NORTHSIDE
INDEPENDENT SCHOOL DISTRICT

Agreed-Upon Procedures Related to an Efficiency Audit Performed in Accordance with Legislative Budget Board Guidelines

Data for the Year Ended
August 31, 2025

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INDEPENDENT ACCOUNTANT'S
REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the agreed-upon procedures enumerated below, which were agreed to by Northside Independent School District (the "District"), solely for the purpose of reporting our findings regarding the results of the procedures as compared to the criteria set forth in the Legislative Budget Board's ("LBB") House Bill 3 Efficiency Audit Guidelines in relation to the District's peer districts.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. Accordingly, we do not express an opinion or conclusion. Our report includes specific findings based on the procedures performed. Had we been engaged to perform additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of District management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Houston, Texas
July 24, 2026

SECTION I - EXECUTIVE SUMMARY

Overview of Procedures Performed

The District engaged Whitley Penn, LLP, to conduct agreed-upon procedures, following the guidelines established by the Legislative Budget Board. The purpose of the procedures is to inform the public 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.

In conducting the agreed-upon procedures 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 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 agreed-upon procedures 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

The District plans to hold a Voter-Approval Tax Rate Election (VATRE) on November 3, 2026 to adopt an increased maintenance and operations (M&O) tax rate in tax year 2026 (fiscal year 2027). Maintenance and Operations (M&O) taxes are for the operation of public schools. The District has not previously held a VATRE.

The maintenance and operations (M&O) tax rate for fiscal years 2023 and 2024 were $0.8546 and $0.6762, respectively. The M&O rate was further compressed for fiscal year 2025 to $0.6694. For fiscal year 2026, the District ***did not*** change its tax rate. In addition, the effects of the 89th Texas Legislature reduced taxable property values, resulting in a lower tax levy.

Fiscal Year	Tax Year	Maintenance & Operations Tax Rate	Interest & Sinking Tax Rate	Total Tax Rate
2021	2020	$0.9502	$0.3355	$1.2857
2022	2021	$0.9258	$0.3355	$1.2613
2023	2022	$0.8546	$0.3355	$1.1901
2024	2023	$0.6762	$0.3355	$1.0117
2025	2024	$0.6694	$0.3355	$1.0049
2026	2025	$0.6694	$0.3355	$1.0049

The District continues to see reductions in enrollment and is experiencing inflationary pressures as costs increase. The District continues to evaluate direct and indirect program costs as well as staffing in order to reduce the current budget deficit. Reductions implemented during the last few years include increasing student ratios for teachers, reduction of central administrative positions, and evaluating support staff positions as campus enrollment declines.

After implementation of multiple budget reduction strategies, as of May 2026, the projected deficit for the 2025-26 budget for the District is $38.7 million. This deficit is projected to increase in future years, as costs continue to increase including electricity, water, fuel, etc.

SECTION II - KEY INFORMATION ABOUT THE DISTRICT (continued)

These circumstances prompted the request for an agreed-upon procedures engagement to determine if the District can achieve cost efficiencies to close the budget gap for fiscal year 2026-27 and beyond. In May 2026, the District's Board of Trustees approved the engagement of Whitley Penn, LLP to conduct the agreed-upon procedures in accordance with LBB's House Bill 3 Efficiency Audit Guidelines. The engagement letter was executed in April 2026. These procedures 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.

The District's 2026 M&O tax rate is $0.6694, and the proposed M&O tax rate will be $0.6994. In comparison, the peer district average 2026 M&O tax rate is $0.7620, while the State average M&O tax rate is $0.6254. The proposed M&O tax rate increase is estimated to generate approximately $47 million in additional revenue during the first year. The projected increased revenue generated is anticipated to be utilized to address inflationary pressures, regain a more competitive position with staff salaries, and to allow additional budget reductions to be made over time, minimizing the impact to the classroom.

Northside ISD continues to be recognized for many years and by many organizations for their financial reporting and management. The District's robust debt management program has kept the district's high credit rating and for financial reporting, the District's has earned a Superior Achievement Rating for the School Financial Integrity Rating System of Texas for 23 years.

Key information about the District is summarized below:

- The District's fiscal year 2024 and 2025 maintenance and operations (M&O) tax rates of $0.6762 and $0.6694, respectively, were less than the peer district average M&O tax rates of $0.7457 and $0.7574, respectively.
- The District's total operating revenue for all funds for fiscal year 2025 totaled $11,258 per student, while its peer district average and State average were $12,491 per student and $12,667 per student, respectively.
- The District's total operating expenditures for all funds for fiscal year 2025 totaled $12,278 per student, while its peer district average and State average were $13,385 per student and $12,952 per student, respectively.
- Over the last five years, the District's General Fund operating revenue average totaled $9,127 per student, while its peer district average totaled $10,232 per student.
- Over the last five years, the District's operating revenue average for all funds totaled $10,996 per student, while its peer district average and State average were $12,456 per student and $12,506 per student, respectively.
- Over the last five years, the District's General Fund operating expenditures average totaled $9,671 per student, while its peer district average totaled $10,517 per student.
- Over the last five years, the District's operating expenditures average for all funds totaled $11,375 per student, while its peer district and State average were $12,760 per student and $12,267 per student, respectively

The District's School Financial Integrity Rating System of Texas (FIRST) rating for 2024-2025 was based on school year 2023-2024 data. The District earned 98 points out of 100 or an A (Superior) rating.

The 2025 A-F accountability rating for the District was a 75 or a "C". Its peer district average rating was a 79 or a "C".

The Texas Education Agency reviews and tracks the performance of both school districts and individual schools with the Texas A-F Accountability System. The 2025 A-F accountability ratings for all of the District's campuses are summarized below.

Rating	# of Campuses
A	**10**
B	**40**
C	**43**
D	**18**
Not Rated	**9**
F	**7**

Additional details and results of our procedures are included in Section IV.

SECTION III - OBJECTIVES AND APPROACH

Objectives

The objective of our agreed-upon procedures 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, Whitley Penn, LLP performed the following procedures:

1. Selected 5 peer districts, developed a simple average and used the same comparison group throughout the engagement.
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 score 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 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:
   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 attendance rate for the District, its peer districts and the State.
7. Reported on the five-year enrollment for the District for the most recent school year and four (4) years prior, the average annual percentage change based on the previous five years and the projected next school year.
8. Reported on the following indicators related to the District's revenue, its peer district average and the State average and explained any significant variances.
   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 district average, and the State average and explained significant variances from the peer district average in any. In addition, explained the reasons for the District's expenditures exceeding revenue, if applicable.
   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 expenditure

SECTION III - OBJECTIVES AND APPROACH (continued)

Approach (continued)

10. Reported on the following indicators for payroll and select District salary expenditures compared to its peer district average and the State average and explained any significant variances from the peer district average in any category.
    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. 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:
    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. 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.
    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
14. Described how the District maximizes available resources from state sources and regional education service centers to develop or implement programs or deliver services.
15. Report on the District's annual external audit report's independent auditor's opinion as required by *Government Auditing Standards*.
16. Explained the basis of the TEA assigning the District a financial-related monitoring/oversight role during the past three years, if applicable.
17. 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?

SECTION III - OBJECTIVES AND APPROACH (continued)

Approach (continued)

18. Provided a description of the District's self-funded program, if any, and analyzed whether program revenues are sufficient to cover program costs.
19. Reported whether the District administrators are evaluated annually and, if so, explained how the results inform District operations.
20. In regards to the District's compensation system, provided a response to the following questions:
    a. Does the District use salary bonuses or merit pay systems? If yes, explain the performance-based systems and the factors used.
    b. 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?
    c. Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking, and comparable salary data?
    d. Has the District made any internal equity and/or market adjustments to salaries within the past two years?

In regards to planning, provided a response for each of the following questions:
    a. Does the District develop a District Improvement Plan (DIP) annually?
    b. Do all campuses in the District develop a Campus Improvement Plan (CIP) annually?
    c. Does the District have an active and current facilities master plan? If yes, does the District consider these factors to inform the plan:
        i. Does the District use enrollment projections?
        ii. Does the District analyze facility capacity?
        iii. 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?

22. In regards to District academic information, we will provide a response for each of the following questions:
    a. Does the District have a teacher mentoring program?
    b. Are decisions to adopt new programs or discontinue existing programs made based on quantifiable data and research?
    c. When adopting new programs, does the District define expected results?
    d. 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?
23. Provided a response to the question if the District modifies programs, plans staff development opportunities, or evaluates staff based on analyses of student test results.

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

1. Peer Districts

The Texas Education Agency's (TEA) Snapshot Peer Search identified a total of 16 possible peer districts based on district size (50,000 and over). Using other similar characteristics for community type, property wealth, and tax rate, Whitley Penn, LLP selected the five (5) peer districts shown below.

FIGURE 1
PEER DISTRICTS

DISTRICT NAME	COUNTY
Dallas ISD	Dallas County
North East ISD	Bexar County
Austin ISD	Travis County
Fort Bend ISD	Fort Bend County
Fort Worth ISD	Tarrant County

Fiscal Year	Tax Year	Northside ISD Maintenance & Operations Tax Rate	Peer District Average Maintenance & Operations Tax Rate	Variance
2024	2023	$0.6762	$0.7457	($0.0695)
2025	2024	$0.6694	$0.7574	($0.0880)
2026	2025	$0.6694	$0.7620	($0.0926)

The District's M&O tax rate was $0.6762 in fiscal year 2024 and was used by the TEA to identify the District's peer districts. The fiscal year 2024 average M&O tax rate for all peer districts was $0.7457, with the highest tax rate being $0.7904 (Fort Worth ISD) and the lowest tax rate was $0.7105 (North East ISD). The District's fiscal year 2024 tax rate was approximately $0.0695 less than its peer districts. The fiscal year 2025 M&O tax rate for the District was $0.6694, while the peer district average was $0.7574. The District's fiscal year 2025 tax rate was approximately $0.0880 less than its peer districts. Moreover, the District did not increase its tax rate for fiscal year 2026 and remained at $0.6694, which is $0.0926 less than its peer districts.

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

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.

FIGURE 2
A-F ACCOUNTABILITY RATING COMPARISON
2025

	DISTRICT RATING (A-F)	DISTRICT SCORE (1-100)	PEER DISTRICT AVERAGE RATING (A-F)	PEER DISTRICT AVERAGE SCORE (1-100)
Rating/Score	C	75	C	79

There were seven (7) campuses with an F rating. The results for the District’s 127 campuses are shown below.

FIGURE 3
A-F ACCOUNTABILITY RATING BY CAMPUS LEVEL
2025

	ELEMENTARY SCHOOLS	MIDDLE SCHOOLS	HIGH SCHOOLS
A	8	1	1
B	28	8	4
C	30	9	4
D	12	2	4
Not Rated	3	2	4
F	6	1	0

Campuses with F Accountability Rating

Colonies North Elementary
Glass Elementary
Martin Elementary
Mead Elementary
McDermott Elementary
Neff Middle
Passmore Elementary

Campuses Required to Implement a Campus Turnaround Plan

Mead Elementary
Glass Elementary
Martin Elementary
Neff Middle

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

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 rating is determined through a combination of four (4) critical indicators and seventeen (17) supplementary solvency indicators. Beginning with 2016-2017 Rating (based on 2015-2016 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 = Meets Standards	70 – 79
F = Substandard Achievement	Less than 70

The District's 2024-2025 rating, based on school year 2023-2024, was an "A" (Superior). The District also received an "A" (Superior) rating for each year from 2021 through 2024.

FIGURE 4
SCHOOL FIRST RATING
2024-2025 Rating (Based on School Year 2023-2024 Data)

	DISTRICT RATING (A-F)
Rating	A

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

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

Student Characteristics

The District's enrollment for 2025 was 100,208 students, while the average peer district enrollment was 83,712 students. North East ISD had the lowest enrollment at 56,420 , while Dallas ISD had the largest enrollment at 139,802 within the District's peer group.

There are 5.5 million students served by public schools in the State of Texas. 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 has an identical meaning to educationally disadvantaged, which 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 - The Texas Education Agency defines an English Learner as a student who is in the process of acquiring English and has another language as the primary language; it is synonymous with English Language Learner (ELL) and Limited English Proficient (LEP).

Special Education - These are students with a disability as defined by Federal regulations (34 CFR§ 300.304 through 300.311), State of Texas Laws (Texas Education Code §29.003) or the Commissioner's/State Board of Education Rules (§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 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 programs.

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

4. Student Characteristics, Attendance, and 5-Year Enrollment (continued)

FIGURE 5
SELECTED STUDENT CHARACTERISTICS
2024 - 2025

	TOTAL STUDENT POPULATION COUNT	PERCENTAGE OF STUDENT POPULATION	PEER DISTRICTS AVERAGE PERCENTAGE	STATE AVERAGE PERCENTAGE
Total Students	100,208	100.0%	N/A	N/A
Economically Disadvantaged	49,854	49.8%	68.5%	60.4%
English Learners	13,705	13.7%	36.0%	24.3%
Special Education	17,352	17.3%	14.9%	15.5%
Bilingual/ESL Education	13,268	13.2%	35.4%	24.3%
Career and Technical Education	23,178	23.1%	24.2%	27.7%

SOURCE: Texas Education Agency, Texas Academic Performance Reports.

The State of Texas serves approximately 3.3 million students who are economically disadvantaged, representing 60.4 percent of the total student population. In comparison, economically disadvantaged students make up only 49.8 percent of total enrollment in Northside ISD. This is lower than the peer district average of 68.5 percent – an 18.7 percentage point difference. Among the peer districts, Dallas ISD reported the highest proportion of economically disadvantaged students at 89.3 percent, while Fort Bend ISD reported the lowest at just 47.5 percent.

The District's English learner population equals 13.7 percent, 22.3 percent lower compared to the peer districts average of 36.0 percent. The State average English learner population totals 24.3 percent, or 10.6 percentage higher than the District.

The District's special education population equals 17.3 percent compared to its peer districts which have an average of 14.9 percent. The State's special education population totals 15.5 percent, or 1.8 percent less than the District.

The District's bilingual/ESL education population totals 13.2 percent compared to the peer district average of 35.4 percent and the State average of 24.3 percent, representing differences of 22.2 percentage and 11.1 percentage, respectively.

The District's career and technical student population totals 23.1 percent compared to the peer district average and state average of 24.2 percent and 27.7 percent, respectively.

Student participation in the District's career and technical education (CTE) programs is lower than the peer district average and state average by 1.1 percent and 4.6 percent, respectively. The District offers CTE pathways as early as middle school, providing students with opportunities to explore potential career interests before entering high school. This early exposure can increase awareness and engagement, which may lead to higher enrollment.

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

4. Student Characteristics, Attendance, and 5-Year Enrollment (continued)

Attendance

FIGURE 6
ATTENDANCE RATE
2024 - 2025

	DISTRICT TOTAL	PEER DISTRICTS AVERAGE	STATE AVERAGE
Attendance Rate	93.8%	93.3%	93.9%

SOURCE: Texas Education Agency, Public Education Information Management System District Attendance, Graduation, and Dropout Rates Reports.

State funding for public schools in Texas is determined through a complex formula that incorporates numerous factors. However, one of the most significant components is Average Daily Attendance (ADA) – the average number of students in attendance on a typical school day. This means that higher student attendance directly contributes to increased state aid.

Northside ISD’s attendance rate exceeds the peer district average by 0.5 percentage points and the statewide average by 0.1 percentage points. Among the peer districts, Austin ISD reported the lowest attendance rate at 92.3 percent, while Fort Bend ISD reported the highest at 94.9 percent.

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

4. Student Characteristics, Attendance, and 5-Year Enrollment (continued)

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 decrease over the last five years of 1.44 percent. When the current enrollment data for 2026 and 2027 is incorporated, the decrease in enrollment compared to the most recent year is 1.87 percent and 2.00 percent, respectively.

FIGURE 7
5-YEAR ENROLLMENT
2021 - 2025

	ENROLLMENT	% CHANGE
2021	103,151	-4.33%
2022	102,377	-0.75%
2023	102,719	0.33%
2024	101,095	-1.58%
2025	100,208	-0.88%
Average annual percentage change based on the previous five years	-1.44%	
Estimated final enrollment (2026)	98,333	-1.87%
Projected next school year (2027)	96,367	-2.00%
Average annual percentage change based on 2021-2027 school years	-1.58%	

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

5. District Revenue

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	$ 5,032	44.7%	$ 7,368	59.0%	$ 4,776	37.7%
State (1)	4,243	37.7%	2,990	23.9%	5,637	44.5%
Federal	1,273	11.3%	1,509	12.1%	1,471	11.6%
Other Local and Intermediate	710	6.3%	624	5.0%	783	6.2%
Total Revenue	$ 11,258	100.0%	$ 12,491	100.0%	$ 12,667	100.0%

Note: (1) Excludes TRS on-behalf revenue
SOURCE: Texas Education Agency, Public Education Information Management System District Financial Actual Reports.

The financial data above includes all funds operating revenue, except for the District's capital projects fund and debt service fund revenues.

Approximately $60.8 million of the Teacher Retirement System (TRS) contributions made by the State of Texas on-behalf of the District are also excluded from 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 amounts from the operating expenditures per student reflected in Figure 9. The on-behalf expenditures of $60.8 million equates to $609 per student.

The District receives $2,336 less in Local M&O tax revenue per student compared to the peer district average, but $256 greater than the State average. For the 2024-2025 school year, the District's M&O tax rate was $0.6694, which is $0.0880 lower than the peer district average of $0.7574. Overall, the District's total revenue per student is $1,233 lower than the peer district average and $1,409 lower than the State average. Among the peer districts, Fort Bend ISD reported the lowest local M&O revenue per student at $5,078, while Austin ISD reported the highest at $10,242.

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

6. District Expenditures

FIGURE 9
DISTRICT ACTUAL OPERATING EXPENDITURES [1, 2]
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	$ 7,125	58.0%	$ 7,273	54.3%	$ 7,064	54.5%
Instructional Resources and Media	135	1.1%	148	1.1%	114	0.9%
Curriculum and Staff Development	245	2.0%	451	3.4%	296	2.3%
Instructional Leadership	209	1.7%	269	2.0%	227	1.8%
School Leadership	638	5.2%	768	5.7%	752	5.8%
Guidance Counseling Services	479	3.9%	635	4.7%	537	4.1%
Social Work Services	59	0.5%	72	0.5%	40	0.3%
Health Services	127	1.0%	157	1.2%	132	1.0%
Transportation	352	2.9%	394	2.9%	395	3.0%
Food Services	624	5.1%	674	5.0%	690	5.3%
Extracurricular	387	3.2%	327	2.4%	406	3.1%
General Administration	180	1.5%	332	2.5%	424	3.3%
Plant Maintenance and Operations	1,178	9.6%	1,276	9.5%	1,327	10.2%
Security and Monitoring Services	166	1.4%	287	2.1%	238	1.8%
Data Processing Services	212	1.7%	211	1.6%	239	1.8%
Community Services	162	1.3%	111	0.8%	67	0.5%
Fund Raising (Charter Schools only)	-	0.0%	-	0.0%	4	0.0%
Total Operating Expenditures	$ 12,278	100.0%	$ 13,385	100.0%	$ 12,952	100.0%

Note [1]: Includes TRS on-behalf expenditures.
Note [2]: Amounts include operating expenditures (objects 61xx to 64xx) only
SOURCE: Texas Education Agency, Public Education Information Management System District Financial Actual Reports.

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

Overall, the District spends $1,107 less per student than the average of its peer district and $674 less per student than the State average. Below are the key highlights:

- **Instructional expenditures** account for 58.0 percent of the District's total spending, which is higher than its peer district (54.3 percent) and the State average (54.5 percent).
- **Plant Maintenance and Operations** make up 9.6 percent of the District's expenditures, compared to 9.5 percent for peer district and 10.2 percent for the State average.
- **General administration** accounts for 1.5 percent of total spending – 1.0 percent lower than the peer district average of 2.5 percent and 1.8 percent lower than the State average of 3.3 percent.

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

7. District Payroll Expenditures Summary

FIGURE 10
PAYROLL EXPENDITURE SUMMARY
2024 - 2025

	DISTRICT	PEER DISTRICT AVERAGE	STATE AVERAGE
Payroll as a Percentage of All Funds	84.3%	82.1%	78.4%
Average Teacher Salary	$ 65,350	$ 66,805	$ 63,751
Average Administrative Salary	135,299	111,449	103,617
Superintendent Salary	357,000	345,300	168,307

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

The District's payroll costs, as a percentage of total expenditures, are greater than its peer district average and the State average. Also, the District, spends less per teacher than its peer district average but more than the State average. The highest average teacher salary within the peer group is $70,337 (Dallas ISD) and the lowest is $61,453 (North East ISD). The District received the Teacher Incentive Allotment (TIA) along with its peer districts (Austin ISD, Dallas ISD, Fort Bend ISD, Fort Worth ISD, and North East ISD). The District's Teacher Incentive Allotment (TIA) payouts vary based on designation level (recognized, exemplary, and master). The combined average payout across these designation levels totals $29,796. The State average payout for TIA is $37,539. The peer district average payout is $29,853. The highest combined average payout is $44,264, while the lowest is Fort Bend ISD at $3,911.

The District had a total of 30 teachers eligible for the TIA while its peer districts below had the following:

District Name	Number of Teachers
Austin ISD	723
Dallas ISD	2,299
Fort Bend ISD	18
Fort Worth ISD	1,081
North East ISD	309

The average administrative salary (includes both campus and central administration) is greater than its peer district average and the State average. In terms of leadership experience, the average years of experience for campus leadership in the District is 6.9 years, which is higher than the State average of 6.0 years. The average years of experience for campus leadership for the peer districts is 6.6 years. Among the five peer districts, two districts – Dallas ISD and Austin ISD – report lower average campus leadership experience than the District at 6.1 and 5.9 years, respectively.

The District Superintendent's salary is greater than its peer district average and the State average. The highest superintendent salary within the peer district is $410,000 (Fort Bend ISD), while the lowest superintendent salary is $270,066 (Fort Worth ISD). It is also important to note that the State average for the Superintendent salary is comprised of school districts across the State with enrollments ranging from 20 to 176,727 students. Based on the State superintendent salary reports, higher or lower student enrollment, for the most part, directly correlates with the superintendent's salary.

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

8. Fund Balance

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 cannot be spent because it is either (a) not in a spendable form, such as inventory or (b) legally or contractually required to be maintained intact.
- Restricted fund balance is net resources that are restricted as to use by an external party, such as a federal grantor.
- Committed fund balance is set aside for a specific purpose as resolved by the Board of Trustees.
- Assigned fund balance is fund balance that has been set aside by management for a specific purpose.
- Unassigned fund balance is the remaining amount that is not restricted, committed, or assigned for a specific purpose.

The Texas Education Agency evaluates unassigned fund balance by comparing it to three-months (25%) of annual operating expenditures. If the District does not meet the three-month goal, the percentage is shown as less than 100%. Amounts that exceed three (3) months are reflected as percentage greater than 100%. In fiscal year 2025, the District did meet the three-month average goal.

FIGURE 11
GENERAL FUND BALANCE
2021 - 2025

	DISTRICT			PEER DISTRICT AVERAGE (1)		
YEAR	GENERAL FUND UNASSIGNED FUND BALANCE PER STUDENT	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF OPERATING EXPENDITURES	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF 3-MONTH OPERATING EXPENDITURES	GENERAL FUND UNASSIGNED FUND BALANCE PER STUDENT	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF OPERATING EXPENDITURES	GENERAL FUND UNASSIGNED FUND BALANCE AS A PERCENTAGE OF 3-MONTH OPERATING EXPENDITURES
2025	$ 2,695	25.3%	101.2%	$ 3,183	29.0%	116.0%
2024	2,692	26.3%	105.2%	3,648	33.8%	135.2%
2023	2,453	26.2%	104.9%	3,752	37.4%	149.4%
2022	2,350	25.9%	103.4%	3,285	34.9%	139.6%
2021	2,359	26.3%	105.2%	2,862	31.4%	125.6%

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

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

8. Fund Balance (continued)

The table below shows the amount by which the District did or did not meet the three-month goal.

FIGURE 11
GENERAL FUND BALANCE (continued)
2021 - 2025

DISTRICT				
YEAR	GENERAL FUND UNASSIGNED FUND BALANCE	GENERAL FUND UNASSIGNED FUND BALANCE 3-MONTH GOAL	UNASSIGNED FUND BALANCE AND THREE-MONTH GOAL (%)	DIFFERENCE BETWEEN UNASSIGNED FUND BALANCE AND THREE-MONTH GOAL ($)
2025	$ 270,150,302	$ 266,878,161	101.2%	$ 3,272,141
2024	270,854,643	257,541,611	105.2%	13,313,033
2023	250,670,832	239,050,787	104.9%	11,620,045
2022	238,720,315	230,760,213	103.4%	7,960,102
2021	242,173,927	230,109,728	105.2%	12,064,199

The District's unassigned fund balance as of August 31, 2025, totaled $270.2 million. Using the District's General Fund operating expenditures of $1,067.5 million, the optimal 25 percent of operating expenditures in fund balance would equate to $266.9 million. The District has not only met this requirement, but has exceeded it by $3.3 million (or 1.2 percent).

The District did not assign any fund balance for the current year, while four (4) of the peer districts assigned fund balance as follows:

District Name	Assigned Fund Balance (in millions)
Austin ISD	$4.8
Dallas ISD	$311.4
Fort Bend ISD	$4.1
Fort Worth ISD	$51.8

TEA uses the combined assigned and unassigned fund balance in comparison to the District's operating expenditures for FIRST Rating purposes.
The District did, however, commit fund balance in the amount of $90.2 million. This fund balance may be used only for purposes approved by a Board of Trustees resolution, specifically instructional continuity. The Board may not use the committed funds for any other purpose unless they are repurposed by Board resolution. No other district committed fund balance.

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

9. District Staffing Levels

FIGURE 12
STAFF RATIO COMPARISON
2024 - 2025

	DISTRICT	PEER DISTRICT AVERAGE	STATE AVERAGE
Teaching Staff (Percentage of Total Staff)	52.3%	48.3%	48.0%
Support Staff (Percentage of Total Staff)	10.8%	12.2%	11.0%
Administrative Staff (Percentage of Total Staff)	2.4%	4.1%	4.6%
Paraprofessional Staff (Percentage of Total Staff)	0.0%	10.1%	11.0%
Auxiliary Staff (Percentage of Total Staff)	34.6%	25.3%	26.0%
Students Per Total Staff	7.4	7.1	7.2
Students Per Teaching Staff	14.1	14.8	15.0

SOURCE: Texas Education Agency, Public Education Information Management System District Staff Information Reports.

The District’s total staff for the year ended August 31, 2025 was 13,539 compared to the peer district average of 11,792. The District’s teacher count for the 2025 school year was 52.3 percent(or 7,081 teachers), while the State average is 48.0 percent. The District’s teaching staff as a percentage of total staff is 4.0 percent greater than the peer district average.

10. Teacher Turnover Rates

FIGURE 13
TEACHER TURNOVER RATES
2024 - 2025

	DISTRICT TURNOVER RATE	AVERAGE PEER DISTRICT TURNOVER RATE	STATE TURNOVER RATE
Teachers	13.0%	17.0%	18.8%

SOURCE: Texas Education Agency, Public Education Information Management System District Staff Information Reports.

The District’s turnover rate is 13.0 percent and 5.8 percent lower than the peer district average and State average, respectively. The highest turnover rate within the peer districts was 17.9 percent (Austin ISD) while the lowest turnover rate was 15.6 percent (Fort Bend ISD).

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

11. Special Programs

FIGURE 14
SPECIAL PROGRAMS CHARACTERISTICS
2024 - 2025

	NUMBER OF STUDENTS SERVED	PERCENTAGE OF ENROLLED STUDENT SERVED	PROGRAM BUDGET PER STUDENTS SERVED [1]	PROGRAM BUDGET AS A PERCENTAGE OF DISTRICT BUDGET [1]	TOTAL STAFF FOR PROGRAM	STUDENTS PER TOTAL STAFF FOR PROGRAM
Total Students	100,208	100.0%	N/A	N/A	N/A	N/A
Special Education	17,352	17.3%	8,817	14.00%	918.3	18.90
Bilingual/ESL Education	13,268	13.2%	267	0.30%	39.5	335.90
Migrant Programs	42	0.0%	0	N/A	N/A	0.00
Gifted and Talented Programs	8,552	8.5%	1,201	0.90%	18.2	469.89
Career and Technical Education	23,178	23.1%	1,134	2.40%	311.6	74.38
Athletics and Extracurricular Activities (1)	27,134	27.1%	714	1.80%	458.0	59.24
Alternative Education Program/Disciplinary Alternative Education Program (1)	444	0.4%	9,589	0.39%	57.0	7.79
Juvenile Justice Alternative Education Program	64	0.1%	5,078	0.03%	0.0	0.00

Note: [1] Information provided by the District

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION

1. State and Regional Resources

The District maximizes resources by allocating campus budgets based on a set per-pupil amount tied to estimated enrollment. The District has a Grants Department which seeks out and researches potential grants that may be beneficial for the District. The Department assists in obtaining external funding for educational programs. Grant sources vary widely, ranging from State or Federal sources to local options.

2. Reporting

For the year ended August 31, 2025, Whitley Penn, LLP expressed an unmodified opinion on the financial statements. 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

Not Applicable

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	

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION (continued)

5. Self-funded Programs

The District maintains a Worker's Compensation Insurance Fund, an internal service fund, to account for and finance its uninsured risks of loss for worker's compensation coverage. Under this program, the fund provides coverage for up to a maximum per occurrence of 500,000. Premiums are collected from the various departments within the District based on predetermined experience rates. Claims are paid from the proceeds of the premiums through this fund. Sedgwick is the District's Third-Party Administrator that facilitates the claims processing. The District purchases stop loss coverage through a commercial insurer for claims in excess of coverage provided by the fund.

The District offers its employees a suite of health benefit plans as a self-funded insurance plan through the UnitedHealthcare network. A traditional PPO plan and high deductible plans are available. Employees who elect health coverage are also provided a $10,000 life insurance policy. Employees who do not elect health insurance are provided a $50,000 or $80,000 life insurance policy. Premiums are collected from the employees of the District along with amounts contributed from various District accounts. The District maintains individual stop-loss coverage with a carrier for catastrophic losses exceeding $500,000 per claim. Claim costs, administrative costs and stop- loss premiums are paid from the proceeds of the premiums collected.

Staffing

All District administrators participate in an annual evaluation process. These evaluations are not only used to assess performance but also serve as a strategic tool to guide leadership development, build capacity, and align efforts with district wide goals and also help identify strengths and opportunities for growth. As a result, this system ensures that leadership performance is directly tied to operational effectiveness and continuous improvement across the District.

7. Compensation System

FIGURE 16
COMPENSATION SYSTEM

QUESTION	YES/NO	NOT APPLICABLE
Does the District use salary bonuses or merit pay systems?	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?	No	

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION (continued)

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:	No	
Does the District use enrollment projections?	NA	
Does the District analyze facility capacity?	NA	
Does the District evaluate facility condition?	NA	
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	

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL, AND ACADEMIC INFORMATION (continued)

9. Programs

FIGURE 18
ACADEMIC INFORMATION

QUESTION	YES/NO	NOT APPLICABLE
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	