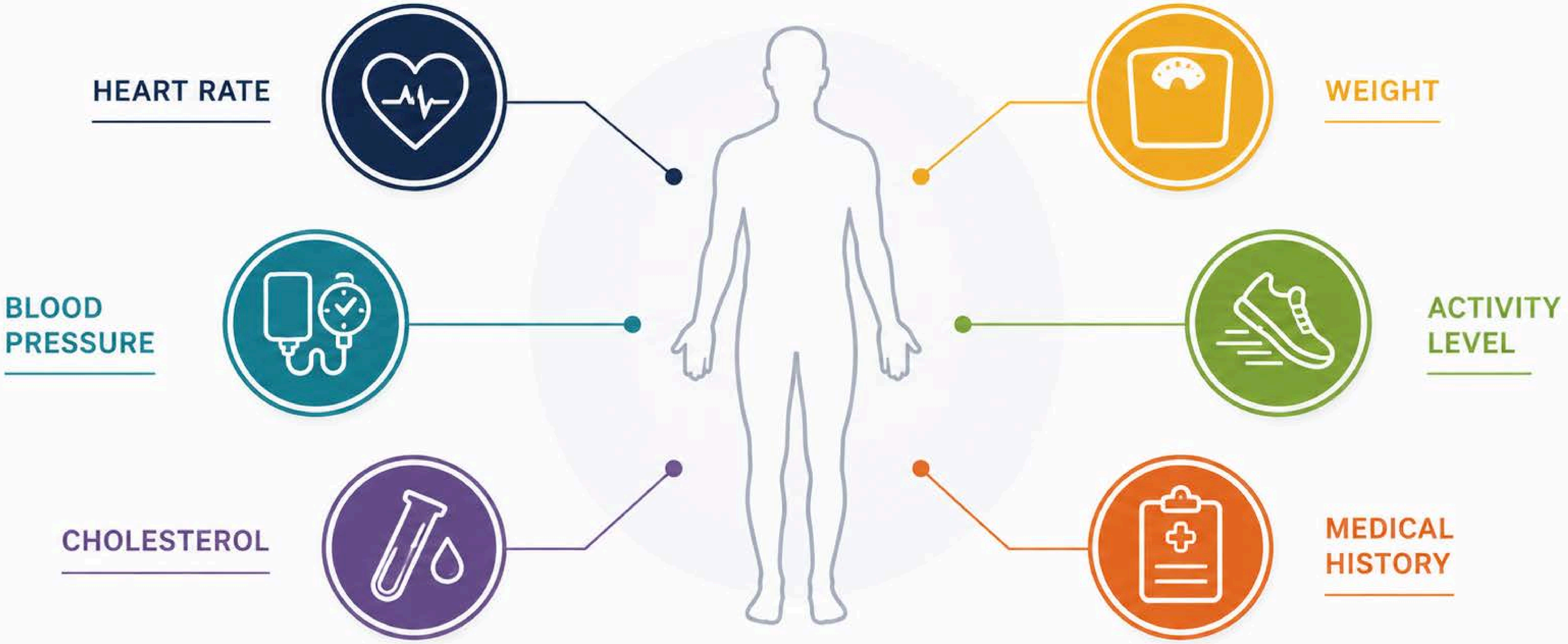
REGION ONE ESC · STUDENTS FIRST

4TH ANNUAL

SCHOOL FINANCE & OPERATIONS

CONFERENCE

How Do You Know If You’re Healthy?

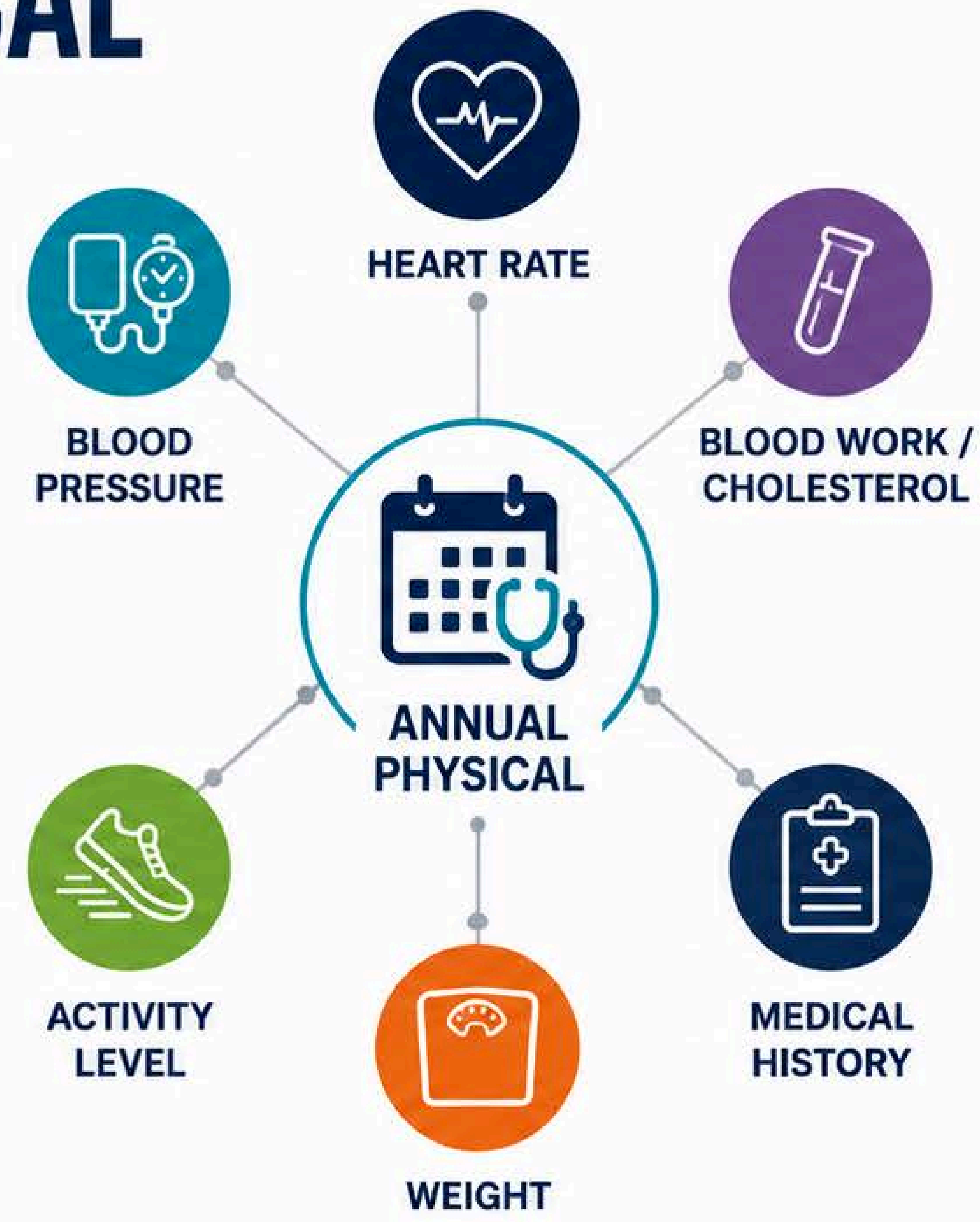


OVERALL HEALTH IS DETERMINED BY EVALUATING MULTIPLE INDICATORS TOGETHER.

The Annual Physical

THE ANNUAL PHYSICAL

During your annual physical, your doctor evaluates multiple indicators to assess your health.



ANNUAL PHYSICAL

- Establishes a baseline
- Identifies concerns
- Evaluates multiple indicators
- Creates a treatment plan

A snapshot of your health... at one moment in time.

How Do We Measure Financial Health?

When we ask if our district is financially healthy, we look at multiple key indicators.

These indicators give us valuable insight into our district's financial health.

DISTRICT FINANCIAL HEALTH

ANNUAL AUDIT

Independent review of our financial statements and compliance.

FIRST RATING

Financial Integrity Rating System of Texas that measures overall financial performance.

FUND BALANCE

Resources available to meet current and future needs.

BALANCED BUDGET

Annual plan aligned to revenues and expenditures.

CASH POSITION

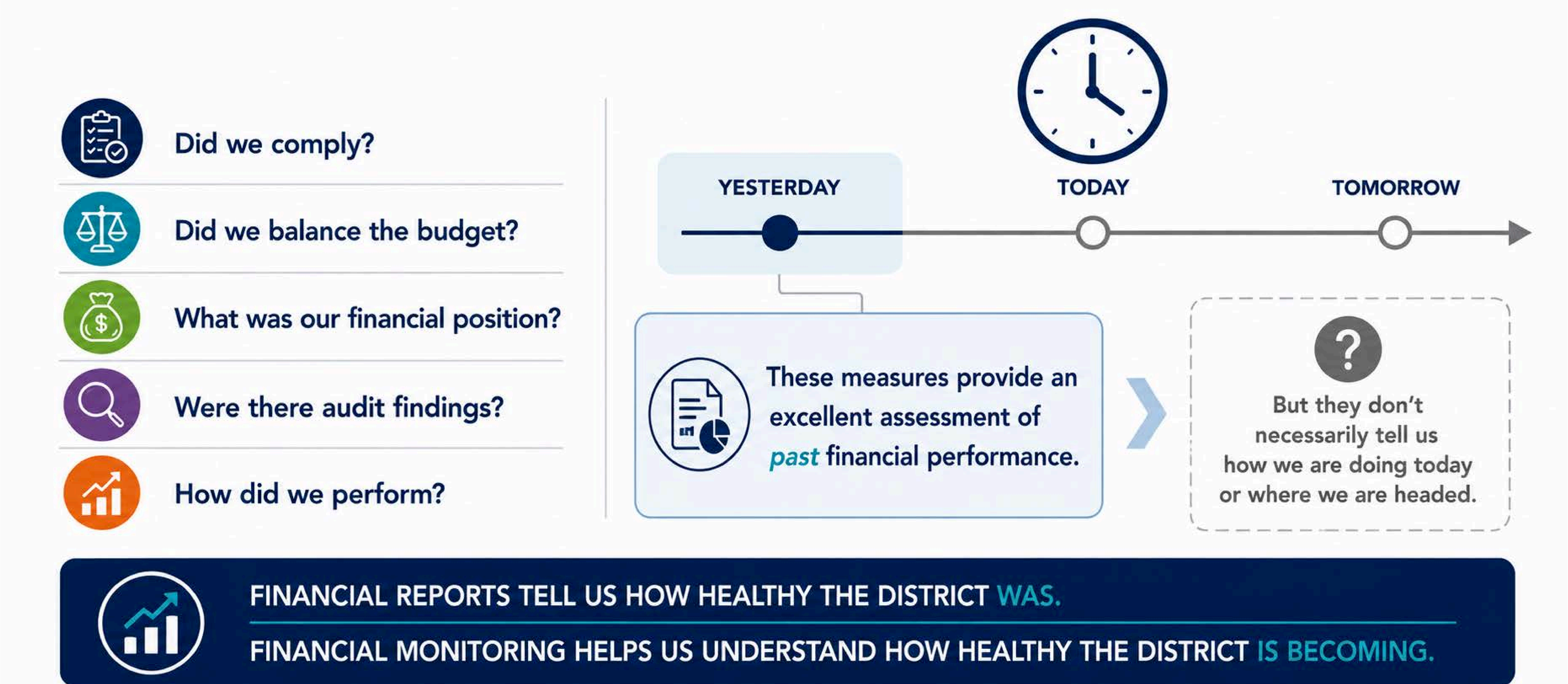
Liquidity to meet obligations and manage daily operations.

FINANCIAL STATEMENTS

Our financial position and results over time.

FINANCIAL HEALTH IS MEASURED USING MULTIPLE INDICATORS—NOT ONE FINANCIAL REPORT.

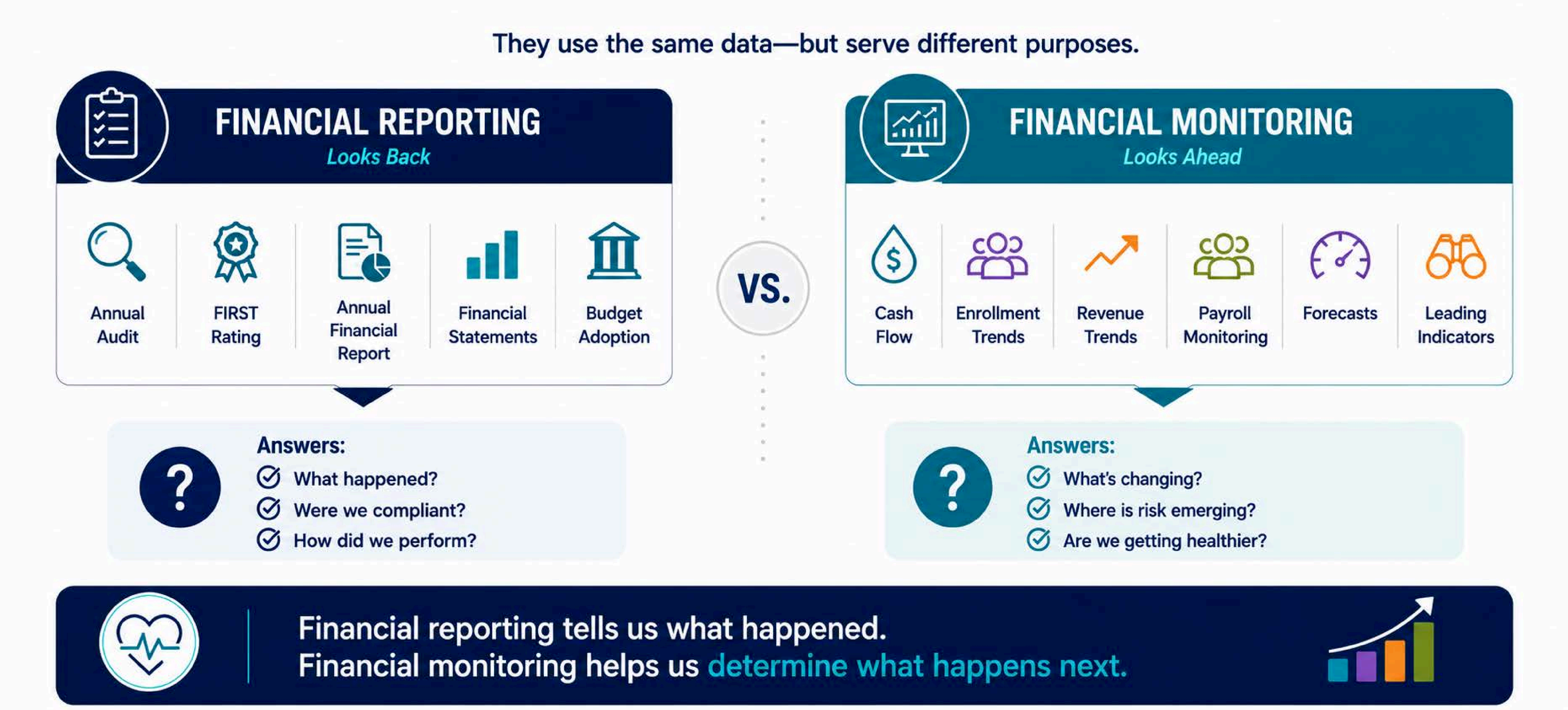
What Does This Information Tell Us?



Moving Beyond Financial Reporting

Financial reporting explains past performance. Fiscal Fitness complements those reports by providing a framework to continuously monitor financial health and identify risks before they become crises.

Financial Reporting vs. Financial Monitoring



Fiscal Fitness Assessment Framework

Just as physicians monitor vital signs to understand overall health, district leaders need a clear, ongoing view of the key indicators that drive financial strength.

FINANCIAL STABILITY

Strength of fund balance and operating results

LIQUIDITY

Cash position and ability to meet obligations

REVENUE HEALTH

Reliability and diversification of revenue sources

SPENDING HEALTH

Alignment of resources to priorities

FUTURE READINESS

Capacity to adapt, invest and sustain the future

Financial health isn't determined by one report.
It's revealed by continuously monitoring your financial vital signs.

5 Questions You Should Be Asking

Five Questions Every Superintendent, CFO, and Board Should Be Asking

Each question represents a critical financial vital sign that contributes to your district's long-term financial health.

1. Can We Sustain Our Current Course?
(Financial Stability)

Do we have the financial stability to maintain our current level of operations without eroding our financial capacity?

2. Can We Meet Our Financial Obligations?
(Liquidity)

Do we have enough cash, at the right time, to meet our obligations and weather uncertainty?

3. Are Our Revenues Keeping Pace With Our Needs?
(Revenue Health)

Are our revenue sources growing, stable, and diversified to support current and future needs?

4. Are We Investing Resources Strategically?
(Spending Health)

Are we aligning our spending with priorities and using resources effectively and efficiently?

5. Are We Prepared for What's Next?
(Future Readiness)

Are we planning ahead for future challenges, opportunities, and investments?

Strong leadership starts with asking the right questions.
These five vital signs provide a clear view of today—and a stronger foundation for tomorrow.

Can We Sustain Our Current Course?

Financial Stability

What Should We Be Monitoring?

	EVIDENCE TO REVIEW What should I look at?	KEY QUESTION TO ASK What question should I ask?	WHAT THE DATA MAY BE TELLING YOU What story is the data telling?
1. FUND BALANCE	• Five-year General Fund Balance trend (total, assigned, unassigned)	Is our financial capacity growing, stable, or declining?	Reveals the district's reserve capacity and ability to withstand unexpected challenges.
2. OPERATING RESULTS	• Five-year operating surplus / (deficit)	Are recurring revenues consistently supporting recurring expenditures?	Shows whether day-to-day operations are financially sustainable.
3. STRUCTURAL BALANCE	• Current budget and financial forecast	Are we balancing the budget with recurring resources?	Indicates if the budget is structurally balanced or relying on temporary solutions.
4. MULTI-YEAR OUTLOOK	• Three- to five-year financial forecast	If current trends continue, where will we be in three to five years?	Helps identify future pressures and opportunities before they become crises.
5. ONE-TIME FUNDING	• Budget assumptions and temporary funding sources	Have temporary dollars created ongoing obligations we can't sustain?	Highlights the impact of prior one-time funding that has not been right-sized in the current budget.
6. FINANCIAL FLEXIBILITY	• Reserve levels, debt obligations, capital needs, and major commitments	Do we have the capacity to respond to unexpected challenges or new priorities?	Measures the district's ability to adapt, invest, and respond to change.

The goal isn't simply to collect financial information— **it's to monitor the indicators that reveal whether your district's current course is sustainable.**

How Do We Evaluate the Results?

1 EVALUATE THE TREND

Don't evaluate one year—evaluate the direction.

ASK:

- Is it improving?
- Is it stable?
- Is it declining?

One year rarely tells the whole story. Five-year trends reveal financial direction.

2 EVALUATE THE RELATIONSHIPS

No indicator should be viewed in isolation.

ASK:

- Do the indicators support one another?
- Are they telling the same story?
- Are there contradictions?

EXAMPLE:

Operating Deficit
+
Declining Fund Balance
=
Higher Risk

3 EVALUATE SUSTAINABILITY

Can the district continue operating this way?

ASK:

- Are recurring revenues funding recurring expenditures?
- Are temporary solutions becoming permanent?
- Is today's budget creating tomorrow's problem?

Sustainability is about more than balancing today—it's about endurance tomorrow.

4 EVALUATE CAPACITY

How much flexibility remains?

ASK:

- Can we absorb another funding reduction?
- Can we respond to an emergency?
- Can we invest in priorities?
- Do we still have options?

Capacity determines how well we can respond to change, seize opportunities, and manage risk.

FINANCIAL HEALTH IS REVEALED BY THE PATTERNS, RELATIONSHIPS, AND TRENDS—NOT BY ANY SINGLE INDICATOR.

Can We Meet Our Financial Obligations?

Liquidity

What Should We Be Monitoring?

MONITOR	EVIDENCE TO REVIEW	KEY QUESTION TO ASK	WHAT THE DATA MAY BE TELLING YOU
CASH BALANCE	Monthly cash balance trend	Do we have sufficient cash throughout the year?	Reveals the district's immediate ability to meet day-to-day obligations.
CASH FLOW FORECAST	12-month cash flow projection	When are our lowest cash months, and will cash remain sufficient?	Identifies seasonal cash shortages before they become operational issues.
REVENUE COLLECTIONS	Property tax collections, state aid, federal reimbursements	Are revenues arriving as expected and on schedule?	Highlights whether revenue timing—not spending—is creating cash pressure.
PAYROLL & MAJOR OBLIGATIONS	Payroll calendar, debt service, major vendor payments	Can we meet our largest obligations when they come due?	Shows whether available cash supports the district's largest financial commitments.
OUTSTANDING RECEIVABLES	State, federal, SHARS, FEMA, grant reimbursements	Are delayed reimbursements creating unnecessary cash flow pressure?	Explains cash constraints caused by timing rather than financial performance.
SHORT-TERM BORROWING	TANs, RANs, internal borrowing, cash management practices	Are we relying on borrowing to support normal operations?	Indicates recurring liquidity challenges that may require stronger cash planning.

The goal isn't simply to know how much cash you have today—
it's to understand whether your district has the liquidity to meet its obligations throughout the year.

How Do We Evaluate the Results?

1 EVALUATE THE TREND

What is happening over time?

- Are cash balances trending up, down, or staying flat?
- Are lowest cash month balances improving or declining?
- Is the number of days cash on hand improving or shrinking?
- Is reliance on short-term borrowing increasing?

2 EVALUATE RELATIONSHIPS

How do the indicators relate to one another?

- Do cash shortages coincide with delayed revenue collections?
- Are large expenditures occurring before cash is received?
- Are reimbursements (state, federal, grants) helping or lagging?
- Does borrowing align with structural cash flow gaps?

3 EVALUATE SUSTAINABILITY

Can this level of liquidity be maintained over time?

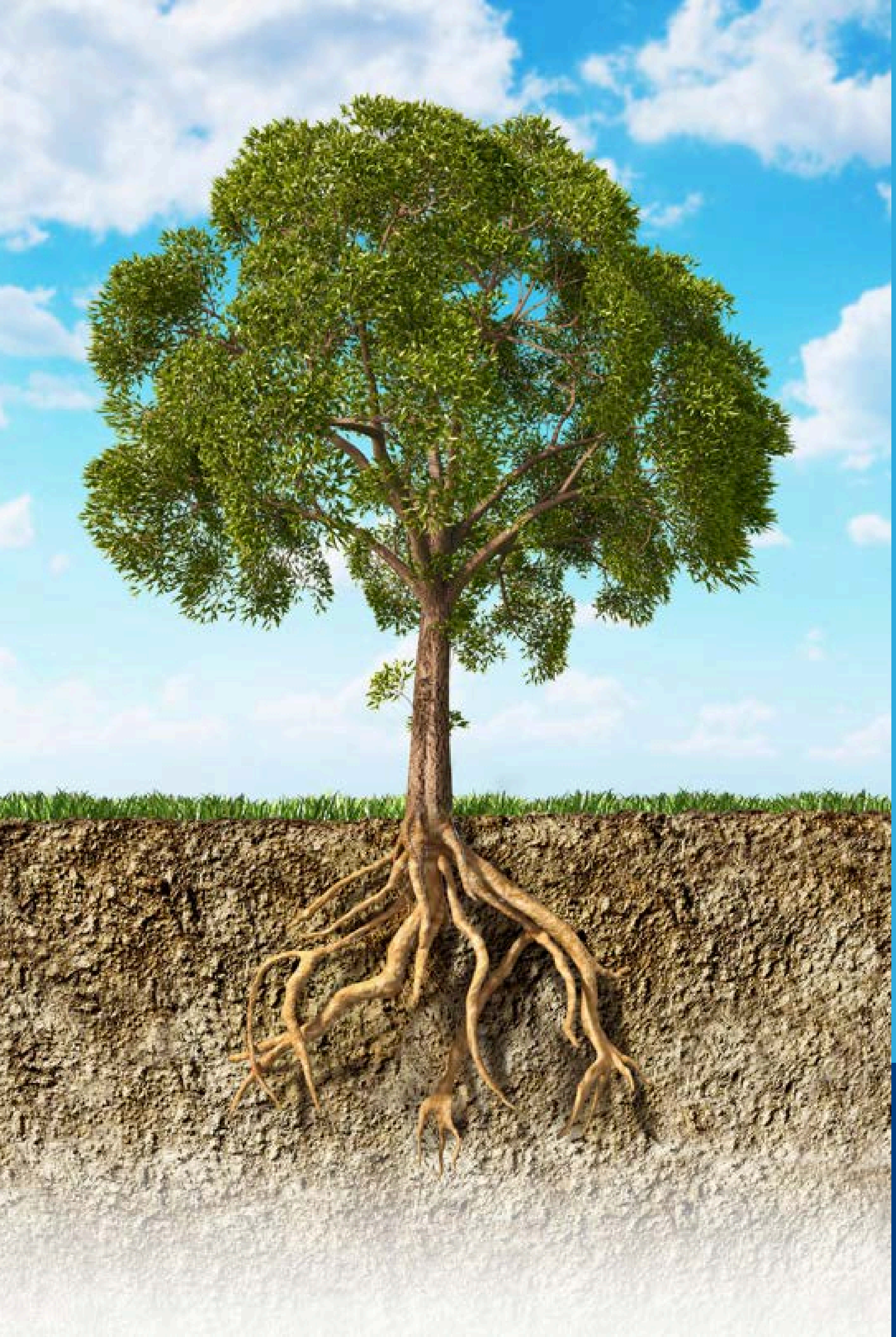
- Is current cash flow sufficient to cover operations throughout the year?
- Are we using one-time resources or borrowing to fund operations?
- Would current cash flow be sustainable if conditions do not improve?
- Are cash management practices supporting long-term strength?

4 EVALUATE CAPACITY

How much cushion or capacity do we have?

- How much cash do we have at our lowest cash month?
- Could we absorb an unexpected expenditure or revenue delay?
- What is our cash cushion relative to monthly payroll and fixed obligations?
- How quickly could we respond to emerging cash needs?

Evaluating the results through these four lenses helps us **separate short-term timing issues from long-term liquidity challenges**—and make informed, proactive decisions.



Are Our Revenues Keeping Pace With Our Needs?

Revenue Health

What Should We Be Monitoring?

MONITOR	EVIDENCE TO REVIEW	KEY QUESTION TO ASK	WHAT THE DATA MAY BE TELLING YOU
ENROLLMENT & ADA TRENDS	• Five-year enrollment and ADA trends	Are students—and funding—growing or declining?	Indicates the overall direction of formula funding.
PROPERTY VALUES & TAX BASE	• Certified values, taxable value trends, taxpayer concentration	Is the local tax base stable and diversified?	Reveals the district's local revenue capacity and exposure to valuation changes.
STATE FORMULA FUNDING	• Summary of Finance, allotment reports, legislative changes	Are we maximizing every component of the funding formula?	Identifies opportunities or risks within state funding.
REVENUE OPTIMIZATION OPPORTUNITIES	• Grants & reimbursements, SHARS/ Medicaid, CTE funding, E-Rate, partnerships, interest earnings, facility rentals, fee-based services, other recurring revenue initiatives	Are we maximizing every sustainable revenue opportunity available to the district?	Reveals opportunities to strengthen recurring revenues without increasing the tax burden.
GRANTS & REIMBURSEMENTS	• Federal, state, and local grants; SHARS; Medicaid; CTE; E-Rate	Are available reimbursements and grant opportunities being captured?	Identifies recoverable revenue that may otherwise be missed.
FORECASTED REVENUE	• Multi-year revenue projections	Will future revenues keep pace with future expenditures?	Highlights long-term sustainability and emerging revenue gaps.

How Do We Evaluate the Results?

1 EVALUATE THE TREND

What is happening with our revenues over time?

- Are revenues growing faster or slower than expenditures?
- Is enrollment and ADA stable, growing, or declining?
- Are key revenue sources increasing, flat, or decreasing?
- Are projected revenues keeping pace with future needs?

2 EVALUATE RELATIONSHIPS

How do the revenue indicators relate to one another?

- Do ADA trends align with state aid and formula funding?
- Do property values support local revenue growth?
- Do reimbursement and grant revenues align with program activity?
- Are revenue changes consistent with demographic and economic trends?

3 EVALUATE SUSTAINABILITY

Can we rely on these revenues long term?

- Are revenue increases recurring or one-time in nature?
- Are state funding levels expected to remain stable?
- Are we fully optimizing ongoing revenue opportunities?
- Can future obligations be supported by expected revenue levels?

4 EVALUATE CAPACITY

What is our capacity to strengthen revenue?

- Are there untapped revenue opportunities?
- Is our revenue structure diversified or overly dependent on a single source?
- Do we have the systems and staff capacity to capture all available revenue?
- Can our revenue support strategic priorities and growth plans?

CONCLUSION Evaluating revenue through these four lenses helps us understand not just what is happening, **but why it is happening—and what actions will strengthen revenue for the future.**

Are We Investing Resources Strategically?

Spending Health

What Should We Be Monitoring?

MONITOR	EVIDENCE TO REVIEW	KEY QUESTION TO ASK	WHAT THE DATA MAY BE TELLING YOU
OPERATING EXPENDITURES	• Five-year expenditure trends by major function/object	Are expenditures growing faster than revenues?	Identifies whether spending patterns are financially sustainable.
PAYROLL & STAFFING	• Staffing trends • Payroll costs • Staffing ratios	Is staffing aligned with enrollment, student needs, and district priorities?	Reveals whether personnel costs are appropriately aligned with operations.
BUDGET VARIANCES	• Budget-to-actual reports	Are departments consistently operating within budget?	Highlights spending patterns that may require additional oversight or adjustments.
PROGRAM & RESOURCE ALIGNMENT	• Program costs • Campus allocations • Strategic initiatives	Are resources being invested in the district's highest priorities?	Indicates whether spending supports student outcomes and board priorities.
CONTRACTED SERVICES & PURCHASED SERVICES	• Major contracts • Professional services • Outsourced functions	Are contracted services providing value and being managed effectively?	Identifies opportunities to improve efficiency or reduce unnecessary costs.
LONG-TERM COST PRESSURES	• Multi-year expenditure forecast, compensation plans, benefits, debt, maintenance	Can future obligations be supported without reducing financial flexibility?	Highlights structural spending pressures before they become financial challenges.

The goal isn't simply to control spending—it's to ensure **every dollar is aligned** with district priorities, **financially sustainable**, and **delivering value** to students.

How Do We Evaluate the Results?

1 EVALUATE THE TREND

What is happening with our spending over time?

- Are expenditures growing faster or slower than revenues?
- Which functions or cost categories are increasing the most?
- Are payroll costs and benefits trending upward?
- Are we seeing recurring increases in contracted services or other costs?

2 EVALUATE RELATIONSHIPS

How do spending indicators relate to one another and to district factors?

- Do expenditures align with enrollment and student needs?
- Do staffing levels correlate with enrollment and program demands?
- Do spending patterns support board priorities and strategic goals?
- Are budget variances consistent across departments or functions?

3 EVALUATE SUSTAINABILITY

Can we rely on current spending levels long term?

- Are current spending levels recurring and sustainable?
- Can future obligations (benefits, debt, maintenance) be supported?
- Will spending commitments limit future flexibility?
- Are there cost pressures emerging that may impact long-term stability?

4 EVALUATE VALUE & CAPACITY

Are we getting the greatest value from our spending?

- Are programs and services delivering the intended impact for students?
- Are resources being used efficiently and effectively?
- Are there opportunities to streamline, consolidate, or repurpose resources?
- Do we have the systems and capacity to manage spending effectively?

CONCLUSION

Evaluating spending through these four lenses helps us understand not just what we are spending, but whether it is **aligned with our priorities, sustainable** over time, and **delivering value** to students.

Are We Prepared for What’s Next?

Future Readiness

What Should We Be Monitoring?

MONITOR	EVIDENCE TO REVIEW	KEY QUESTION TO ASK	WHAT THE DATA MAY BE TELLING YOU
STRATEGIC PLAN ALIGNMENT	• Strategic plan progress reports, board goals, KPI dashboards	Are our strategic priorities on track and driving meaningful progress?	Shows whether plans are being executed effectively and adjustments are needed.
TECHNOLOGY & DIGITAL READINESS	• Technology roadmap, device refresh cycle, cybersecurity assessments	Do we have the technology and infrastructure to support teaching, learning, and operations?	Indicates readiness to leverage technology and protect critical systems and data.
WORKFORCE SUSTAINABILITY	• Staffing trends, turnover rates, recruitment pipeline, compensation benchmarks	Do we have the right people in the right roles, and can we sustain our workforce?	Reveals staffing gaps and risks that could impact retention and operational stability.
STUDENT OUTCOMES & DEMAND TRENDS	• Enrollment projections, attendance trends, academic performance data, program participation	How are demographic and student performance trends shaping future needs?	Highlights emerging growth or decline patterns and shifting student needs.
RISK MANAGEMENT & CONTINGENCY PLANS	• Risk assessments, insurance coverage, disaster recovery and business continuity plans	Are we prepared to respond to potential risks and unforeseen events?	Identifies vulnerabilities and the district's ability to maintain operations under stress.
CAPITAL & FACILITY PLANNING	• Facility assessments, capital improvement plans, bond capacity analysis	Are our facilities and capital plans aligned with current and future needs?	Shows if facilities and infrastructure investments are adequate and financially sustainable.

How Do We Evaluate the Results?

1 EVALUATE THE TREND	2 EVALUATE RELATIONSHIPS	3 EVALUATE SUSTAINABILITY	4 EVALUATE VALUE & CAPACITY
What trends are emerging that signal our future readiness?	*How do future readiness indicators relate to our context and to district factors?*	*Can we rely on current conditions long term?*	*Are we building the greatest future value and capacity?*
Are key indicators improving, stable, or declining over time?	How do our investments impact student outcomes and opportunities?	Are our improvements financially, operationally, and environmentally sustainable?	Are we creating lasting value for students and our community?
Are we making consistent progress toward our goals?	What relationships exist between resources, conditions, and results?	Can we maintain progress through future cycles and conditions?	Are we maximizing the impact of our resources and programs?
Are early warning signs emerging that require action?	Which factors have the greatest influence on our future readiness?	Are our systems and processes built to last?	Are we strengthening our capacity to adapt and innovate?
Are we outpacing, keeping up with, or falling behind peers and benchmarks?	Where are there gaps or disparities we need to address?	Are we prepared for potential challenges and disruptions?	Are we positioning our district as a leader for what's next?

CONCLUSION

Evaluating results through these four lenses helps us turn data into insight—so we can **make confident decisions, strengthen our future readiness, and create lasting impact.**

Putting it All Together

Applying the Framework

Applying the Framework

HOW THIS LOOKS IN APPLICATION

MONTHLY
Stay Informed & Responsive

- Review key dashboard indicators
- Identify trends and emerging risks
- Monitor cash flow and commitments
- Adjust operational decisions as needed
- Report to leadership team

Goal: Maintain awareness and address issues early.

QUARTERLY
Assess & Prioritize

- Deep dive into all five areas of fiscal fitness
- Evaluate trends, relationships, sustainability, and capacity
- Prioritize opportunities and risks
- Review progress toward strategic goals
- Update forecasts and financial plans

Goal: Make informed course corrections and plan ahead.

ANNUALLY
Plan & Strengthen

- Conduct comprehensive fiscal fitness assessment
- Evaluate long-term financial outlook
- Align resources with strategic priorities
- Review policies, reserves, and risk management
- Inform budget development and long-term planning

Goal: Set strategy, build resilience, and prepare for the future.

WHERE & HOW TO START

1. **START WITH PURPOSE** Gain leadership alignment on using data to drive decisions.
2. **IDENTIFY KEY INDICATORS** Focus on a manageable set of indicators in each of the five areas.
3. **GATHER & ORGANIZE DATA** Ensure data is accurate, timely, and accessible.
4. **REVIEW & EVALUATE** Establish a consistent cadence for monitoring and evaluation.
5. **ACT & COMMUNICATE** Take action, communicate results, and build a culture of accountability.

Start small. Be consistent.
Build momentum. Drive impact.

THE POWER OF FISCAL FITNESS

See change early. Identify trends and risks before they become crises.

Focus on what matters most. Prioritize the issues that drive results.

Make better decisions. Align resources with priorities and goals.

Build long-term resilience. Strengthen capacity to adapt and thrive.

Create lasting impact. Deliver better outcomes for students and our communities.

THANK YOU

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