



# BELLVILLE INDEPENDENT SCHOOL DISTRICT

518 SOUTH MATHEWS STREET | BELLVILLE, TX | 77418 | PH: (979) 865-3133 |  
WWW..BELLVILLEISD.ORG

## Efficiency Audit

### FUNDING BACKGROUND

Maintenance and Operations of a school district are funded through local funding, mostly local tax dollars and the state funding through state formula funding. Revenues or entitlements are derived from the Summary of Finance (SOF) report that takes into consideration the number of students in average daily attendance, weighted averages of special populations, tax rate, property values and tax collections to produce district entitlements. The entitlements are filled first by local tax dollars and any remaining amounts by state dollars. As property values increase, more local funding fills the entitlement first and state dollars are reduced. In the most basic sense, revenues are dependent on three factors (1) Basic Allotment, a legislatively mandated allotment that drives the SOF, (2) student enrollment and (3) district tax rate. Without changes to any of these, the level of funding does not change. The state allows enrichment pennies above the compressed tax rate, sometimes called golden or copper pennies to provide additional revenue to support district operations. These pennies can only be adopted with voter approval.

### DISTRICT BUDGET

A district's budgeting process is continual and future focused on forecast and estimates; some based on history, economic trends, demographics, censuses and legislative biennium outcomes. As we began focus on the 2021-2022 budget last fall our forecast showed moderate student enrollment growth and attention on the 87<sup>th</sup> Legislative Session. As the Legislative Session draws to a close, there are only minimal changes to the formula funding, with bills mainly addressing HB3 clean up provisions. The earliest models show non-material revenue growth for Bellville, which will be sustain over the next two years of the biennium. The moderate student growth has afforded Bellville additional revenue that will cover rising cost of goods and employee raises and a balanced budget. As we move into the second year of the biennium our focus will be on program growth and weighted allotments as a way to increase revenues for operations.

### OPERATIONAL COST

Our long range planning and bond planning has us poised for a bond call to address existing facilities, infrastructure, program needs and capacities on campuses. The proposed plan increases the instructional space of the district and in turn an increase in operational cost. To sustain the increase in operational cost, additional enrichment pennies are recommended.

### EFFICIENCY AUDIT

HB3 requires board of trustees of a school district to conduct an efficiency audit before seeking voter approval to adopt a tax rate for maintenance and operations (M&O) of the district in excess of the voter-approval tax rate. The purpose of the 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 district before an election to adopt a maintenance and operations tax rate above the voter-approval tax rate.

- An auditor must be selected to conduct an efficiency audit no later than four months before the date of the election
- The district's fiscal auditor that conducts the annual audit may be selected to perform the efficiency audit.
- Efficiency audit must be performed as outlined in the Efficiency Audit Guidelines under HB3, 86<sup>th</sup> Legislature 2019
- The audit provides information to voters regarding the school district's fiscal management, efficiency and utilization of resources.
- Attached – House Bill 3 Efficiency Audit Guidelines ([www.lbb.state.tx.us](http://www.lbb.state.tx.us))

The recommendation is to move forward with the district's annual auditor Pattillo, Brown and Hill. The efficiency audit will be performed during the month of June 2021 and the report presented to the board in July 2021.

**BELLVILLE BRAHMAS**  
**LEARNERS TODAY. LEADERS TOMORROW.**