Denton ISD

2026 Annual Financial Management Report

For the Year Ending June 30, 2025

Jennifer Stewart, Chief Financial Officer
Vicki Garcia, Executive Director Financial Operations

Responsible Fiscal Stewardship

F Financial

I Integrity

R Rating

S System

T Texas

Rating Year and Data

Schools FIRST Background

- Enacted by Legislature in 2001 – Senate Bill 218 passed during the 77th Texas Legislative Session
- Purpose:
  - Hold districts accountable for quality of their financial management practices
  - Provide maximum allocation for direct instructional purposes
  - Evaluates quality of financial management decisions
- Requirements
  - Prepare FIRST Financial Management Report
    - Include disclosures in report
  - Advertise Public Meeting
  - Hold public hearing to discuss rating

Denton ISD 2025 FIRST Rating

DISD 2026 FIRST Rating

A – Superior Achievement

24th Year of Highest Possible Rating

Four – Tier Rating System

A = Superior Achievement 90-100 Points

B = Above Standard Achievement 80-89 Points

C = Meets Standard Achievement 70-79 Points

F = Substandard Achievement <70 Points

Why is a FIRST Rating important

- A high FIRST rating creates confidence from our stakeholders.
- In determining the accreditation status of a school district, the commissioner evaluates and considers performance under the financial accountability rating system. “FIRST”
- A potential down grade in the district’s bond ratings. This could affect the interest rate for future bond sales.

21 FIRST Rating Indicators

Critical

4 Indicators

1 thru 4

A “No” answer to any critical indicator will result in an automatic failure on FIRST

Solvency

10 Indicators

5 thru 14

Indicators designed to detect early signs of solvency related issues

Financial Competence

7 Indicators

15 thru 21

Indicators designed to show quality of district management decisions and financial management practices

Critical and Ceiling Indicators

Critical Indicators	
Indicator 1 - Timely filing of the Annual Financial Report	Yes
Indicator 2 – Unmodified auditor opinion in the AFR	Yes
Indicator 3 – Compliance with the payment terms of all debt agreements	Yes
Indicator 4 – Timely payment of all payroll-related obligations	Yes

Ceiling Indicators	Maximum Points	Passed
Indicator 4 – Timely Payments	95	✓
Indicator 5 – Unrestricted Net Position Greater than Zero	89	✓
Indicator 6 – Average Change in Fund Balance	89	✓
Indicator 16 – PEIMS to AFR Variance	89	✓
Indicator 17 Material Weakness	79	✓
Indicator 20 – Property Values Board Discussion	89	✓
Indicator 21 – FSP Repayment Plan	70	✓

Indicator 10 Resumed

Comparison of Budgeted Revenues to Actual

Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?

It measures the accuracy of budgeted local and state revenue by comparing the amounts budgeted in the general fund to the actual amounts earned for the last three years.

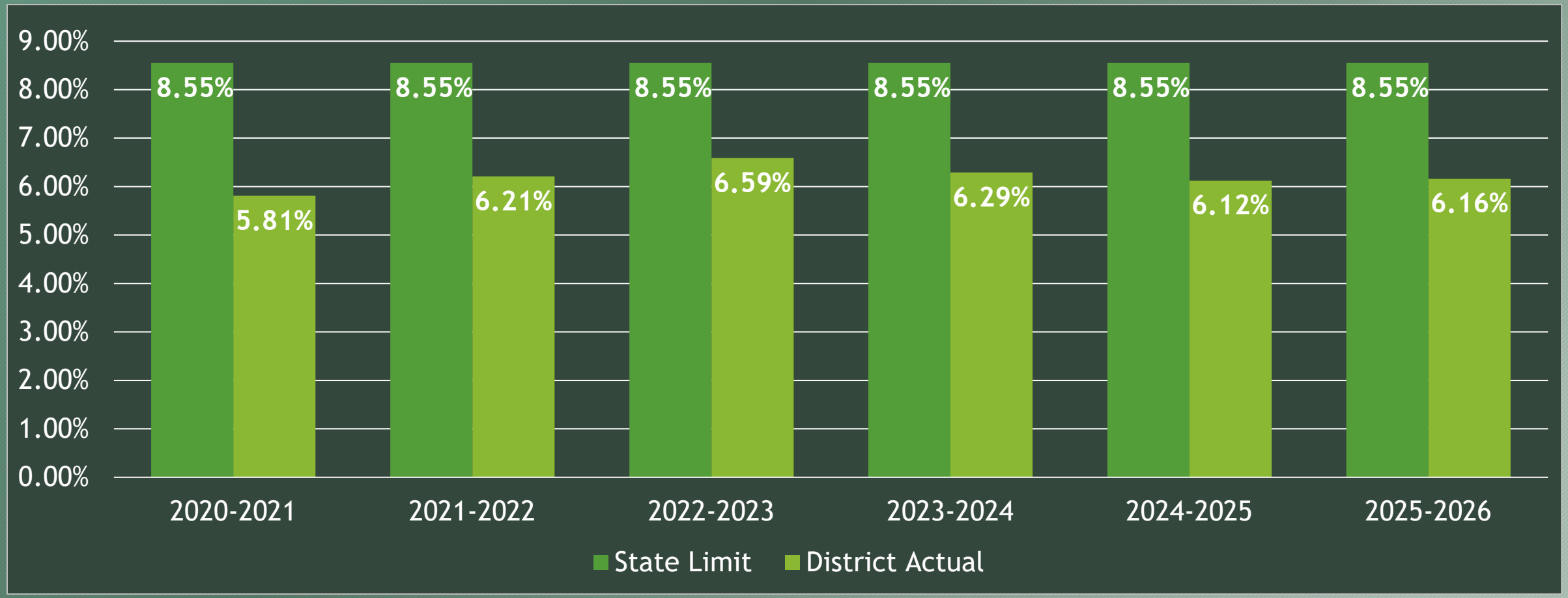
This indicator was first introduced in the 2020-2021 FIRST rating year. But paused in 2021-2022 due to COVID.

This District received the full 10 points available for this indication in 2020-2021 and now in 025-2026 Rating Year.

Indicator 13
Administrative Cost Ratio Chart

- Indicator 13 was paused for the 2025-26 rating period.
- When TEA adopted the July 2026 School FIRST worksheets, it revised several indicators, including Indicator 13, to account for **Chapter 49 recapture**.
- Administrative-cost spending data was still reported as a part of PEIMS reporting, but the indicator was not used to reward or penalize districts during this rating cycle.
- The revised Indicator 13 would compare **administrative costs to total costs** rather than **administrative costs to instructional costs**.

Indicator 13
Administrative Cost Ratio Chart



Statewide Statistics

	Points	2024-2025 Results	2025-2026 Preliminary Results
A – Superior Achievement	90-100	866	934
B – Above Standard	80-89	84	147
C – Meets Standard	70-79	50	75
F – Substandard Achievement	0-69	18	27

Statewide Statistics

Problem Indicators	Count of Districts with Declines	Scored
10. Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?	161	Auto loss of 10 points
9. Did the general fund revenues equal or exceed expenditures? If not, was as least 60 days cash on hand?	48	Range of Points
16. Did comparison of PEIMS to AFR result in variance of less then 3% of all expenditures by function?	9	Ceiling of 89
6 . Was the average change in (assigned and unassigned) fund balance over 3 years less than a 25% decrease or did the current year assigned and unassigned fund balance exceed 75 days of operational expenditures?	8	Ceiling of 89

Questions