

VOTER-APPROVAL TAX RATE ELECTION (VATRE)

EFFICIENCY AUDIT RESULTS

SEPTEMBER 23, 2024

EFFICIENCY AUDIT SECTIONS

1. Executive Summary
2. Key Information about the District
3. Objectives and Approach
4. District Data on Accountability, Students, Staffing, and Finances, with Peer Districts and State Comparisons
5. Additional Financial, Operational, and Academic Information

EFFICIENCY AUDIT: EXECUTIVE SUMMARY

Purpose: The purpose of the 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.

Data: This audit was accomplished by analyzing data from the fiscal year ended June 30, 2023 and prior, maintained by the Texas Education Agency (TEA) and the District.

Overview: The district data was compared in the areas of accountability, students, staffing and finances with peer districts and state averages.

EFFICIENCY AUDIT: KEY INFORMATION

Highlights

- 2024 M&O Tax Rate = 0.6669 2024 M&O Tax Rate with VATRE = 0.6969
- 2024 I&S Tax Rate = 0.4210 2024 I&S Tax Rate with VATRE = 0.4210
- Estimated M&O Revenue Increase = \$16 Million
- Increase to property tax on average home in 2023 to 2024 = \$118
- “Even with proposed M&O tax rate change the District administration will be proposing, the District will need to achieve further cost efficiencies and review program cost savings that would allow the District to adopt a balance budget in fiscal year 2026.”
- “If the VATRE is successful, the District intends to use the additional tax revenue to continue to offer competitive teacher and staff salaries, continue offering quality student programs and activities, and assist in reducing future deficits.”
- “If the VATRE were not to pass, the District would consider reducing expenditures where possible but would not be able to significantly reduce the fiscal year 2025 budget deficit.”

EFFICIENCY AUDIT: OBJECTIVES AND APPROACH

This section lists the 23 approaches that must be completed during the efficiency audit. This is the list of those 23 approaches and the next two sections answer each of these approaches/questions.

SECTION III - OBJECTIVES AND APPROACH

Objectives

The objective 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.

Approach

In order to achieve the objectives set forth above, Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC performed the following procedures:

1. Obtained the peer districts selected by the District, developed a simple average and used that same comparison group throughout the audit.
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:
 - Accountability rating count for each campus level within the District.
 - Names of the campuses that received an F accountability rating
 - 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:
 - Total Students
 - Economically Disadvantaged
 - English Learners
 - Special Education
 - Bilingual/ESL Education
 - 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 enrollment.
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.
 - Local M&O Tax (Retained) (without debt service and recapture)
 - State
 - Federal
 - Other local and intermediate
 - 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. In addition, explained the reasons for the District's expenditures exceeding revenue, if applicable.

- Instruction
- Instructional resources and media
- Curriculum and staff development
- Instructional leadership
- School leadership
- Guidance and counseling services
- Social work services
- Health services
- Transportation
- Food service operations
- Extracurricular
- General administration
- Plant maintenance and operations
- Security and monitoring services
- Data processing services
- Community services
- 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.
 - Payroll as a percentage of all funds
 - Average teacher salary
 - Average administrative salary
 - 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:
 - Teaching
 - Support
 - Administrative
 - Paraprofessional
 - Auxiliary
 - Students per total staff
 - 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.
 - Special Education
 - Bilingual Education
 - Migrant Programs

- Gifted and Talented Programs
- Career and Technical Education
- Athletics and Extracurricular Activities
- Alternative Education Program/Disciplinary Alternative Education Program
- Juvenile Justice Alternative Education Program

14. Described how the District maximizes available resources from state source and regional education service centers to develop or implement programs or deliver services.
15. Reported 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 regard to the District's budget process, provided a response to each of the following questions:
 - Does the District's budget planning process include projections for enrollment and staff?
 - Does the District's budget process include monthly and quarterly reviews to determine the status of annual spending?
 - Does the District use cost allocation procedures to determine campus budgets and cost centers?
 - Does the District analyze educational costs and student needs to determine campus budgets?
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 regard 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, explained 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?
21. 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:
 - a. Does the District use enrollment projections?
 - b. Does the District analyze facility capacity?
 - c. 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, 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?
23. Provided a response to the question of whether the District modifies programs, plans staff development opportunities, or evaluates staff based on analyses of student test results.

EFFICIENCY AUDIT: DISTRICT DATA

1. Peer Districts

Figure 1
Peer Districts

District Name	District #	County
Carroll ISD	220919	Tarrant
Keller ISD	220907	Tarrant
Eagle Mountain-Saginaw ISD	220918	Tarrant
Lewisville ISD	061902	Denton
Hurst-Euless-Bedford ISD	220916	Tarrant
Dripping Springs ISD	105904	Hays
Lamar CISD	079901	Fort Bend
Prosper ISD	043912	Collin
Mansfield ISD	220908	Tarrant
Denton ISD	061901	Denton

“The District used Texas Education Agency’s (TEA) Snapshot Peer Search and identified a total of 12 peer districts based on factors such as district sized, property wealth, tax rate and community type. The District selected 10 out of those 12 peer districts identified for this audit, which are shown below”

EFFICIENCY AUDIT: DISTRICT DATA

2. Accountability

Figure 2
Accountability Rating Comparison
2021-2022

	District Rating (A-F)	District Rating (1-100)	Peer District Average Score (1-100)
Rating/Score	B	89	90.6

Figure 3
Accountability Rating by Campus Level
2021-2022

	Elementary Schools	Middle Schools	High Schools
A	6	1	2
B	9	3	2
C	4	2	-
D	-	-	-
F	-	-	-
Not Rated	1	-	-

EFFICIENCY AUDIT: DISTRICT DATA

3. Financial Rating

Figure 4		
School FIRST Rating		
	District Rating (A-F)	
Northwest ISD	A	96
Carroll ISD	A	96
Keller ISD	C	70
Eagle Mountain-Saginaw ISD	A	96
Lewisville ISD	A	96
Hurst-Euless-Bedford ISD	A	100
Dripping Springs ISD	A	98
Lamar CISD	B	89
Prosper ISD	A	94
Mansfield ISD	A	92
Denton ISD	A	94

“The District’s 2022-2023 rating based on school year 2021-2022 data was an “A” (Superior). The District also earned a Superior Rating in 2020, 2021, 2022 and 2023.”

EFFICIENCY AUDIT: DISTRICT DATA

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

Figure 5
Selected Student Characteristics
2022-2023

	Total Student Population Count	% of Student Population	Peer District Average %	State Average %
Total Students	29,248			N/A
Economically Disadvantaged	7,833	26.8%	39.4%	62.0%
English Learners	2,769	9.5%	16.0%	23.0%
Special Education	4,134	14.1%	13.8%	12.7%
Bilingual/ESL Education	2,650	9.1%	16.0%	23.2%
Career & Technical Education	9,979	34.1%	25.9%	26.5%

Attendance

Figure 6
Attendance Rate
2021-2022

	District Average	Peer Districts Average	State Average
Attendance Rate	94.1%	93.7%	92.2%

Figure 7
5-Year Enrollment
2019-2023

	Enrollment	% Change
2023	29,248	6.04%
2022	27,583	8.67%
2021	25,383	1.37%
2020	25,040	3.72%
2019	24,141	4.22%

EFFICIENCY AUDIT: DISTRICT DATA

5. District Revenue

Figure 8

District Tax Revenue

2022-2023

	District		Peer Districts Average		State Average	
	Revenue	% of	Revenue	% of	Revenue	% of
	Per Student	Total	Per Student	Total	Per Student	Total
Local M&O tax (retained)(1)	8,074	76.85%	6,625	60.52%	5,214	40.66%
State (2)	750	7.14%	2,254	20.59%	4,310	33.61%
Federal	887	8.44%	1,128	10.31%	2,568	20.03%
Other Local & Intermediate	796	7.57%	939	8.58%	730	5.70%
Total Revenue	10,507	100.00%	10,946	100.00%	12,822	100.00%

“The District’s receives less revenue per student compared to its peer districts average and the State average.”

EFFICIENCY AUDIT: DISTRICT DATA

6. District Expenditures

Figure 9

District Actual Operating Expenditures
2022-2023

	District		Peer Districts Average		State Average	
	Expenditures	% of	Expenditures	% of	Expenditures	% of
	Per Student	Total	Per Student	Total	Per Student	Total
Instruction	5,766	56.15%	6,329	57.77%	6,849	55.29%
Instructional Resources & Media	101	0.98%	122	1.11%	121	0.98%
Curriculum & Staff Development	247	2.40%	215	1.96%	308	2.49%
Instructional Leadership	98	0.95%	147	1.34%	223	1.80%
School Leadership	575	5.60%	580	5.29%	710	5.73%
Guidance & Counseling Services	434	4.23%	464	4.24%	497	4.02%
Social Work Services	15	0.15%	18	0.16%	46	0.37%
Health Services	91	0.89%	120	1.10%	133	1.07%
Transportation	429	4.18%	349	3.19%	374	3.02%
Food Service Operation	446	4.34%	497	4.54%	631	5.10%
Extracurricular	428	4.17%	378	3.45%	384	3.10%
General Administration	312	3.04%	317	2.89%	411	3.32%
Facilities Maintenance & Operations	1,036	10.08%	1,048	9.57%	1,227	9.90%
Security & Monitoring Services	92	0.89%	114	1.04%	165	1.33%
Data Processing Services	186	1.81%	212	1.94%	239	1.93%
Community Services	15	0.14%	45	0.41%	64	0.52%
Total Expenditures	10,271	100.00%	10,955	100.00%	12,385	100.00%

“The District’s expenditures per student spent in General Administration is 1.6 percent less than the peer district average and 24.1 percent less than the State average.”

EFFICIENCY AUDIT: DISTRICT DATA

7. Payroll

Figure 10
Payroll Expenditure Summary
2022-2023

	District	Peer Districts Average	State Average
Payroll as a Percentage of All Funds	76.75%	80.55%	77.83%
Average Teacher Salary	62,568	63,759	60,717
Average Administrative Salary	97,006	100,017	92,684
Superintendent Salary	372,659	322,796	161,416

EFFICIENCY AUDIT: DISTRICT DATA

8. Fund Balance

“The Texas Educational Agency evaluates unassigned fund balance by comparing it to three months (25 percent) of annual operating expenditures. If the District does not meet the goal of three months, the percentage is shown less than 100 percent. Amounts that exceed three months (3) months are reflected as a percentage great than 100 percent. The District met the three-month average goal.”

Figure 11
General Fund Balance
2019-2023

	District		
	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
2023	3,647	36.21%	144.83%
2022	3,569	40.80%	163.19%
2021	3,172	32.04%	128.14%
2020	2,546	27.52%	110.09%
2019	3,178	35.02%	140.09%

Peer Districts Average			
	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
2023	2,859	25.89%	103.56%
2022	2,638	25.99%	103.96%
2021	2,737	27.22%	108.88%
2020	2,488	26.00%	104.00%
2019	2,312	24.43%	97.72%

EFFICIENCY AUDIT: DISTRICT DATA

9. District Staffing Levels

Figure 12
Staff Ratio Comparison
2022-2023

	District	Peer Districts Average	State Average
Teaching Staff (Percentage of Total Staff)	59.60%	54.88%	48.70%
Support Staff (Percentage of Total Staff)	11.40%	11.22%	10.90%
Administrative Staff (Percentage of Total Staff)	4.50%	4.05%	4.50%
Paraprofessional Staff (Percentage of Total Staff)	9.00%	9.45%	11.30%
Auxiliary Staff (Percentage of Total Staff)	15.50%	20.39%	24.60%
Students Per Total Staff	9.34	8.29	7.23
Students Per Teaching Staff	15.67	15.04	14.85

“The District is maximizing efficient use of staffing resources to serve students while achieving high accountability ratings comparable to its peer districts”

EFFICIENCY AUDIT: DISTRICT DATA

10. Teacher Turnover

Figure 13

Teacher Turnover Rates

2022-2023

	District Turnover Rate	Average Peer Districts Turnover Rate	State Turnover Rate
Teachers	19.80%	19.22%	21.40%

“While the District’s turnover rate is 3.0 percent higher than the average peer districts turnover rate, it is 7.5 percent less than the State average. The highest turnover rate within the peer districts was 23.0 percent while the lowest turnover rate was 17.1 percent.”

EFFICIENCY AUDIT: DISTRICT DATA

11. Special Programs

Figure 14
Special Programs Characteristics
2022-2023

	Number of Students Served	Percentage of Enrolled Students Served	Program Budget Per Students Served	Program Budget as a % of of District Budget	Total Staff For Program	Students Per Total Staff For Program
Total Students	29,248	100.00%	N/A	N/A	N/A	N/A
Economically Disadvantaged	7,833	26.78%	735.69	1.86%	115.8	67.6
English Learners	2,769	9.47%	355.84	0.32%	784.0	3.5
Special Education	4,134	14.13%	6,863.15	9.15%	194.0	21.3
Bilingual/ESL Education	2,650	9.06%	371.82	0.32%	30.8	86.0
Athletics & Extracurricular Activities	13,573	46.41%	564.14	2.47%	321.0	42.3
Alternative Education Programs/ Disciplinary Alternative Educ Program	493	1.69%	1,646.77	0.15%	11.0	44.8
Juvenile Justice Alternative Education Program	9	0.03%	2,233.00	0.01%	N/A	N/A
Career and Technical Education	9,979	34.12%	1,274.74	4.10%	110.0	90.7

EFFICIENCY AUDIT: ADDITIONAL INFORMATION

The last section is a series of yes/no questions regarding the District's Budget Process, Self Funded Programs, Staffing, Compensation System, Planning and Programs.

Figure 15

Budget Process

Question	Yes/No	N/A
Does the District's budget planning process include projections for enrollment and staff?	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	

Figure 16

Compensation System

Question	Yes/No	N/A
Does the District use salary bonuses or merit pay systems?	No	
Does 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	

Figure 18

Academic Information

Question	Yes/No	N/A
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	

EFFICIENCY AUDIT: SUMMARY

“The District is maximizing efficient use of staffing resources to serve students while achieving high accountability ratings comparable to its peer districts.”

QUESTIONS