

Hitchcock Independent School District

BOARD OF TRUSTEES

Meeting Date: March 23, 2026

Presented by: Dr. Darryl J. Henson, Superintendent of Schools

Subject: 2024-2025 Financial Audit

Action Item

BACKGROUND INFORMATION:

In Texas, school districts are required by law to undergo an annual financial audit by a licensed independent CPA firm. This process is designed to ensure that the district's financial statements accurately reflect its fiscal health and that all state and federal funds have been managed in compliance with the Texas Education Agency Financial Accountability System Resource Guide. The completion of this audit is a critical component of the School FIRST (Financial Integrity Rating System of Texas) rating, which measures the quality of financial management in Texas public schools.

For the 2024-2025 fiscal year, the TEA established a revised submission deadline of February 27, 2026. While the district worked diligently to provide all necessary documentation to our external partners, the final audit was not completed and filed by this date. As a result of this missed deadline, the district will receive an automatic "Failed" or "Substandard Achievement" rating on its preliminary School FIRST report, as timely submission is a "ceiling indicator" under the current accountability framework.

Hitchcock ISD administration has remained in constant communication with Whitley Penn, ESC Region 4, and the Texas Education Agency regarding this delay. It is important to note that the delay was primarily a result of the auditors' timeline for finalizing the report rather than a lack of cooperation or documentation from the district.

Consequently, the district plans to file a formal appeal of the failed rating with the TEA once the preliminary ratings are issued. We believe we have a strong basis for this appeal given the circumstances surrounding the auditor-led delay, and we are committed to ensuring our official record reflects the true financial standing and administrative efforts of the district.

BOARD ACTION REQUIRED:

I move that the Board approve the 2024-2025 Financial Audit as presented.

POLICY AUTHORIZATION:

CFC(LEGAL)

CFC(LOCAL)

CONTACT PERSON:

Dr. Darryl J. Henson, Superintendent

Robin Hataway, Chief Financial Officer

FUNDING SOURCE:

N/A

ENCLOSURES:

2024-2025 Financial Audit