Denton Independent School District

Efficiency Audit

June 30, 2024

DENTON INDEPENDENT SCHOOL DISTRICT
EFFICIENCY AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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Report of Independent Auditors on an Efficiency Audit Conducted in Accordance with *Government Auditing Standards*

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

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC conducted an efficiency audit as prescribed by the State of Texas Legislative Budget Board for Denton 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.

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC

Denton, Texas
August 31, 2025

SECTION 1 – 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 June 30, 2024 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.

SECTION II- KEY INFORMATION ABOUT THE DISTRICT

Denton Independent School District (the "District"), is holding a voter-approved tax rate election (VATRE) on November 4, 2025 to adopt an increase in the District's maintenance and operations (M&O) property tax rate in tax year 2025 (fiscal year 2026). M&O taxes are for the operation of public schools. The District previously held a tax rate election in 2017 in which voters approved a 2 cent increase in the M&O property tax rate offset by a 2 cent decrease in the interest and sinking (I&S) property tax rate.

The M&O Tier I tax rate for fiscal year 2025 was $0.6169 and that rate will not be further compressed for fiscal year 2026. The M&O Tier II tax rate for fiscal year 2025 was $0.06. District administration is proposing a 2025 M&O total tax rate of $0.7269, which is 5 cents above the voter approval tax rate, which will trigger a VATRE. An efficiency audit, as required by law, is deemed necessary in order to provide full transparency to taxpayers. The District is projecting a budget shortfall of $19,564,457 for fiscal year 2026 and has implemented some cost efficiencies that have been factored into the fiscal year 2026 budget.

District administration is proposing a 2025 I&S tax rate of $0.48, which is the same as the 2024 rate. The total 2025 tax rate is proposed to be $1.2069 compared to the total 2024 tax rate of $1.1569. The estimated general fund increase in revenue from the proposed increase in the M&O tax rate is $26,914,222 and represents about 8.26 percent of the total 2025-2026 adopted budget of $325,564,812. The additional revenue would be used to protect class size ratios, prioritize maintaining student programs, and continue to provide teacher and staff raises.

The average home taxable value of a single-family residential property for tax year 2025 is $297,989. The average tax bill as a result of the M&O and I&S rate change is $3,596, or a $192 decrease compared to what the average resident would pay based on the 2024 tax rate and taxable value.

Even with the proposed M&O tax rate change the District administration will be proposing, 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 2026

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 2026.

The District can also determine if budget assumptions such as staffing ratios need adjusting in fiscal year 2026. If a VATRE is successful, the District intends to use the additional tax revenue to continue offering competitive teacher and staff salaries, continue offering quality student programs and activities, and assist in reducing future budget deficits. The District will continue to identify opportunities for operational efficiencies within the budget in order to create capacity to accommodate future student growth and needs.

If the VATRE were not to pass, the District would consider reducing expenditures where possible but not be able to significantly reduce the fiscal year 2026 budget deficit.

The District engaged Hankins, Eastup, Deaton, Tonn Seay & Scarborough, LLC 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 2024 totaled $11,295 per student, while its peer districts average and State average totaled $11,869 per student and $13,037 per student, respectively.
- The District's total operating expenditures for all funds for fiscal year 2024 totaled $12,000 per student, while its peer districts average and State average were $11,780 per student and $12,944 per student, respectively.
- The District earned a Superior Rating for the School Financial Integrity Rating System of Texas (FIRST) for the last five years.
- 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" (80 out of 100 points) in 2023-2024. The detail by campus for the 2023-2024 accountability rating is shown below:

Rating	# of Campuses
A	5
B	17
C	13
D	5
F	3
Not Rated	3

Additional details and audit results are included in Section IV.

SECTION III - OBJECTIVES AND APPROACH

Objectives

The objective of our efficiency audit was to assess the District's fiscal management, efficiency and utilization of resources, and whether the District has implemented best practices utilized by Texas school districts.

Approach

In order to achieve the objectives set forth above, Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC performed the following procedures:

1. Selected peer districts, developed a simple average for peer districts and used the same peer district 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 accountability rating and listed the following District's campus information:
    - Accountability rating count for each campus level within the district.
    - Names of the campuses that received an F accountability rating
    - Campuses that are required to implement a campus turnaround plan
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:
    - Total Students
    - Economically Disadvantaged
    - English Learners
    - Special Education
    - Bilingual/ESL Education
    - Career and Technical Education
6. Reported on the 2022-2023 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 enrollment for the 2025-26 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.
    - Local M&O Tax (Retained) (without debt service and recapture)
    - State
    - Federal
    - Other local and intermediate
    - 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.

- Instruction
- Instructional resources and media
- Curriculum and staff development
- Instructional leadership
- School leadership
- Guidance counseling services
- Social work services
- Health services
- Transportation
- Food service operation
- Extracurricular
- General administration
- Plant maintenance and operations
- Security and monitoring services
- Data processing services
- Community services
- 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.
    - Payroll as a percentage of all funds
    - Average teacher salary
    - Average administrative salary
    - 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 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:
    - Teaching
    - Support
    - Administrative
    - Paraprofessional
    - Auxiliary
    - Students per total staff
    - Students per teaching staff
13. Reported on the District's teacher turnover rate as well as its peer districts and the State's average.
14. 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.

- Special Education
- Bilingual Education
- Migrant Programs
- Gifted and Talented Programs
- Career and Technical Education
- Athletics and Extracurricular Activities
- Alternative Education Program/Disciplinary Alternative Education Program
- Juvenile Justice Alternative Education Program

15. Described how the District maximizes available resources from state source and regional education service centers to develop or implement programs or deliver services.
16. Reported on the District's annual external audit report's independent auditor's opinion as required by *Government Auditing Standards*.
17. Explained the basis of the TEA assigning the District a financial-related monitoring/oversight role during the past three years, if applicable.
18. In regard to the District's budget process, provided a response to each of the following questions:
    - Does the District's budget planning process include projections for enrollment and staffing?
    - Does the District's budget process include monthly and quarterly reviews to determine the status of annual spending?
    - Does the District use cost allocation procedures to determine campus budgets and cost centers?
    - Does the District analyze educational costs and student needs to determine campus budgets?
19. Provided a description of the District's self-funded program, if any, and analyzed whether program revenues are sufficient to cover program costs.
20. Reported whether the District administrators are evaluated annually and, if so, explained how the results inform District operations.
21. In regard to the District's compensation system, provided a response to the following questions:
    - Does the District use salary bonuses or merit pay systems? If yes, explain the performance-based systems and the factors used.
    - 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?
    - Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking, and comparable salary data?
    - Has the District made any internal equity and/or market adjustments to salaries within the past two years?
22. In regards to planning, provided a response for each of the following questions:
    - Does the District develop a District Improvement Plan (DIP) annually?
    - Do all campuses in the District develop a Campus Improvement Plan (CIP) annually?
    - Does the District have an active and current facilities master plan? If yes, does the District consider these factors to inform the plan:
        a. Does the District use enrollment projections?
        b. Does the District analyze facility capacity?
        c. 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?

23. In regards to District academic information, we will provide a response for each of the following questions:
    - Does the District have a teacher mentoring program?
    - Are decisions to adopt new programs or discontinue existing programs made based on quantifiable data and research?
    - When adopting new programs, does the District define expected results?
    - 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?
    - Does the District modify programs, plan staff development opportunities, or evaluate staff based on analyses of student test results?

Assumptions

To conduct an accurate and effective efficiency audit, data from the State is assumed to be accurate and complete. All data is accessed from publicly available records and is submitted to the State by the referenced districts.

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

1. Peer Districts

The District analyzed multiple school district variables from statewide data sources to select peer districts for Denton ISD. The peer districts were selected based on factors such as district size, property wealth, tax rate and community type, and how they compared to the District in terms of enrollment, 5-year growth, average daily attendance (ADA) to weighted average daily attendance (WADA) ratio, Tier II M&O tax rate, and geographic proximity. The District selected 8 peer districts for this audit, which are shown below.

Figure 1
Peer Districts

District Name	District #	County
Northwest ISD	061911	Denton
Keller ISD	220907	Tarrant
Mansfield ISD	220908	Tarrant
Prosper ISD	043912	Collin
Richardson ISD	057916	Dallas
Lewisville ISD	061902	Denton
Irving ISD	057912	Dallas
Birdville ISD	220902	Tarrant

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. School districts and campuses received an A, B, C, D or F rating or were assigned a label of Not Rated.

The District received an overall district rating of "B" along with 4 of their 8 peer districts. The District had an overall score of 80, 2.4 points lower than the average of their peer group and state average.

Figure 2
Accountability Rating Comparison
2023-2024

	District Rating (A-F)	District Rating (1-100)	Peer District Average Score (1-100)
Rating/Score	B	80	82.4

The "F" accountability rating was not applicable for 2021-2022. The results for the District's 46 campuses that were assigned a rating are shown below.

Figure 3
Accountability Rating by Campus Level
2023-2024

	Elementary Schools	Middle Schools	High Schools
A	2	1	2
B	11	3	3
C	7	5	1
D	5	-	-
F	3	-	-
Not Rated	1	1	1

Campuses Required to Implement a Campus Turnaround Plan - None Noted .

The campuses assigned a label of Not Rated were Joe Dale Sparks Campus, Lester Davis and Denton County JJAEP.

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 resource to provide the maximum allocation possible for direct instructional purposes.

The School Financial Integrity Rating System of Texas (FIRST) holds school districts accountable for the quality of their financial management practices. The rating is based on five (5) critical indicators as well as minimum number of points for an additional fifteen (15) indicators. Beginning with the 2015-2016 Rating (based on the 2014-2015 financial data), the Texas Education Agency moved from "Pass/Fail" system and began assigning a letter rating. The ratings and corresponding points are shown below:

Rating	Points
A = Superior	90-100
B = Above Standard	80-89
C = Meets Standards	70-79
F = Substandard Achievement	Less than 70

The District's 2023 - 2024 rating based on school year 2022 - 2023 data was an "A" (Superior). The District also earned a Superior Rating for each of the previous five years.

Figure 4
School FIRST Rating

	District Rating (A-F)
Denton ISD	A

4. Student Characteristics, Attendance, and 5-Year Enrollment

Student Characteristics

Every student is served differently in public schools based on their unique characteristics. Such data is captured by the Texas Education Agency on an annual basis. Figure 5 provides student counts for five (5) select student characteristics, which are described below:

- Economically Disadvantaged- This term, while not explicitly defined in statute, can be used interchangeably with educationally disadvantaged, according to the Texas Education Agency (TEA). Educationally disadvantage 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 – Texas Education Code (TEC) 29.052 refers to Emergency Bilingual students as those who are in the process of acquiring English and have a primary language other than English as Limited English Proficient (LEP). TEA guidance states that the term English Learners can be used interchangeably with Emergent Bilingual.

- Special Education - Federal and State law both offer definitions of special education students. Federal regulations define a "child with a disability" under 34 CFR, 300.8(a). State statutes define special education eligibility under TEC 29.003 or the Texas Administrative Code 89.1040 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 enrolled in the program 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 (CTE) programs. Specific eligibility criteria for CTE are included in Section 5 of the Student Attendance Accounting Handbook.

The District classified 50.5 percent of their total student population as economically disadvantaged. The District's peer district average shows that 44.9 percent of students were characterized as economically disadvantaged. Both the District's and their peer districts' economically disadvantaged student population were lower than the State average of 62.2 percent.

English Learner students at the District equal 18.7 percent of the student population, which is lower than the peer district average of 23.7 percent and lower than the State average percentage of 24.3 percent.

Special Education students at the District equal 14.7 percent of the student population, which is greater than both the peer district average of 14.5 percent and the State average of 14.0 percent.

Bilingual/ESL Education students at the District equal 19.4 percent of the student population, which is lower than both the peer district average of 23.8 percent and the State average of 24.4 percent.

Career and Technical Education students in the District equal 30.4 percent of the student population, which is greater than both the peer district average of 27.0 percent and the State average of 26.9 percent.

Figure 5
Selected Student Characteristics
2023-2024

	Total Student Population Count	% of Student Population	Peer District Average %	State Average %
Total Students	32,866			N/A
Economically Disadvantaged	16,611	50.5%	44.9%	62.2%
English Learners	6,139	18.7%	23.7%	24.3%
Special Education	4,847	14.7%	14.5%	14.0%
Bilingual/ESL Education	6,378	19.4%	23.8%	24.4%
Career & Technical Education	9,975	30.4%	27.0%	26.9%

Source: Texas Education Agency, Texas Academic Performance Reports (TAPR).

There are 5,531,236 students served by public schools in the State of Texas.

Irving Independent School District had the highest economically disadvantaged student percentage of 84.1 percent, while Prosper Independent School District had the lowest percentage of 8.0 percent.

The peer districts' average total student count was 33,442. Of the peer districts evaluated, Lewisville Independent School District had the highest total student count of 48,440 while Birdville Independent School District had the lowest student count of 22,219.

Attendance

Figure 6
Attendance Rate
2022-2023

	District Average	Peer Districts Average	State Average
Attendance Rate	94.5%	94.2%	93.3%

Source: Texas Education Agency, 2023-2024 Texas Academic Performance Report (TAPR). The attendance rates cited are for 2022-2023.

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 of 94.5 percent is 0.43 percent greater than its peer districts average and 1.2 percent greater than the State average. It should be noted that the District's 2022 – 2023 attendance rate increased from the prior year attendance rate of 93.4% in 2021 - 2022, but is lower than the 2020 - 2021 attendance rate of 97.0 percent and the 2019 - 2020 attendance rate of 99.0 percent. The 2020 – 2021 and 2019 – 2020 attendance rates reflect rates that are based on the State's hold harmless provisions of the state funding formula for those years.

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 1.76 percent. When the current enrollment data for 2025 is incorporated, the average increase in enrollment is 1.69 percent. Since 2019-20, the District's enrollment has increased by 2,401 students. Based on the 2026 enrollment projection, the District is expected to have a continued increase in enrollment.

Figure 7
5-Year Enrollment
2020-2024

	Enrollment	% Change
2024	32,866	1.06%
2023	32,521	1.78%
2022	31,951	5.56%
2021	30,267	-2.11%
2020	30,919	2.49%
Average annual percentage change based on the previous five years		1.76%
2025 (1)		33,329
Average annual percentage changed based on the previous five years and the 2025 fiscal year		1.69%

Note: (1) - Based on fiscal year 2025 PEIMS data from the District

5. District Revenue

Figure 8
District Tax Revenue
2023-2024

	District		Peer Districts Average		State Average	
	Revenue Per Student	% of Total	Revenue Per Student	% of Total	Revenue Per Student	% of Total
Local M&O tax (retained)(1)	6,046	53.53%	5,750	48.45%	4,553	34.92%
State (2)	3,137	27.77%	4,041	34.04%	5,545	42.53%
Federal	1,258	11.14%	1,290	10.87%	2,138	16.40%
Other Local & Intermediate	854	7.56%	788	6.64%	801	6.15%
Total Revenue	11,295	100.00%	11,869	100.00%	13,037	100.00%

Note (1): Excludes Recapture
(2): Excludes TRS on-behalf

Source: Texas Education Agency, Public Education Information Management System District Actual Financial Data Reports

The financial data above includes all funds, except for the District's capital projects fund and debt service fund. An estimated $16,414,776 of 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 $16,414,776 equates to $499 per student.

The District's receives $11,295 in total revenue per student which is lower than both the peer district average of $11,869 and the State average of $13,037.

6. District Expenditures

Figure 9
District Actual Operating Expenditures
2023-2024

	District		Peer Districts Average		State Average	
	Expenditures Per Student	% of Total	Expenditures Per Student	% of Total	Expenditures Per Student	% of Total
Instruction	6,784	56.53%	6,664	56.57%	7,101	54.86%
Instructional Resources & Media	170	1.41%	132	1.12%	119	0.92%
Curriculum & Staff Development	325	2.71%	284	2.41%	320	2.47%
Instructional Leadership	146	1.22%	186	1.58%	236	1.82%
School Leadership	624	5.20%	658	5.59%	741	5.73%
Guidance & Counseling Services	562	4.68%	540	4.58%	525	4.06%
Social Work Services	31	0.26%	20	0.17%	45	0.35%
Health Services	112	0.93%	126	1.07%	132	1.02%
Transportation	298	2.48%	390	3.31%	395	3.05%
Food Service Operation	599	5.00%	540	4.58%	683	5.28%
Extracurricular	330	2.75%	361	3.06%	400	3.09%
General Administration	349	2.91%	358	3.04%	427	3.30%
Facilities Maintenance & Operations	1,203	10.03%	1,078	9.15%	1,303	10.07%
Security & Monitoring Services	102	0.85%	182	1.55%	209	1.61%
Data Processing Services	202	1.68%	200	1.70%	241	1.86%
Community Services	163	1.36%	61	0.52%	67	0.51%
Total Expenditures	12,000	100.00%	11,780	100.00%	12,944	100.00%

Source: Texas Education Agency, Public Education Information Management System District Actual Financial Data Reports

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

Overall, the District spent $12,000 in total operating expenditures per student, which is more per student than the peer district average of $11,780 but less than the State average of $12,944. The percentage spent in Instruction is 1.80 percent more than the peer district average but 4.46 percent less than the State average. The District's percentage of expenditures spent in the remaining areas combined is 1.95 percent more than the peer districts.

The District's percentage of expenditures spent in Food Service is 10.93% more than the peer district average but 12.30% less than the State average. The District's percentage of expenditures spent in General Administration is 2.51 percent less than the peer district average and 18.27% less than the State average.

7. District Payroll Expenditures Summary

Figure 10
Payroll Expenditure Summary
2023-2024

	District	Peer Districts Average	State Average
Payroll as a Percentage of All Funds	79.98%	80.40%	77.80%
Average Teacher Salary	63,469	65,422	62,474
Average Administrative Salary	101,943	97,670	94,605
Superintendent Salary	338,640	335,129	170,819

Source: Texas Education Agency, Texas Academic Performance Reports (TAPR) and Superintendent Salary Reports.

The District spends a greater percentage of its overall funds on payroll costs (79.98%) than the State average (77.80%) but less than its peer districts average (80.40%).

The average base teacher salary at the District of $63,469 is lower than the peer districts average of $65,422 but higher than the State average of $62,474. The average administrative base salary and superintendent salary at the District is higher than the peer districts average.

The Superintendent's salary is $167,821 higher than the State average and $3,511 higher than the peer districts average. It is important to note that the data for the State average for the Superintendent is comprised of school districts across the State with enrollments ranging from 21 to 184,109 students.

8. Fund Balance

Figure 11
General Fund Balance
2023-2024

	District		
	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
2024	1,299	12.24%	48.96%
2023	1,917	18.36%	73.44%
2022	2,595	26.29%	105.16%
2021	2,662	27.45%	109.80%
2020	2,501	26.35%	105.40%

	Peer Districts Average		
	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
2024	2,551	24.29%	97.16%
2023	2,498	24.53%	98.12%
2022	2,474	25.49%	101.96%
2021	2,504	25.67%	102.68%
2020	2,202	24.34%	97.36%

Source: Texas Education Agency, Public Education Information Management System District Actual Financial Date Reports, and peer district Annual Financial 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.

- Non-spendable fund balance includes funds that cannot be spent because they are either (a) not in a spendable form, such as inventory or (b) legally or contractually required to be maintained intact for a specific future use.
- Restricted fund balance includes amounts that can only be spent for specific purposes stipulated by enabling legislation, creditors, grantors, contributors, or other governmental laws and regulations.
- Committed fund balance includes amounts than can be used only for the specific purposes determined by constraints imposed by the District's Board of Trustees.
- Assigned fund balance includes amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the remaining amount of the District's general fund that is not contained in one of the other classifications above.

The Texas Education Agency evaluates unassigned fund balance by comparing it to three months (25 percent) of annual operating expenditures or 90 days of 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 (3) months are reflected as percentage greater than 100 percent.

The table below shows the amount by which the District exceeded or fell short of the three-month goal in fiscal years 2020-2024.

	General Fund Unassigned Fund Balance (Actual)	General Fund Unassigned Fund Balance 3-Month Goal	Difference Between Actual Unassigned Fund Balance and 3-Month Goal in $	Difference Between Actual Unassigned Fund Balance and 3-Month Goal in %
2024	42,683,533	87,157,864	(44,474,331)	-51.03%
2023	62,358,824	84,925,601	(22,566,777)	-26.57%
2022	82,926,100	78,859,792	4,066,308	5.16%
2021	80,578,579	73,392,843	7,185,736	9.79%
2020	77,340,346	73,380,774	3,959,572	5.40%

The District's unassigned fund balance as of June 30, 2024 totaled $42,683,533 and General Fund operating expenditures for the year ended June 30, 2024 totaled $348,631,455. Three months average operating expenditures would equate to $87,157,864, which is $44,474,331 (or 51.03 percent) less than the District's actual unassigned fund balance. In addition, it is important to note that the District has an assigned fund balance of $35,567,279 as of June 30, 2024 set aside for a

projected fiscal year 2025 budget deficit and other purposes. The figures below reflect the assigned fund balance each of the last five years.

	Assigned Fund Balance
2024	35,567,279
2023	33,237,113
2022	25,429,850
2021	27,522,800
2020	25,086,894

In reviewing the District's 2024 comprehensive annual financial report, the General Fund reflected a total of $35,567,279 in assigned fund balance. As defined by District policy, fund balance can be assigned by the District's Board, the Superintendent, or the Deputy Superintendent. It should also be noted that unassigned fund balance should be used for one-time expenditures or for emergencies related to an unforeseen event. However, fund balance should not be relied upon for on-going operational expenditures.

9. District Staffing Levels

Figure 12
Staff Ratio Comparison
2023-2024

	District	Peer Districts Average	State Average
Teaching Staff (Percentage of Total Staff)	54.60%	53.60%	48.30%
Support Staff (Percentage of Total Staff)	12.90%	11.40%	11.10%
Administrative Staff (Percentage of Total Staff	3.10%	4.70%	4.50%
Paraprofessional Staff (Percentage of Total Staff)	10.40%	10.10%	11.40%
Auxiliary Staff (Percentage of Total Staff)	19.00%	20.20%	24.70%
Students Per Total Staff	7.18	7.81	7.13
Students Per Teaching Staff	13.15	14.58	14.76

Source: Texas Education Agency, Texas Academic Performance Reports (TAPR).

The District's total staff for the year ended June 30, 2024 was 4,578 compared to that of its peer districts average of 4,347. The District has 0.63 fewer students per total staff than its peer districts average and 0.05 more students per total staff than the State average. The District's students per teaching staff ratio is also fewer than its peer districts average and the State average by 1.43 students and 1.61 students, respectively. The District is maximizing efficient use of staffing resources to serve students while achieving high accountability ratings comparable to its peer districts.

10. Teacher Turnover Rates

Figure 13
Teacher Turnover Rates
2023-2024

	District Turnover Rate	Average Peer Districts Turnover Rate	State Turnover Rate
Teachers	17.80%	18.74%	19.10%

Source: Texas Education Agency, Texas Academic Performance Reports (TAPR).

The District had a teacher turnover rate of 17.80%, which is 0.94 percent lower than the average peer districts turnover rate and 1.3 percent lower than the State average. The highest turnover rate within the peer districts was 23.0 percent while the lowest turnover rate was 16.0 percent.

11. Special Programs

Figure 14
Special Programs Characteristics
2023-2024

	Number of Students Served	Percentage of Enrolled Students Served	Program Budget Per Students Served	Program Budget as a % of of District Budget	Total Staff For Program	Students Per Total Staff For Program
Total Students	32,866	100.00%	N/A	N/A	N/A	N/A
Economically Disadvantaged	16,611	50.54%	647.44	3.23%	115.8	67.6
English Learners	6,139	18.68%	0.00	0.00%	310.0	19.8
Special Education	4,847	14.75%	7,404.26	10.77%	166.8	29.1
Bilingual/ESL Education	6,378	19.41%	1,098.94	2.10%	61.4	103.9
Athletics & Extracurricular Activities	10,961	114.30%	791.11	2.60%	639.0	17.2
Alternative Education Programs/ Disciplinary Alternative Educ Programs	625	1.90%	1,330.44	0.25%	63.0	9.9
Juvenile Justice Alternative Education Program	0	0.00%	0.00	0.00%	N/A	N/A
Career and Technical Education	9,975	30.35%	1,158.10	3.47%	121.8	81.9

Source: Information provided by the District

SECTION V- ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION

1. State and Regional Resources

The District makes strategic use of State resources and regional education service centers to enhance its educational programs and services. The District uses funds to support key areas such as teacher salaries, infrastructure improvements, and instructional materials. By carefully managing and allocating funds, the District ensures resources are used effectively to improve educational outcomes. The District collaborates with Education Service Center (ESC) Region 11 to gain access to specialized services and programs. The ESC offers professional development, instructional support, and administrative services. By participating in ESC sponsored workshops and training sessions, the District enhances the skills of its educators and administrators.

The District actively pursues grant opportunities provided by Federal sources to supplement State sources as well. Staff make use of data provided by State assessments and regional education centers to inform decision-making. By analyzing student performance data and educational research, staff tailor programs to address specific needs and improve student outcomes. Through collaborations with neighboring districts and regional partners, the District shares resources, such as professional development opportunities and educational materials.

2. Reporting

The District's financial statements have been audited by Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2024, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2024 are fairly presented in conformity with GAAP. 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

The Texas Education Agency has not assigned the District a financial-related monitoring/oversight role in the last three years.

4. Budget Process

Figure 15
Budget Process

Question	Yes/No	N/A
Does the District's budget planning process include projections for enrollment and staff?	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	

As part of the budget planning process, the District uses demographic studies as a crucial tool for planning and budgeting by analyzing the characteristics of their student population and the community it serves. If a demographic study indicates an expected increase in student population, staff can budget for new facilities, expansions, staff or additional resources to accommodate the growth. These projections drive allocations for both personnel and non-personnel budgets for all campuses and departments.

Each month, the District reports financial performance data (including budget vs actual comparisons) for the General Fund, Debt Service Fund and Food Service Fund to the District's Board of Trustees. These reports include year-to-date property tax collection progress as well as earnings on the District's financial investments. By reviewing expenditures monthly, the District can manage its cash flow more efficiently, ensuring there is sufficient liquidity to meet operational needs and financial obligations.

The District uses cost allocation procedures to determine campus budgets depending on campus student needs. By analyzing both prior year students and demographic studies, the District budgets based on projections and then adjusts each six weeks as necessary.

There are several other monthly reports and projections for budget monitoring for District leadership. For campus allocations, the District utilized approved guidelines and procedures to allocate budgets on a per pupil basis, economically disadvantaged percentage, and special revenue program participation.

5. Self-funded Programs

The District currently has five self-funded programs. Funds received for these programs are intended to support the costs of these programs' activities. The District's self-funded healthcare trust and workers' compensation insurance program are accounted for and reported in the District's internal service funds, as well as the District's print shop, device insurance and SBITA (subscription-based information technology arrangements) activity. At June 30, 2024, the healthcare trust and workers' compensation funds reported net position of $0 and $1,357,246, respectively, which was a change in net position from the prior fiscal year of $(63,369) and $626,706, respectively. At June 30, 2024, the print shop reported a net position of $31,660, which was a decrease in net position from the prior fiscal year of $21,923. The device insurance fund reported a net position of$230,969 at June 30, 2024, which was an increase in net position from the prior fiscal year of $24,665. The SBITA fund reported a net position of $1,028,229 at June 30, 2024, which was an increase in net position from the prior fiscal year of $750,916.

6. Staffing

All District administrators are evaluated annually by the end of the District's fiscal year end, June 30th. Evaluations help to ensure that highly qualified and effective administrators lead campuses and departments and focus on student achievement.

7. Compensation System

Figure 16
Compensation System

Question	Yes/No	N/A
Does the District use salary bonuses or merit pay systems?	No	
Does 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	

The District's salary structures include minimum, midpoint, and maximum thresholds, intended to ensure compensation equity based on factors such as education, experience, and job-related qualifications. These structures re aligned with compensation models used by the Texas Association of School Boards (TASB). The District regularly conducts both TASB salary studies and internal market analysis to evaluate and adjust its compensation structures accordingly.

District administrators are evaluated annually. Evaluation criteria includes performance metrics, leadership, goals and goal achievements. Both self-assessment and supervisory reviews are used.

The District's market-driven employee pay systems are designed and administered to attract and retain qualified employees in support of its strategic goals. Human Resources is responsible for managing and maintaining these compensation systems.

The District uses market data from 17 peer districts to benchmark salaries and adjust pay ranges to ensure competitiveness. Salaries are compared with neighboring and similarly-sized districts to maintain market alignment. Each position is evaluated based on:

- Job responsibilities
- Required qualifications
- Market demand
- Relevant experience.

These evaluations inform the development of salary ranges that reflect both external market conditions and internal organizational value.

The District's Compensation Plan is reviewed annually and presented to the Board of Trustees for approval. Adjustments to the compensation structure are based on:

- Comparative research with our market peers (17 districts)
- Annual TASB salary study
- Internal market analysis by Human Resources

These practices ensure the District remains responsive to market changes while supporting fair and equitable compensation for all employees.

8. Planning

Figure 17
Operational Information

Question	Yes/No	N/A
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: Does the District use enrollment projections? Does the District analyze facility capacity? Does the District evaluate facility conditions?	Yes	
Does the District have an active and current energy management plan?	Yes	
Does the District maintain a clearly defined staffing formula for staff in maintenance, custodial, food service and transportation?	Yes	

The District Improvement Plan involves a structured process aimed at enhancing overall District performance and student outcomes. This policy is essential for setting strategic goals, improving educational practices, and ensuring accountability across the District. Stakeholders, including teachers, administrators, parents, students, and community members are involved in the process. The goals, strategies and expected outcomes are communicated to both the public and the District's Board of Trustees.

All District campuses are required to develop a Campus Improvement Plan (CIP) on an annual basis. Campus improvement plans are developed through a collaborative process that involves input from various stakeholders, data analysis, and strategic planning. Student academic performance and attendance and behavior are analyzed. Feedback is also gathered from teachers, students and community members to gain insights into the needs of the campus. Academic, behavioral and climate goals are set and put into action with timelines followed by regular assessments and progress monitoring.

The District uses a rolling 10-year student enrollment projection. This is used as one of several data points to establish future capacity needs at each of the District's facilities.

Understanding trends helps the District determine whether existing facilities can accommodate current and projected enrollment. The District prioritizes budget allocations according to this data. The District also conducts Facility Condition Assessments (FCA) in order to determine which facilities require future improvements or modernization.

The District uses an updated Energy Management Plan in which it focuses on the reduction of energy and water consumption and related costs. This includes ensuring equipment is only operated when needed, using energy and water efficiently by improving equipment and systems, and promoting the use of renewable energy and water resources. These efforts will also reduce direct and indirect greenhouse gas emissions. The District determines custodial staffing allocations based on square footage.

9. Programs

Figure 18
Academic Information

Question	Yes/No	N/A
Does the District have a teacher mentoring program?	Yes	
Are decisions to adopt new programs or discontinue existing programs made based on quantifiable date 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	

The District has implemented a mentoring program to support teachers in their first and second years in the teaching profession. As programs are established and evaluated, the District provides annua reports to the Board of Trustees regarding the programs' operations, results, and needed actions The District also analyzes student test results to determine which campuses need specific services anc support at a District-wide and/or campus level. This enables the District to make modifications tc

programs and creates opportunities for continuous improvement and growth in academic achievement.

The District uses a comprehensive approach to analyze student test results at both the District and campus levels to design, implement and monitor curriculum and instructional programs. This ensures that educational practices are aligned with student needs and performance outcomes. Both standardized tests and formative and summative assessments are analyzed to identify needs and determine interventions. Professional development for teachers is based on this analysis to enhance their instructional strategies. Changes are then monitored with regular feedback. Targeted programs may be put into place or curriculum may be adjusted as well.

Decisions to adopt new programs or discontinuing existing ones are based on a thorough analysis of quantifiable data and research with input from appropriate staff. When considering a new program staff review data on student performance, such as test scores, graduation rates, and assessments, to identify areas where new programs could make a significant impact. Gaps or deficiencies in current offerings are also considered. Clear objectives are set that the new program aims to achieve. For example, if adopting a new literary program, a specific goal might be to improve reading proficiency scores by a certain percentage. Objectives are set to be measurable with a time frame so the program can be evaluated for effectiveness from both an academic and financial perspective.