



State of the District's Finances: An Update from Hitchcock ISD

To Our Bulldog Community,

We want to start this letter off by thanking you for your unwavering support during trying times. We recognize and acknowledge the loss of trust stemming from the district's recent financial ratings. We understand that regaining your confidence requires immediate action, transparency, and a commitment to sustainable financial health. You have that in this administration. While we know that you have heard these promises before, please understand that there have been comprehensive efforts taken over the past 100 days (September 2025 - present) to stabilize and revitalize the district's financial standing. Our hope is that by outlining where words meet action below, you will see that trust can be earned again.

Financial Oversight Committee (FOC): Our Cohesive Strategy

The district has established a dedicated Financial Oversight Committee (FOC) to develop and execute a decisive plan for financial recovery. The FOC, comprising Superintendent Dr. Darryl J. Henson, Chief Financial Officer Robin Hataway, and Assistant Superintendent Chris Armacost, have been working seamlessly together since September 2025. Our collective vision is clear: **to achieve and maintain superior financial stability, exemplary transparency, and robust internal controls.**

Decades of Proven Financial Excellence

We want to assure the community that the FOC is guided by seasoned financial leadership:

- Superintendent Dr. Darryl J. Henson is an experienced superintendent who has earned **5 'A' ratings** on the Texas Education Agency's Financial Accountability Rating System of Texas (FIRST).
- Chief Financial Officer Robin Hataway is an experienced CFO who has earned **10 'A' ratings** on the FIRST report.

This is a combined track record of **15 'A' ratings**, demonstrating that the district's new leadership brings **extensive experience and a strong commitment** to achieving the **highest standards of fiscal integrity.**



Comprehensive Financial Review

Over the last 100 days, the FOC has conducted an intensive and comprehensive review of the district's financial history. This included:

- Analyzing seven years of financial data, independent audit reports, and FIRST ratings.
- Consulting closely with Region 4 Education Service Center, leveraging their expertise to develop a deep, comprehensive understanding of the district's financial complexities.

How We Got Here: Four Consecutive Years of Overspending

The **district overspent by \$3,033,856** in 2021-2022; by **\$1,377,949** in 2022-2023; by **\$3,523,967** in 2023-2024; and by **\$2,535,275** in 2024-2025. Plainly put, this **sustained pattern of expenses exceeding revenue** is the primary driver of our current debt and financial ratings. Our immediate focus has been on **reversing this trend**.

What We Are Doing To Fix It: Implementing Best Practice Processes

The FOC has already implemented, or is in the process of implementing, **essential best practice processes** and procedures to address overspending, resolve identified material weaknesses, and strengthen internal controls.

How It Is Being Addressed:

- **Mandatory Requisitioning and Purchase Orders (POs):** All discretionary expenditures in the district require a fully approved and budget-checked purchase order. This prevents spending **before** funds are verified.
- **Monthly Budget-to-Actual Reviews:** Department and campus budgets are now being reviewed monthly against actual expenditures to identify variances and take immediate corrective action **before** overspending occurs.
- **Zero-Based Budgeting Review (Upcoming):** We are preparing to transition to a more stringent zero-based budgeting approach for the next fiscal year, requiring every dollar of expenditure to be justified anew, rather than basing budgets on the previous year's spending.



Strengthening Internal Controls and Material Weaknesses

- **Segregation of Duties:** We are implementing clear separation of financial functions (e.g., the person who *initiates* a purchase cannot be the person who *approves* the payment) to prevent errors.
- **Independent Bank Reconciliations:** All bank accounts are now being reconciled monthly by personnel independent of the check-writing and cash-handling processes.
- **Fixed Asset Inventory Controls:** We are establishing a rigorous, annual physical inventory process for all fixed assets to ensure accurate accounting and safeguard district property.

Expectations for Budget Oversight

Effective budget management is a **collective responsibility**. General best practices that are now expectations for all campus and district leaders who oversee budgets include:

- **Fiscal Prudence:** Spending must be directly tied to instructional needs and student outcomes and must be done as economically as possible.
- **Continuous Monitoring:** Our district leaders are required to review their budget status a minimum of twice per month to ensure expenditures are on track and within limits.
- **Accountability:** Our district leaders are fully responsible for managing their assigned budgets and must be able to justify all variances during monthly reviews with the CFO's office.
- **Compliance:** Our district leaders are being held accountable to strict adherence to all established purchasing policies and state/federal regulations is mandatory.

Our Commitment to Transparency

We recognize that **transparency is the foundation of rebuilding community trust**. Hitchcock ISD is making a firm commitment to a new era of openness:

- **Monthly Online Financial Reporting:** Starting this past October, we have posted all financial information on our district website. These reports have been easy to read and understandable by the general public, not just accountants.



Hitchcock Independent School District

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This includes monthly revenues, expenditures, current debt standing, and budget summaries.

- **Honest and Transparent Communication:** If any community member or parent has a question regarding the district's finances, we encourage you to just ask the question. You will receive an honest and transparent answer and response from the district. We are committed to clarity and open dialogue.

We are confident that the decisive steps taken by the FOC over the last 100 days—coupled with our proven leadership and commitment to best practices—will quickly move Hitchcock ISD toward a superior financial rating and, most importantly, **restore the faith of our community.**

We are committed to securing a financially stable and prosperous future for every Hitchcock ISD student. Thank you for trusting us with this work and for standing with us as we move forward together.

Sincerely,

Dr. Darryl J. Henson, Superintendent
Robin Hataway, Chief Financial Officer
Chris Armacost, Assistant Superintendent

12/10/25