

Efficiency Audit

McKinney Independent School District

June 30, 2026

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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
McKinney Independent School District
McKinney, Texas

Eide Bailly, LLP conducted an efficiency audit as prescribed by the State of Texas Legislative Budget Board for McKinney 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.

Eide Bailly LLP

Abilene, Texas
September 1, 2026

Overview of Procedures Performed

Eide Bailly LLP was contracted to conduct an efficiency audit for McKinney Independent School District (“the District”). The District’s efficiency audit report follows the guidelines prescribed by the Legislative Budget Board. These guidelines identify the scope and areas of investigation.

Because the District is proposing a maintenance and operations (M&O) tax rate for tax year 2026 that exceeds its voter-approval tax rate, House Bill 3 (86th Legislature) generally requires a school district’s board of trustees to conduct an efficiency audit before seeking voter approval to adopt the M&O tax rate. The efficiency audit incorporates Texas Education Agency (TEA) Public Education Information Management System (PEIMS) standard data for school years 2020-21 through 2024-25, TEA PEIMS financial data for 2024-25, Texas Academic Performance Reports (TAPR) data for 2024-25, 2025 TEA FIRST Ratings, and 2025 TEA Accountability Ratings.

A summary of audit results is presented in Section II of the report. Section III provides an overview of objectives and approach performed during the efficiency audit. District data on accountability, students, staffing and finances, with peer districts and state comparisons are described in Section IV of this report. Section V describes additional financial, operational, and academic information for the district.

McKinney Independent School District

Section II – Summary of Audit Results

On November 3, 2026, McKinney Independent School District (“the District”) is holding an election to increase the District’s maintenance and operations (M&O) property tax rate in tax year 2026 or school year 2026-27. M&O taxes are used for the operation of public schools.

Without an election, the District’s M&O tax rate would be \$0.7147. The District is proposing to increase the M&O tax rate by \$0.0317 through a voter approval tax rate election (VATRE) to \$0.7464. The District’s 2025-26 M&O tax rate of \$0.7343 was less than the peer district’s average M&O tax rate of \$0.7404. The state average 2025-26 M&O tax rate is not yet available. The District’s proposed 2026-27 M&O tax rate of \$0.7464 is more than the peer districts’ average proposed M&O tax rate of \$0.7340.

District	2025-26 M&O (2025 tax rate)	2026-27 M&O (2026 proposed tax rate)
McKinney ISD	\$ 0.7343	\$ 0.7464
Allen ISD	0.7358	0.7137
College Station ISD	0.6963	0.6912
Brazosport ISD	0.6822	0.6754
Carrollton-Farmers Branch ISD	0.7481	0.7481
Coppell ISD	0.7552	0.7478
Grapevine-Colleyville ISD	0.7122	0.7054
Forney ISD	0.7869	0.7869
Duncanville ISD	0.7452	0.7298
Wylie ISD	0.7552	0.7552
Rockwall ISD	0.7869	0.7869

The District expects to generate approximately \$4 million net of recapture payments in M&O tax revenue from the proposed increase in tax rate in the first school year, which represents about 1.418 percent of the District’s current adopted operating budget for the 2026-27 school year.

If the District’s VATRE is successful, the estimated increase in M&O property taxes paid by the owner of a single-family residential property at the current average taxable value of homesteads in the District of \$415,638 would increase by \$132.

	2026 Tax Year (Without VATRE)	2026 Tax Year (With VATRE)
Average market value for single-family residence	\$ 564,107	\$ 564,107
Average taxable value for single-family residence	\$ 415,638	\$ 415,638
M&O tax rate	\$ 0.7147	\$ 0.7464
M&O levy	\$ 2,971	\$ 3,103

The District has also proposed an interest and sinking (I&S) tax rate of \$0.3200 to service its debt, which is a \$.05 decrease over prior year. These proposed tax rates are in addition to the tax rates adopted by the city, county, and special taxing districts.

If the VATRE is approved by voters, the District intends to balance the budget and consider possible adjustments to compensation. If the VATRE does not pass, the District would be required to review District needs to determine priorities within budget limitations.

The District held a tax ratification election that passed in 2021, however, it was not implemented due to additional funds from ESSER that became available to the District.

Below is key information about the District:

- The Texas Education Agency reviews and tracks the performance of both school districts and individual schools with the Texas A-F Accountability System. The District received an accountability rating of (B) along with 4 of its 10 peer districts. The District received an accountability rating of 88 compared to the peer group average of 85.

District	Rating (A-F)	Overall Score (1-100)
McKinney ISD	B	88
Allen ISD	A	91
College Station ISD	B	83
Brazosport ISD	C	79
Carrollton-Farmers Branch ISD	B	82
Coppell ISD	A	93
Grapevine-Colleyville ISD	B	86
Forney ISD	C	79
Duncanville ISD	C	72
Wylie ISD	A	92
Rockwall ISD	B	89

- The District has earned a Superior Rating for the School Financial Integrity Rating System of Texas (FIRST) for the 2024-25 school year.
- The District's total operating expenditures for the most recent year totaled \$12,713, while its peer districts average was \$12,049 per student. The State's total average operating expenditures totaled \$12,948 per student.

The District engaged Eide Bailly LLP 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. Additional details and audit results are included in Section IV.

Objectives

The objective of this efficiency audit is 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

To complete the efficiency audit, Eide Bailly LLP performed the following procedures in accordance with the House Bill 3 Efficiency Audit Guidelines established by the Legislative Budget Board:

1. Selected 5 to 10 peer districts. For each guideline that asks for a peer district comparison, developed a simple average for peer districts, and used the same peer district group throughout the audit.
2. Reported on the overall 2025 accountability rating (A-to-F and the corresponding scale score of 1 to 100).
3. Compared the District's peer districts' average 2025 accountability rating and listed the following District's campus information:
 - a. Accountability rating count for each campus level within the district.
 - b. Names of the campuses that received an F accountability rating.
 - c. Campuses that are required to implement a campus turnaround plan.
4. Reported on the District's School 2024-25 FIRST rating based on fiscal year 2025 data. For a rating of less than A, listed the indicators not met. Noted that the 2025-26 FIRST ratings based on fiscal year 2026 data are not yet available.
5. Reported on student characteristics for the District, its peer districts, and the state average using 2024-25 data including:
 - a. Total Students
 - b. Economically Disadvantaged
 - c. English Learners
 - d. Special Education
 - e. Bilingual/ESL Education
 - f. Career and Technical Education
6. Reported on the 2024-25 attendance rate for the District, its peer districts, and the state average.
7. Reported on the five-year enrollment for the District, including the most recent school year and four 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 using 2024-25 data.
 - a. Local M&O Tax (Retained)(without debt service and recapture)
 - b. State
 - c. Federal
 - d. Other local and intermediate
 - e. 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, using 2024-25 data.
 - a. Instruction
 - b. Instructional resources and media
 - c. Curriculum and staff development
 - d. Instructional leadership
 - e. School leadership
 - f. Guidance counseling services
 - g. Social work services
 - h. Health services
 - i. Transportation
 - j. Food service operation
 - k. Extracurricular
 - l. General administration
 - m. Plant maintenance and operations
 - n. Security and monitoring services
 - o. Data processing services
 - p. Community services
 - q. 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, using 2024-25 data.
 - a. Payroll as a percentage of all funds
 - b. Average teacher salary
 - c. Average administrative salary
 - d. 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, using 2020-21 through 2024-25 data. 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 for the 2024-25 school year. The following staff categories were used:
 - a. Teaching
 - b. Support
 - c. Administrative
 - d. Paraprofessional
 - e. Auxiliary
 - f. Students per total staff
 - g. Students per teaching staff
13. Reported on the District's teacher turnover rate, as well as its peer districts and the state's average for the 2024-25 school year.
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, using data from the 2024-25 school years.
 - a. Special Education
 - b. Bilingual Education
 - c. Migrant Programs
 - d. Gifted and Talented Programs
 - e. Career and Technical Education
 - f. Athletics and Extracurricular Activities
 - g. Alternative Education Program/Disciplinary Alternative Education Program
 - h. Juvenile Justice Alternative Education Program
15. Described how the District maximizes available resources from state sources and regional education service centers to develop or implement programs or deliver services.
16. Report 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 regards to the District's budget process, provided a response to each of the following questions:
 - a. Does the District's budget planning process include projections for enrollment and staffing?
 - b. Does the District's budget process include monthly and quarterly reviews to determine the status of annual spending?
 - c. Does the District use cost allocation procedures to determine campus budgets and cost centers?
 - d. 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 regards 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:
 - Does the District use enrollment projections?
 - Does the District analyze facility capacity?
 - Does the District evaluate facility condition?
 - Does the District have an active and current energy management plan?
 - 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, provided 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?

1. Peer Districts

The Texas Education Agency’s (TEA) Snapshot Peer Search identified a total of 70 peer districts based on size (10,000 – 24,999). The search was further refined based on district property wealth, tax rate, and geographic proximity. The District selected the 10 peer districts presented by the auditors.

Figure 1
Peer Districts

CDN	District Name
043907	McKinney ISD
043901	Allen ISD
021901	College Station ISD
020905	Brazosport ISD
057903	Carrollton-Farmers Branch ISD
057922	Coppell ISD
220906	Grapevine-Colleyville ISD
129902	Forney ISD
057907	Duncanville ISD
043914	Wylie ISD
199901	Rockwall ISD

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. In accordance with Senate Bill 1365, school districts and campuses received a rating of A, B, or C or were assigned a rating of Not Rated. A campus may receive a designation of Not Rated if the number of students enrolled is insufficient to accurately evaluate the campus performance.

The District received an accountability rating (B) along with 4 of its 10 peer districts. The peer district average score was 85.

Figure 2
Accountability Rating Comparison
2024-2025

	District Rating (A-F)	District Rating (1-100)	Peer District Average Score (1-100)
Rating/Score	B	88	85

The results for the District’s 33 campuses that were assigned a rating are shown below:

Figure 3
Accountability Rating by Campus Level
2024-2025

Rating	Elementary Schools	Middle Schools	High Schools
A	7	3	3
B	6	1	-
C	7	1	-
D	2	-	-
F	-	-	-
Not rated	-	-	3
Not rated: SB 1365	-	-	-

There were no campuses that were required to implement a campus turnaround plan. County Residential Center, JJAEP, and Serenity High were not rated.

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 resources 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 critical indicators as well as minimum number of points for an additional ten indicators. Beginning with 2015-16 Rating (based on the 2014-15 financial data), the Texas Education Agency moved from a “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 = Meet Standards	60-79
D = Substandard Achievement	Less than 60

The District has earned a Superior rating of A from the FIRST for the 2024-25 school year. The District has also received a Superior rating in the previous four school years.

Figure 4
School FIRST Rating
2024-2025

	District Rating (A - F)
Rating	A

4. 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 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

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 are 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 statute defines special education eligibility under TEC §29.003 or the Texas Administrative Code §89.1040.
- Bilingual/ESL Education

The Texas Education Code §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 34.6 percent of its total student population count as economically disadvantaged. The District's peer district average shows that 40.5 percent of students were characterized as economically disadvantaged. Both the District's and its peer districts' economically disadvantaged student population are less than the state average of 60.5 percent.

English Learner students at the District equal 15.9 percent of the student population, which is less than both the peer district average and the state average percentages.

Special Education students at the District equal 17.7 percent of the student population, which is more than the peer district average of 15.6 percent and more than the state average of 15.3 percent.

Bilingual/ESL Education students at the District equal 16.1 percent of the student population, which is less than both the peer district average and the state average percentages.

Career and Technical Education students in the District equal 22.9 percent of the student population, which is less than both the peer district average and the state average percentages.

Figure 5
Selected Student Characteristics
2024-2025

	Total Student Population Count	Percentage of Student Population	Peer Districts Average Percentage	State Average Percentage
Total Students	23,118	100.0%	N/A	N/A
Economically Disadvantaged	8,001	34.6%	40.5%	60.5%
English Learners	3,683	15.9%	18.2%	24.3%
Special Education	4,083	17.7%	15.6%	15.3%
Bilingual/ESL Education	3,731	16.1%	18.4%	24.3%
Career and Technical Education	5,291	22.9%	30.6%	27.7%

Source: Texas Education Agency, 2024-2025 Texas Academic Performance Report

The District had an attendance rate of 94.5 percent in the 2024-25 school year. This was slightly below its peer district average of 94.6 percent and above the state average of 93.9 percent.

Figure 6
Attendance Rate
2024-2025

	District Total	Peer Districts Average	State Average
Attendance Rate	94.5%	94.6%	93.9%

Source: Texas Education Agency, 2024-2025 Texas Academic Performance Report

Figure 7 displays the District's enrollment for the last five years. The District's average annual percentage change is a decrease of 0.17 percent. From 2020-21 to 2024-25, the District's enrollment has decreased by 154 students. Based on the 2025-26 enrollment projection, the District is expected to have an increase in enrollment of approximately 3.21%.

Figure 7
5-Year Enrollment
2021-2025

School Year	Enrollment
2024-25	23,118
2023-24	23,149
2022-23	23,174
2021-22	23,238
2020-21	23,272
Average annual percentage change based on the previous five years	-0.17%
2025-26 Projection	23,861

Source: Texas Education Agency, Texas Academic Performance Reports for Each School Year

5. District Revenue

Figure 8 below presents the District revenue for the 2024-25 school year, the peer district average, and the state average. The District receives \$11,754 in total revenue per student, which is above its peer district average of \$11,725 and below the state average of \$12,667. Similar to its peers, the District receives more local net M&O tax revenue per student than the state average of \$4,776. The District receives less state revenue than both its peer district average of \$3,396 and the state average of \$5,637. The District receives more federal revenue per student than its peer district average of \$835 and less than the state average of \$1,471.

Figure 8
District Tax Revenue
2024-2025

	District		Peer District Average		State Average	
	Revenue Per Student	Percentage of Total	Revenue Per Student	Percentage of Total	Revenue Per Student	Percentage of Total
Local M&O Tax (Retained) (1)	\$ 8,309	70.7%	\$ 6,513	55.5%	\$ 4,776	37.7%
State Revenue	1,498	12.7%	3,396	29.0%	5,637	44.5%
Federal Revenue	941	8.0%	835	7.1%	1,471	11.6%
Other Local and Intermediate Revenue	1,006	8.6%	981	8.4%	783	6.2%
Total Revenue	<u>\$11,754</u>	<u>100.0%</u>	<u>\$11,725</u>	<u>100.0%</u>	<u>\$12,667</u>	<u>100.0%</u>

(1) Excludes debt service and recapture

Source: Texas Education Agency, 2024-2025 Public Education Information Management System
District Financial Actual Reports

District Comment The District receives \$1,796 and \$3,533 more than peer district average and state average, respectively, for local M&O tax due to local appraised property values. These values are set by the local appraisal district and are the driving force behind these revenues. The District receives \$1,898 and \$4,139 less than peer district average and state average, respectively, for state funding due to being a property wealthy district, which equates to having lower state funding.

6. District Expenditures

The District spends \$12,713 in total operating expenditures per student, which is more than the peer district average of \$12,049 and less than the state average of \$12,948. The District's largest expenditures per student are in Instruction, Plant Maintenance & Operations, and School Leadership. The District's expenditures, Peer District and State averages are presented in the table on the following page.

McKinney Independent School District

Section IV – District Data on Accountability, Students, Staffing and Finances, with Peer and State Comparisons

Figure 9
District Actual Operating Expenditures
2024-2025

	District		Peer District Average		State Average	
	Expenditures Per Student	Percentage of Total	Expenditures Per Student	Percentage of Total	Expenditures Per Student	Percentage of Total
Instruction	\$ 7,242	56.9%	\$ 6,690	55.6%	\$ 7,064	54.6%
Instructional Resources and Media	203	1.6%	115	1.0%	114	0.9%
Curriculum and Staff Development	157	1.2%	298	2.5%	296	2.3%
Instructional Leadership	234	1.8%	206	1.7%	227	1.8%
School Leadership	749	5.9%	654	5.4%	752	5.8%
Guidance Counseling Services	456	3.6%	572	4.7%	537	4.1%
Social Work Services	32	0.3%	16	0.1%	40	0.3%
Health Services	142	1.1%	136	1.1%	132	1.0%
Transportation	494	3.9%	354	2.9%	395	3.1%
Food Service Operations	585	4.6%	552	4.6%	690	5.3%
Extracurricular	374	2.9%	399	3.3%	406	3.1%
General Administration	249	2.0%	361	3.0%	424	3.3%
Plant Maintenance and Operations	1,107	8.7%	1,200	10.0%	1,327	10.2%
Security and Monitoring Services	211	1.7%	207	1.7%	238	1.8%
Data Processing Services	301	2.4%	239	2.0%	239	1.8%
Community Services	177	1.4%	50	0.4%	67	0.5%
Total Expenditures	\$ 12,713	100.0%	\$ 12,049	100.0%	\$ 12,948	100.0%

Source: Texas Education Agency, 2024-2025 Public Education Information Management System
District Financial Actual Reports

7. District Payroll Expenditures Summary

Figure 10 presents the payroll expenditure summary for the District, the peer district average, and the state average.

The average base teacher salary at the District is higher than its peer district average and the state average. The average administrative base salary is higher than its peer district average and the state average. The superintendent salary at the District is less than its peer district average and higher than the state average.

Figure 10
Payroll Expenditure Summary
2024-2025

	District Total	Peer Districts Average	State Average
Payroll as a Percentage of All Funds	76.1%	81.3%	78.4%
Average Teacher Salary	\$ 67,465	\$ 64,676	\$ 63,749
Average Administrative Salary	105,672	104,780	96,824
Superintendent Salary	305,000	318,557	174,680

Source: Texas Education Agency, 2024-2025 Public Education Information Management System
District Financial Actual Reports

The superintendent salary at the District is less than the peer district average and higher than the state average. It is important to note that the state average includes school districts across the state with enrollments ranging from less than 100 to almost 200,000. The District's superintendent salary is less than peer district average.

District Comment: The Board established the Superintendent's salary following a review of compensation data from comparable districts at the time of hire. In determining compensation, the Board also considered the Superintendent's extensive leadership experience within McKinney ISD, including 30 years of prior service in the district. While the salary was competitive and aligned with market data, the Board set compensation below the peer district average due to being a first-time Superintendent.

8. Fund Balance

Figure 11 presents the general fund unassigned fund balance per student and as a percentage of the 3-month operating expenditure reserve for the District and the peer district average.

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 categories: non-spendable, restricted, committed, assigned and unassigned. The categories are defined by Governmental Accounting Standards Board (GASB) Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions:

- Non-spendable fund balance includes funds that cannot be spent because they are not in spendable form, or legally required by contract 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 is fund balance that is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications above.

The Texas Education Agency evaluates unassigned fund balance by comparing it to three months (25%) of annual operating expenditures or 75 days of operational expenditures. If the District does not meet the goal of three months, the percentage is shown as less than 100%. Amounts that exceed three months are reflected as percentage greater than 100%.

The District's unassigned fund balance for the 2024-25 school year totaled \$93.1 million compared to its three-month operating expenditures of \$86.0 million.

Figure 11
General Fund Balance
2021-2025

	District		Peer District Average	
	General Fund Unassigned Fund Balance Per Student	General Fund Unassigned Fund Balance as a Percentage of 3-Month Operating Expenditures	General Fund Unassigned Fund Balance Per Student	General Fund Unassigned Fund Balance as a Percentage of 3-Month Operating Expenditures
2024-25	\$ 4,026	108.3%	\$ 3,454	92.6%
2023-24	4,489	126.2%	3,589	99.5%
2022-23	4,833	145.8%	3,643	109.4%
2021-22	4,897	147.4%	3,676	115.8%
2020-21	5,394	170.7%	3,598	113.9%

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

The District's 2024-25 general fund balance per student of \$4,026 exceeds the peer district average by \$572. Additionally, the District's unassigned fund balance exceeds the 3-month operating reserve and represents 108.3% of 3-months operating expenses of the District compared to the peer district average of 92.6%. The District's fund balance exceeds that of its peer districts.

District Comment: *The District's fund balance surpasses that of its peer districts due to a comprehensive, conservative budget plan that addresses current needs while preparing for projected growth and the opening of additional schools. The District leadership has prioritized responsible provision for existing campuses and programs while preparing for new facilities. Significant attention is given to understanding the conservative nature of our local appraisal district in setting values, which also contributes to the District's conservative revenue forecasting for budgeting purposes. Conservative attendance projections have further benefited the District in projecting revenues in the past.*

9. District Staffing Levels

Figure 12 presents the staff ratios for the District, peer district average, and state average. The District's teaching staffing ratio of 58.4 percent is more than both the peer district staffing ratio of 49.3% and the state average of 48.3%.

The District had slightly more students per total staff than both the peer districts average and the state average. The students per teaching staff at the District is slightly less than both the peer district average and the state average.

Figure 12
Staff Ratio Comparisons
2024-2025

	District	Peer Districts Average	State Average
Teaching Staff (Percentage of Total Staff)	58.4%	49.3%	48.3%
Support Staff (Percentage of Total Staff)	9.9%	12.1%	10.8%
Administrative Staff (Percentage of Total Staff)	5.6%	4.3%	4.6%
Paraprofessional Staff (Percentage of Total Staff)	14.4%	11.3%	10.7%
Auxiliary Staff (Percentage of Total Staff)	11.7%	23.0%	25.5%
Students per Total Staff	8.2	7.4	7.2
Students per Teaching Staff	14.0	15.0	15.0

Source: Texas Education Agency, 2024-2025 Public Education Information Management System
District Financial Actual Reports

District Comment: *The District places a strong emphasis on maintaining smaller classroom sizes and lower student-to-teacher ratios to provide students with more individualized attention and meaningful opportunities for engagement. This focus is reflected in the District's staffing profile, which includes a higher percentage of teaching staff than both peer districts and the state average, resulting in fewer students per teacher and greater opportunities for personalized instruction. The District also maintains higher levels of administrative and paraprofessional staffing to support campus operations, instructional leadership, student services, and specialized programs that address the diverse academic, behavioral, social-emotional, and developmental needs of students. These staffing investments are particularly important given the District's special education population, which exceeds both peer and state averages and requires additional instructional and support personnel. In addition, the District's staffing distribution reflects a strategic emphasis on personnel who directly support student learning and campus services.*

Enrollment declined modestly during the four years preceding 2024-25, resulting in lower facility utilization at some campuses. During this period, the District maintained essential campus leadership, instructional support personnel, and specialized services to continue meeting student needs, preserve program quality, and support safe and effective school operations. As a result, administrative and paraprofessional staff represented a larger percentage of the overall workforce than in some peer districts. The District remains committed to aligning staffing resources with enrollment trends while ensuring students continue to receive the individualized support, specialized services, and educational opportunities necessary for success.

10. Teacher Turnover Rates

Figure 13 presents the teacher turnover rates for the District, peer district average, and state average. The District has a teacher turnover rate of 16.1 percent, which is less than the peer district average of 18.8 percent and the state average of 18.8 percent.

Figure 13
Teacher Turnover Rates
2024-2025

	District	Peer Districts Average	State Average
Teacher turnover rate	16.1%	18.8%	18.8%

Source: Texas Education Agency, 2024-2025 Public Education Information Management System
District Financial Actual Reports

The District's teacher turnover rates are less than the peer district and state averages.

District Comment: *The District's efforts remain competitive as compensation increases have helped continue to create an environment that promotes teacher satisfaction, making them less likely to leave the District for other peer districts.*

11. Special Programs

Figure 14 presents performance and operational measures of selected programs of the District.

Figure 14
Special Program Characteristics
2024-2025

	Number of Students Enrolled	Percentage of Enrolled Students Served	Program Budget per Student Enrolled	Program Budget as a Percentage of District Budget	Total Staff for Program	Students Per Total Staff for Program
Special Education	4,083	17.7%	\$ 48,844,243	12.7%	293.2	13.9
Bilingual Education	3,731	16.1%	1,804,200	0.5%	107.3	34.8
Migrant Programs	-	-	-	-	-	-
Gifted and Talented Programs	3,065	13.3%	2,162,564	0.6%	53.6	57.2
Career and Technical Education	5,291	22.9%	4,633,657	1.2%	41.2	128.4
Athletics and Extracurricular Activities	5,748	24.9%	6,337,634	1.6%	253.0	22.7
Alternative Education Program/Disciplinary Alternative Education Program	356	1.5%	1,438,615	0.4%	20.5	17.4
Juvenile Justice Alternative Education Program	6	0.0%	622,257	0.2%	8.0	0.8

Source: Texas Education Agency, 2024-2025 Public Education Information Management System
District Financial Actual Reports and Information Provided by the District

1. State and Regional Resources

The District maximizes available resources from state sources and regional education service centers to develop or implement programs or deliver services. The District reviews state resources to evaluate if they can be used to develop or implement programs or deliver services. The District also collaborates with the regional education service centers to evaluate if they can provide assistance to develop or implement programs or deliver services.

2. Reporting

The District's financial statements have been independently audited by Eide Bailly, LLP. 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, 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 June 30, 2025, were fairly presented in conformity with GAAP.

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 / Not Applicable
Does the District's budget planning process include projections for enrollment and staffing?	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

The District's budget planning process includes projections for enrollment and staffing. Each year, the District uses a demographic needs assessment. The needs assessment includes the projections on student enrollment, numbers of teachers needed, student-to-teacher ratios, special education teachers needed, and average class size.

The District's budget process includes monthly reviews to determine the status of annual spending. Financial reports are prepared monthly and are presented on a monthly basis to compare budgeted amounts versus actual amounts to determine the status of annual spending.

The District uses cost allocation procedures to determine campus budget and cost centers. Currently, the District uses the following cost allocations of \$85 per student for elementary schools, \$110 per student for middle schools, and \$145 per student for high schools. The budgets for cost centers are based on a set amount.

The District analyzes educational costs and student needs to determine campus budgets. Actual student enrollment is analyzed and compared to the projected student enrollment. Additional funds are allocated to the campus if the actual student average daily attendance on snapshot date exceeds the projected student average daily attendance used in building the budget.

5. Self-Funded Programs

The District does not have any self-funded programs.

6. Staffing

All campus level administrators are evaluated annually using the Texas Evaluation Principal Support System (TPESS). The results of the annual evaluation are used to determine professional development needs for the upcoming school year. The District also performs informal evaluations. All evaluation information is used to determine leadership effectiveness and placement.

7. Compensation System

Figure 16
Compensation System

Question	Yes / No / Not Applicable
Does the District use salary bonuses or merit pay systems? If yes, explain the performance-based systems and the factors used.	No
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?	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 does not currently use salary bonuses or merit pay systems.

The District's salary range includes minimum, midpoint, and maximum increments to promote compensation equity based on the employee's education, experience, and other relevant factors. The District's compensation plan design and maintenance follows recognized pay principles on district defined jobs and competitive job markets. The concepts are applied to each job group in determining the pay structures by pay grades and ranges.

The District periodically adjusts its compensation structure by working with the Texas Association of School Boards (TASB). TASB assists the District in evaluating the pay structure of 15 market peer school districts to establish an appropriate compensation plan. The District made market adjustments to salaries in the 2025-26 school year.

8. Planning

Figure 17
Operational Information

Question	Yes / No / Not Applicable
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:	Yes
Does the District use enrollment projections?	Yes
Does the District analyze facility capacity?	Yes
Does the District evaluate facility condition?	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 develops, evaluates, and revises a District Improvement Plan (DIP) annually in accordance with district policy by using data from a comprehensive needs assessment. During the development of the DIP, the District identifies five educational goals: 1) excel in academics and ensure equal access; 2) communicate and connect with all stakeholders; 3) innovate through technology; 4) secure a safe learning environment; and 5) develop and retain qualified staff. Each goal states performance objectives which include strategies. The purpose of the DIP is to guide district and campus staff in the improvement of student performance for all student groups to attain state standards in respect to the achievement indicators. The District's Board of Trustees annually approves the district and campus performance objectives.

Every campus in the district develops a Campus Improvement Plan (CIP) annually. The school campus improvement plan is a comprehensive strategy designed to ensure that the learning environment is safe, conducive to learning, and aligned with the District's educational goals. Each year, the campus principal, with the assistance of the campus-level committee, and other stakeholders develop, review, and revise the CIP. The CIP aims to improve student performance for all student populations, including students in special education programs, with respect to the academic excellence indicators and any other appropriate performance measures for special needs populations. The District's Board of Trustees annually approves the district and campus performance objectives.

The District does have an active and current facilities master plan that considers enrollment projections, analyzes facility capacity, and evaluates facility condition. Decreasing enrollment in low population growth areas has contributed to the recent repurposing of 3 elementary schools. Additionally, the District annually develops a revitalization schedule for refurbishing and updating campuses and district facilities.

The District does have an active and current energy management plan. Part of this plan allows the District to program the mechanical HVAC and lighting systems for use during operational hours. The District does have a clearly defined staffing formula for staff in maintenance, food service, and transportation. The District reviews the numbers of students and square footage of each facility to determine the needs for staffing. For transportation, the District evaluates the number of bus drivers and monitors needed to cover the district.

9. Programs

Figure 18
Academic Information

Question	Yes / No / Not Applicable
Does the District have a teacher mentoring system?	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 a teacher mentoring program that provides both campus and district level support for new teachers. At the campus level, principals assign veteran master teachers as campus mentors for the new teachers on their respective campuses. Principals base their mentor teacher selection on teacher experience, classroom effectiveness, overall responsive demeanor, and proven leadership. The mentor is usually a teacher who is in the same grade level and/or teaches the same subject area as the new teacher. If possible, mentor teacher and new teacher mentee schedules are aligned for easier access, dialogue, class observations, lesson planning, content development, and general pedagogical guidance. The campus mentors are provided with a stipend for their services.

Intentional professional learning is provided for all staff in the District for professional and noninstructional staff. All staff new to the District attend professional learning before all staff return to work with the official calendar beginning each school year. Intentional professional learning for every employee is part of the district's belief in a growth mindset. New teachers are given the opportunity to visit classrooms and observe experienced master teachers in action. This hands-on experience allows new educators to see effective teaching practices firsthand and engage in meaningful discussions with veteran teachers. During these visits, new teachers can ask questions about specific subject areas, see best practices modeled with students, and address any concerns they may have about their teaching approach or classroom management strategies. After the observations, the power of learning comes from debriefing the learning in collaborative conversation with their peers. The District operates in Professional Learning Communities and this structure provides a greater network for teachers districtwide.

Additionally, all K-2 new to the profession or not previously trained in Reading Academies are trained in the Science of Reading.

When adopting a new program or resource, the District uses a justification form procedure that includes very specific requirements and criteria. The District modifies programs as needed considering district data pertinent to student outcomes.