

Eagle Mountain-Saginaw ISD

Efficiency Audit

August 31, 2025

**EAGLE MOUNTAIN-SAGINAW INDEPENDENT SCHOOL DISTRICT
EFFICIENCY AUDIT REPORT
FOR THE YEAR ENDED AUGUST 31, 2025**

TABLE OF CONTENTS

	Page
REPORT OF INDEPENDENT AUDITORS ON AN EFFICIENCY AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	3
SECTION I - EXECUTIVE SUMMARY.....	4
SECTION II - KEY INFORMATION ABOUT THE DISTRICT.....	5
SECTION III - OBJECTIVES AND APPROACH.....	7
SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING, AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS.....	11
SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION.....	25

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

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

To the Board of Trustees and Citizens of Eagle Mountain-Saginaw 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 Eagle Mountain-Saginaw 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 21, 2026

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 August 31, 2025 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

Eagle Mountain-Saginaw Independent School District (the “District”), is holding a voter-approved tax rate election (VATRE) on November 3, 2026 to adopt an increase in the District’s maintenance and operations (M&O) property tax rate in tax year 2026 (fiscal year 2027). M&O taxes are for the operation of public schools. The District previously held a tax rate election in 2013 in which voters approved a 13 cent increase in the M&O property tax rate offset by a 13 cent decrease in the interest and sinking (I&S) property tax rate. Since then, changes in the State’s school finance system have reduced the number of pennies utilized in the District to 9 cents. In order to return to the full 13 cent level that has already been voter approved, the State requires the District return to voters in a new VATRE to ask for approval to levy the full 13 cents.

The M&O Tier I tax rate for fiscal year 2026 was \$0.6322 and that rate will not be further compressed for fiscal year 2026. The M&O Tier II tax rate for fiscal year 2026 was \$0.06. District administration is proposing a 2026 M&O total tax rate of \$0.7869, which is 4 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 \$9,486,741 for fiscal year 2027 and has implemented some cost efficiencies that have been factored into the fiscal year 2027 budget.

District administration is proposing a 2026 I&S tax rate of \$0.4988, which is the same as the 2025 rate. The total 2026 tax rate is proposed to be \$1.2857 compared to the total 2025 tax rate of \$1.2457. The estimated general fund increase in revenue from the proposed increase in the M&O tax rate is \$6,100,000 and represents about 2.08 percent of the total 2026-2027 adopted budget of \$293,590,535. 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 2026 is \$171,829. The average tax bill as a result of the M&O and I&S rate change is \$2,209, or a \$185 decrease compared to what the average resident would pay based on the 2025 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 2027.

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 2027.

The District can also determine if budget assumptions such as staffing ratios need adjusting in fiscal year 2027. 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 2027 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 2025 totaled \$11,089 per student, while its peer districts average and State average totaled \$11,607 per student and \$12,667 per student, respectively.
- The District's total operating expenditures for all funds for fiscal year 2025 totaled \$11,465 per student, while its peer districts average and State average were \$11,874 per student and \$12,948 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 "C" (77 out of 100 points) in 2025-2026. The detail by campus for the 2025-2026 accountability rating is shown below:

Rating	# of Campuses
A	1
B	4
C	13
D	10
F	2
Not Rated	2

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. Obtained the peer districts selected by the District, 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 2024-2025 attendance rate for the District, its peer districts and the State.
7. Reported on the six-year enrollment for the District for the most recent school year and five (5) years prior, and the average annual percentage change based on the previous six years and the previous five years.
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 Eagle Mountain-Saginaw 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 7 peer districts for this audit, which are shown below.

Figure 1
Peer Districts

District Name	District #	County
Northwest ISD	061911	Denton
Denton ISD	061901	Denton
Birdville ISD	220902	Tarrant
Crowley ISD	220912	Tarrant
Forney ISD	129902	Kaufman
East Central ISD	015911	Bexar
Hays CISD	105906	Hays

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 "C" along with 4 of their 7 peer districts. The District had an overall score of 78, which is 0.3 points higher than the average of their peer group. For the 2025-26 school year, 14% of Texas school districts received an A rating, 71% received a B or C rating and 15% received a D or F rating.

Figure 2
Accountability Rating Comparison
2025-2026

	District Rating (A-F)	District Rating (1-100)	Peer District Average Score (1-100)
Rating/Score	C	77	79

The “F” accountability rating was not applicable for 2021-2022. The results for the District’s 32 campuses that were assigned a rating are shown below.

Figure 3
Accountability Rating by Campus Level
2025-2026

	Elementary Schools	Middle Schools	High Schools
A	0	0	1
B	0	0	4
C	9	4	0
D	8	2	0
F	2	0	0
Not Rated	0	1	1

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

The campuses assigned a label of Not Rated were the Alternative Discipline Campus and Tarrant 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 2025 - 2026 rating based on school year 2024 - 2025 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)
Eagle Mountain-Saginaw 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 disadvantaged 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 Emergent 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 49.8 percent of their total student population as economically disadvantaged. The District’s peer district average shows that 53.6 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 60.4 percent.

English Learner students at the District equal 16.8 percent of the student population, which is lower than the peer district average of 18.0 percent and lower than the State average percentage of 24.3 percent.

Special Education students at the District equal 17.6 percent of the student population, which is greater than both the peer district average of 16.6 percent and the State average of 15.5 percent.

Bilingual/ESL Education students at the District equal 16.0 percent of the student population, which is lower than both the peer district average of 18.2 percent and the State average of 24.3 percent.

Career and Technical Education students in the District equal 26.3 percent of the student population, which is lower than both the peer district average of 33.5 percent and the State average of 27.7 percent.

Figure 5
Selected Student Characteristics
2024-2025

	Total Student Population Count	% of Student Population	Peer District Average %	State Average %
Total Students	23,982			N/A
Economically Disadvantaged	11,954	49.8%	53.6%	60.4%
English Learners	4,030	16.8%	18.0%	24.3%
Special Education	4,227	17.6%	16.6%	15.5%
Bilingual/ESL Education	3,829	16.0%	18.2%	24.3%
Career & Technical Education	6,291	26.3%	33.5%	27.7%

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

There are 5,544,255 students served by public schools in the State of Texas.

Crowley Independent School District had the highest economically disadvantaged student percentage of 75.9 percent, while Northwest Independent School District had the lowest percentage of 27.9 percent.

The peer districts' average total student count was 22,728. Of the peer districts evaluated, Denton Independent School District had the highest total student count of 33,329 while East Central Independent School District had the lowest student count of 11,497.

Attendance

Figure 6
Attendance Rate
2024-2025

	District Average	Peer Districts Average	State Average
Attendance Rate	93.4%	93.6%	93.9%

Source: Texas Education Agency, 2024-2025 Texas Academic Performance Report (TAPR). The attendance rates cited are for 2024-2025.

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 93.4 percent is 0.2 percent lower than its peer districts' average and 0.5 percent lower than the State average. It should be noted that the District's 2024 – 2025 attendance rate is the same as the prior year attendance rate of 93.4 percent in 2023 - 2024, but is higher than the 2022 - 2023 attendance rate of 93.3 percent and the 2021 - 2022 attendance rate of 92.5 percent and lower than the 2020-2021 attendance rate of 95.6 percent. The 2020 – 2021 attendance rate reflects a rate that is based on the State's hold harmless provisions of the state funding formula for that year.

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 2.68 percent. When the current enrollment data for 2026 is incorporated, the average increase in enrollment is 2.18 percent. Since 2020-2021, the District's enrollment has increased by 2,658 students. Based on the 2027 enrollment projection, the District is expected to have a continued increase in enrollment.

Figure 7
5-Year Enrollment
2021-2025

	Enrollment	% Change
2025	23,982	2.22%
2024	23,462	1.15%
2023	23,196	3.26%
2022	22,464	5.74%
2021	21,245	1.05%

Average annual percentage
change based on the previous
five years

2.68%

2026 (1)

23,903

Average annual percentage
changed based on the previous
five years and the 2026 fiscal year

2.18%

Note: (1) - Based on fiscal year 2026 PEIMS data from the District

5. District Revenue

Figure 8
District Tax Revenue
2024-2025

	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)	4,863	43.85%	5,423	46.72%	4,776	37.71%
State (2)	4,915	44.32%	4,460	38.43%	5,637	44.50%
Federal	735	6.63%	1,054	9.08%	1,471	11.61%
Other Local & Intermediate	576	5.20%	670	5.77%	783	6.18%
Total Revenue	11,089	100.00%	11,607	100.00%	12,667	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 \$13,727,251 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 \$13,727,251 equates to \$572 per student.

The District's receives \$11,089 in total revenue per student which is lower than both the peer district average of \$11,607 and the State average of \$12,667.

6. District Expenditures

Figure 9
District Actual Operating Expenditures
2024-2025

	District		Peer Districts Average		State Average	
	Expenditures Per Student	% of Total	Expenditures Per Student	% of Total	Expenditures Per Student	% of Total
Instruction	6,213	54.19%	6,584	55.45%	7,064	54.56%
Instructional Resources & Media	115	1.00%	103	0.87%	114	0.88%
Curriculum & Staff Development	165	1.44%	324	2.73%	296	2.28%
Instructional Leadership	100	0.87%	195	1.64%	227	1.75%
School Leadership	649	5.66%	660	5.56%	752	5.81%
Guidance & Counseling Services	509	4.44%	494	4.16%	537	4.15%
Social Work Services	21	0.18%	31	0.26%	40	0.31%
Health Services	126	1.10%	124	1.04%	132	1.02%
Transportation	337	2.94%	458	3.86%	395	3.05%
Food Services	614	5.35%	642	5.41%	690	5.33%
Extracurricular	451	3.93%	353	2.97%	406	3.14%
General Administration	348	3.04%	353	2.97%	424	3.27%
Facilities Maintenance & Operations	1,412	12.32%	1,123	9.46%	1,327	10.25%
Security & Monitoring Services	243	2.12%	177	1.49%	238	1.84%
Data Processing Services	156	1.36%	193	1.63%	239	1.84%
Community Services	6	0.06%	60	0.50%	67	0.52%
Total Expenditures	11,465	100.00%	11,874	100.00%	12,948	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 \$11,465 in total operating expenditures per student, which is less per student than the peer district average of \$11,874 and less than the State average of \$12,948. The percentage spent on Instruction of 54.19 percent is less than the peer district average percentage of 55.45 percent and less than the State average percentage of 54.56 percent. The District's percentage of expenditures spent in the remaining areas combined is 1.26 percent more than the peer districts.

The District's percentage of expenditures spent on facilities maintenance and operations of 12.32 percent is greater than the peer district average percentage of 9.46 percent and greater than the State average percentage of 10.25 percent. The District's percentage of expenditures spent on security and monitoring services of 2.12 percent is greater than the peer district average percentage of 1.49 percent and greater than the State average percentage of 1.84 percent.

7. District Payroll Expenditures Summary

Figure 10			
Payroll Expenditure Summary			
2024-2025			
	District	Peer Districts Average	State Average
Payroll as a Percentage of All Funds	80.81%	79.65%	78.35%
Average Teacher Salary	64,568	65,185	63,751
Average Administrative Salary	102,738	102,494	96,827
Superintendent Salary	355,486	354,655	162,056

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 (80.81%) than the peer district average (79.65%) and the State average (78.35%).

The average base teacher salary at the District of \$64,568 is lower than the peer district average of \$65,185 but higher than the State average of \$63,751. The average administrative base salary at the District is higher than the peer district average and the superintendent salary at the District is higher than the peer district average and the State average.

The Superintendent's salary is \$193,430 higher than the State average but only \$831 higher than the peer district 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 20 to 176,727 students.

8. Fund Balance

Figure 11
General Fund Balance
2024-2025

	General Fund Unassigned Fund Balance Per Student	District	
		General Fund Unassigned Fund Balance as a Percentage of Operating Expenditures	General Fund Unassigned Fund Balance as a Percentage of 3-Month Operating Expenditures
2025	1,299	12.24%	48.96%
2024	1,917	18.36%	73.44%
2023	2,595	26.29%	105.16%
2022	2,662	27.45%	109.80%
2021	2,501	26.35%	105.40%
Peer Districts Average			
	General Fund Unassigned Fund Balance Per Student	Peer Districts Average	
		General Fund Unassigned Fund Balance as a Percentage of Operating Expenditures	General Fund Unassigned Fund Balance as a Percentage of 3-Month Operating Expenditures
2025	2,551	24.29%	97.16%
2024	2,498	24.53%	98.12%
2023	2,474	25.49%	101.96%
2022	2,504	25.67%	102.68%
2021	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 that 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 2021-2025.

	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 %
2025	65,838,277	64,579,260	1,259,017	1.95%
2024	57,873,295	62,057,759	(4,184,464)	-6.74%
2023	61,151,693	59,205,087	1,946,606	3.29%
2022	59,380,928	53,925,664	5,455,264	10.12%
2021	54,089,167	51,539,697	2,549,470	4.95%

The District's unassigned fund balance as of August 31, 2025 totaled \$65,838,277 and General Fund operating expenditures for the year ended August 31, 2025 totaled \$258,317,038. Three months average operating expenditures would equate to \$64,579,260, which is \$1,259,017 (or 1.95 percent) lower than the District's actual unassigned fund balance. In addition, it is important to note that the District has an assigned fund balance of \$15,956,772 as of August 31, 2025 set aside for a projected fiscal year 2026 budget deficit and other purposes. The figures below reflect the assigned fund balance each of the last five years.

	Assigned Fund Balance
2025	15,956,772
2024	15,730,057
2023	0
2022	1,000,000
2021	0

In reviewing the District's 2025 annual financial report, the General Fund reflected a total of \$15,956,772 in assigned fund balance. As defined by District policy, fund balance can be assigned by the District's Board of Trustees, 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
2024-2025

	District	Peer Districts Average	State Average
Teaching Staff (Percentage of Total Staff)	49.00%	51.10%	48.30%
Support Staff (Percentage of Total Staff)	11.70%	12.10%	10.80%
Administrative Staff (Percentage of Total Staff)	4.10%	3.70%	4.60%
Paraprofessional Staff (Percentage of Total Staff)	10.60%	11.10%	10.70%
Auxiliary Staff (Percentage of Total Staff)	24.50%	22.00%	25.50%
Students Per Total Staff	7.77	7.78	7.25
Students Per Teaching Staff	15.84	15.28	15.00

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

The District's total staff for the year ended August 31, 2025 was 3,087 compared to that of its peer districts average of 2,930. The District has 0.01 fewer students per total staff than its peer districts average and 0.52 more students per total staff than the State average. The District's students per teaching staff ratio is higher than its peer districts average and the State average by 0.56 students and 0.84 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
2024-2025

	District Turnover Rate	Average Peer Districts Turnover Rate	State Turnover Rate
Teachers	20.30%	19.86%	18.80%

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

The District had a teacher turnover rate of 20.3%, which is 0.44 percent higher than the average peer districts turnover rate and 1.5 percent higher than the State average. The highest turnover rate within the peer districts was 27.3 percent while the lowest turnover rate was 13.4 percent.

11. Special Programs

Figure 14
Special Programs Characteristics
2024-2025

	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	23,982	100.00%	N/A	N/A	N/A	N/A
Economically Disadvantaged	11,954	49.85%	847.67	3.81%	123.0	97.2
English Learners	4,030	16.80%	298.57	0.45%	58.0	69.5
Special Education	4,227	17.63%	8,795.66	14.28%	570.0	7.4
Bilingual/ESL Education	3,829	15.97%	314.25	0.45%	58.0	66.0
Athletics & Extracurricular Activities	6,972	29.07%	1,580.98	4.15%	251.0	27.8
Alternative Education Programs/ Disciplinary Alternative Educ Programs	93	0.39%	11,400.97	0.40%	15.0	6.2
Juvenile Justice Alternative Education Program	3	0.01%	9,333.33	0.01%	N/A	N/A
Career and Technical Education	6,291	26.23%	1,243.77	2.94%	94.0	66.9

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 August 31, 2025, 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 August 31, 2025 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. If a demographic study indicates an expected increase in student population, the District can budget staff or additional resources to accommodate the growth. These projections are also used in the District's long range planning committees to prepare for either new facilities or expansions to existing sites.

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.

For campus allocations the District uses approved guidelines and procedures to allocate on a per pupil basis for regular campus funding. For funding related to additional needs on campuses the District utilizes student demographics and ongoing child find services to create economically disadvantaged percentages for the campuses and special program participation.

5. Self-funded Programs

The District currently has one self-funded program. Funds received for this program are intended to support the costs of this program's activity. The District's employee childcare program is accounted for and reported in the District's enterprise fund. At August 31, 2025, the employee childcare enterprise fund reported net position of \$744,813, which was a decrease from the prior year net position of \$904,948.

6. Staffing

All District administrators are evaluated annually by the end of the District's fiscal year end, August 31st. 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 pay ranges (0 years; 15 years; 30 years), intended to ensure compensation equity based on factors such as education, total years of experience, and job-related qualifications. These structures are realigned with compensation models used by the Texas Association of School Boards (TASB) and our competitive districts in the DFW market. The District regularly conducts both TASB salary studies and internal market analysis to evaluate and adjust its compensation structures accordingly.

District administrators, as are all employees, 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 and making recommendations to the Superintendent of Schools and the Board of Trustees.

The District uses market data from 11 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 and relevant experience.

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

The District's annual 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 (11 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 's Balanced Scorecard Strategic 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 and monitors and forecasts with the District's demographer on a regular basis. This information is coupled with a targeted capacity		

review to determine current and future capacity needs at each of the District’s facilities. Understanding trends help the District determine whether existing facilities can accommodate current and projected enrollment. The District prioritizes budget allocations according to this data. The District also utilizes a Long Range Facility Plan where facility walkthroughs are performed at least annually to determine which facilities require future improvements or renovation.

The District has an existing Energy Management Plan that focuses on the reduction of energy and water consumption and related costs. The plan 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. Several District facilities also utilize geo-thermal HVAC systems.

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 data and research?	Yes	
When adopting new programs, does the District define expected results?	Yes	
Does the District analyze student test results at the District and/or campus level to design, implement and/or monitor the use of curriculum and instructional programs?	Yes	
Does the District modify programs, plan staff development opportunities, or evaluate staff based on analyses of student test results?	Yes	

The District has implemented a comprehensive mentoring program to support teachers in their first years in the teaching profession. New teachers are assigned trained mentors who provide guidance, support, and coaching throughout the school year. In addition, new teachers participate in classroom walks to observe exemplar classrooms and effective instructional practices across the District, helping them develop a strong understanding of high-quality Tier I instruction. Teachers also receive

ongoing professional learning throughout the year focused on Tier I behavior systems, classroom management, student engagement, and positive learning environments.

As programs are established and evaluated, the District provides annual reports to the Board of Trustees regarding program implementation, outcomes, and recommended actions for improvement. In addition, the Board receives monthly progress reports aligned to the District's Balanced Scorecard Strategic Plan, allowing trustees to monitor key performance indicators, student achievement outcomes, strategic initiatives, and progress toward District goals throughout the year.

The District uses multiple sources of student performance data, including state assessments, local benchmark assessments, progress monitoring data, graduation rates, and other student outcomes measures to inform decisions regarding instructional programs, professional learning, and staff support. Decisions to adopt, revise or discontinue programs are based on a thorough analysis of quantitative data, research-based practices, and input from teachers, campus leaders, and District staff.

Student performance trends are reviewed to identify gaps in achievement and instructional needs. When data indicates persistent areas of concern, the District evaluates current practices, researches potential solutions, and establishes clear goals for improvement. For example, following an Effective Schools Framework (ESF) Diagnostic, District leaders identifies gaps in the K-5 Reading Language Arts and Mathematics programs. A review of student achievement data, curriculum alignment, and instructional practices led to the adoption of Amplify Reading Language Arts and Bluebonnet Math to address identified needs and improve student outcomes.

The District also uses student performance data to design targeted professional learning opportunities for teachers and administrators. Professional development is aligned to areas identified through data analysis, curriculum implementation needs, and campus improvement goals. In addition, student growth and achievement data are considered as part of the overall evaluation and coaching process for educators, helping inform goal setting, professional growth plans, and continuous improvement efforts. Staff evaluations are not based solely on test scores but multiple measures of instructional effectiveness and student outcomes.