

Transmittal Letter

October 8, 2003

The Honorable Rick Perry, Governor
The Honorable David Dewhurst, Lieutenant Governor
The Honorable Thomas R. Craddick, Speaker of the House
Chief Deputy Commissioner Robert Scott

Fellow Texans:

I am pleased to present this report on the progress of the Mirando City Independent School District (MCISD) in implementing my Texas School Performance Review (TSPR) recommendations.

In April 2002, I released the results of my review of the district's operations. This review offered 26 recommendations that collectively could save MCISD taxpayers a net of \$24,560 by 2006-07. The review also noted a number of MCISD's exemplary programs and model services provided by district administrators, teachers, and staff.

In May 2003, we returned to check on how well the district's leadership put these proposals into practice. Over the last year, MCISD has implemented, or is in the process of implementing, 19 of the proposals, or 73 percent. The district has saved a net of \$885 to date, and expects those savings to grow to \$12,425 over five years.

This report is available on my Web site at
<http://www.window.state.tx.us/tspr/mirandopr/>.

Sincerely,



Carole Keeton Strayhorn
Texas Comptroller

c: Senate Committee on Education
House Committee on Public Education
The Honorable Judith Zaffirini, Ph.D., State Senator, District 21
The Honorable Ryan Guillen, State Representative, District 31

Progress Report Mirando City Independent School District

October 2003

Introduction

In November 2001, Texas Comptroller Carole Keeton Strayhorn began a review of the Mirando City Independent School District (MCISD) as part of a three-district project that also included reviews of the neighboring Laredo and Webb Consolidated school districts. These three districts are located geographically near each other in Webb County. Comptroller Strayhorn issued a final report in April 2002 detailing 26 recommendations that could result in net savings of \$24,560 over the next five years. The Texas School Performance Review (TSPR) staff returned in May 2003 to assess the district's progress in implementing the recommendations.

Since 1991, TSPR has recommended more than 7,600 ways to save taxpayers more than \$780 million over five-year periods in 100 public school districts throughout Texas. TSPR also conducts follow-up reviews of districts that have had at least one year to implement the recommendations. These more than 60 subsequent reviews showed that school districts have acted on more than 90 percent of TSPR's proposals, saving taxpayers nearly \$135 million. The Comptroller's office expects the full savings to grow in the future.

Improving the Texas School Performance Review

Comptroller Carole Keeton Strayhorn, who took office in January 1999, consulted school district officials, parents and teachers from across Texas and carefully examined past reviews and progress reports in an effort to make TSPR more valuable, even vital, to the state's more than 1,000 school districts. With the perspective of a former teacher, and school board president, the Comptroller has vowed to steer TSPR toward increased accountability to local school districts and the communities they represent.

Comptroller Strayhorn began by establishing new criteria for selecting school districts for future reviews. Priority is now given to districts judged poor performing academically or financially, and to hands-on reviews that benefit the greatest number of students. To ensure this process also serves small districts, reviews of numerous school districts in close proximity,

regardless of academic or financial status, are also completed to achieve some economy of scale, as was the case with the smaller districts reviewed in Tom Green County.

Recognizing that only about 51 cents of every education dollar is spent on instruction, Comptroller Strayhorn's goal is to drive more of every education dollar directly into the classroom. In addition, no longer are school districts' best practices and exemplary models left buried inside individual TSPR reports. Instead, Comptroller Strayhorn has ordered TSPR to share best practices and exemplary programs quickly and systematically among all the state's school districts and with anyone who requests such information. There is simply no reason for a district that has solved a problem well to keep the solution to itself. Comptroller Strayhorn has directed TSPR to serve as an active clearinghouse of the best and brightest ideas in Texas public education. Best practices identified in the original review will be included in the Comptroller's best practices database, *A+ Ideas for Managing Schools (AIMS)*, which is on the Web at www.aimsdatabase.org.

Under Comptroller Strayhorn's approach, the TSPR team and consultants work with districts to:

- ensure students and teachers receive the support and resources necessary to succeed;
- identify innovative options to address core management challenges;
- ensure administrative activities are performed efficiently, without duplication and in a manner that spurs education;
- develop strategies to ensure the districts' processes and programs are continuously assessed and improved;
- understand the links among the districts' functional areas and determine ways to provide a seamless system of services;
- challenge any process, procedure, program or policy that impedes instruction and recommend ways to reduce or eliminate obstacles; and
- put goods and services to the "Yellow Pages test"-government should do no job if there is a business in the Yellow Pages that can do that job better and at a lower cost.

Finally, Comptroller Strayhorn has opened her door to Texans who share her optimism about TSPR's potential. Suggestions to improve school reviews are welcome at any time. The Comptroller is a staunch believer in public education and public accountability.

Detailed information can be obtained from TSPR by calling 1-800-531-5441 extension 5-3676, or by visiting the Comptroller's Web site at www.window.state.tx.us.

TSPR in the Mirando City ISD

TSPR began its performance review of MCISD in November 2001. The Comptroller contracted with MGT of America, Inc., a consulting firm based in Tallahassee, Florida, and Carter C. Scherff, CPA, a consultant based in Wichita Falls, Texas, to assist with the original review. The review team interviewed district employees, school board members and parents and conducted a public forum during the first week of onsite work from 5 p.m. to 7 p.m.

The review team also consulted two Texas Education Agency (TEA) databases of comparative educational information—the Academic Excellence Indicator System (AEIS) and the Public Education Information Management System (PEIMS).

MCISD selected peer districts for comparisons based on similarities in student enrollment, student performance and community and student demographics. The districts chosen were Bluff Dale, Devers, Gruver, Robert Lee and Wellman-Union Consolidated ISDs.

During its more than five-month review, TSPR developed 26 recommendations to improve operations and save taxpayers \$43,710 over the next five years. Cumulative net savings from all recommendations (savings minus recommended investments or expenditures) could reach \$24,560 by 2006-07.

Mirando City ISD in Profile

A rural community with a population of about 230, Mirando City lies 30 miles southeast of Laredo. O.W. Killam, a wealthy South Texas oilman who discovered oil and gas in the area, founded Mirando City in 1921. Oil and gas continue to be an important part of the local economy in Webb County along with ranching, farming and hunting.

A very small school district, MCISD served 49 students in 2002-03 in one school, pre-kindergarten through grade 8. The student population is 100 percent Hispanic and 100 percent economically disadvantaged.

MCISD sends its high school students to neighboring Webb Consolidated ISD (WCISD). The district is served by TEA's Regional Education Service Center I (Region 1) in Edinburg, Texas.

The district's 2002-03 annual budget exceeded \$779,000. The district spent 47 cents of every tax dollar on classroom instruction compared to the state average of 51 cents.

TEA rated MCISD overall as *Academically Unacceptable* in 2001-02. The district's one school also was ranked *Academically Unacceptable*. In 2002-03, MCISD is rated *Academically Unacceptable: SI* meaning the district is under special investigation by TEA.

In 2001-02, 89.5 percent of all MCISD students passed the Texas Assessment of Academic Skills (TAAS) for all tests taken, while 100 percent passed the math portion, 94.7 percent passed the reading portion and 87.5 percent passed the writing portion. In spring 2003, MCISD students took the Texas Assessment of Knowledge and Skills (TAKS) for the first time. Students in grades 6 and 8 received 100 percent on all tests taken. Students in grade 5 passed 17 percent on all tests taken with no scores reported in all other grades tested due to privacy regulations.

Over the last year, the district experienced significant changes. The biggest change affecting the district was the dramatic increase in oil and mineral property values throughout Webb County. This increased the property values in MCISD to \$2.1 million per student, making it the tenth wealthiest district in the state in terms of per student wealth.

On July 23, 2003, the district named an interim superintendent because the previous superintendent did not have administrative certification. When the former superintendent did not receive a waiver from TEA, the district placed the superintendent on administrative leave. The interim superintendent has a superintendent certification.

While work continues in the district, both MCISD staff and TSPR team members have a sense of progress but acknowledge that additional work needs to occur. The district has implemented 11 of the Comptroller's recommendations. The district is working toward completing another eight recommendations and has accepted seven recommendations but not implemented them. MCISD did not reject any of the review team's recommendations. **Appendix A** provides the details on the status of each recommendation that TSPR made in its original report.

Mirando City ISD Report Card

Chapter	Total	Complete	In Progress	Not Implemented	Rejected	Percent Complete/ In Progress	Grades
District Organization and Management	10	4	3	3	0	40%/30%	Needs Work
Educational Service Delivery	5	4	1	0	0	80%/20%	Satisfactory
Financial Management	11	3	4	4	0	27%/36%	Needs Work
Overall Grade	26	11	8	7	0	42%/31%	Needs Work

Excellent = More than 80% complete

Satisfactory = 80% to 100% complete or in progress

Needs Work = Less than 80% complete or in progress

Exemplary Programs and Practices

TSPR identified two "best practices" in MCISD. Through commendations in the report, the original report highlighted model programs, operations and services provided by MCISD administrators, teachers and staff. The Comptroller encourages other school districts throughout Texas to examine these exemplary programs and services to see if they could be adapted to meet their local needs. TSPR's commendations are listed below, followed by updated information on each topic in italics.

- Academic Rewards for Students.*** MCISD rewards students who perform well academically by taking them on field trips. In spring 2001, the district rewarded all students who passed the TAAS by taking them to Fiesta Texas the me park for the day. In all, 36 students participated. The district rents vans for the day to transport students, teachers and parent volunteers. Other trips included visits to the Brownsville Zoo, Texas A&M International University in Laredo and the Annual Life Downs to see the animals.

The district continues to use field trips to reward students for performing well academically. MCISD took students who

competed in the Mathathon to the Texas State Aquarium in Corpus Christi. All students were able to attend the annual Laredo Stock Show. The district is taking all of its students to Fiesta Texas for passing or taking the TAKS. The superintendent took the students to Career Day at the Quad City Civic Center. Mathathon students also went to Fiesta Texas in May 2003.

- ***Training and Safety Equipment for Employees.*** MCISD received a Loss Control Grant from the Texas Association of School Boards (TASB) Risk Management Fund for \$1,500 in June 1999. As part of the grant program, the district also received training for its employees in loss prevention. In June 2000, MCISD was one of 78 school districts in Texas to receive a Loss Prevention Grant from TASB. TASB commended MCISD for its commitment to save valuable resources through a dedicated loss prevention process.

MCISD did not apply for the Loss Control Grant in 2002. However, the interim superintendent said that the district applied in 2003.

TSPR Key Recommendations

The following are some of the key recommendations that administrators and staff said they believe had the greatest impact on district operations. The highlighted recommendations are organized by chapter and by the area of operation as contained in the original report. The comments came from district staff during the TSPR team's follow-up visit to the district.

District Management and Operations

Recommendation 9: Develop a master plan that identifies and prioritizes needed repairs and renovations. The MCISD administration feels that the recommendation to identify and prioritize needed repairs and renovations helped validate, for the board, the district's need to perform specific repairs to facilities.

Educational Service Delivery

Recommendation 11: Align MCISD's curriculum with Webb CISD. In July 2003, MCISD teachers met with WCISD teachers to review the upcoming year's curriculum. While the specifics of vertical alignment are still being developed, teachers from both districts shared ideas and are working to devise a plan to align the curriculum between the two districts. MCISD administrators said that aligning the curriculum between the two districts will ensure that MCISD students who attend WCISD's high

school receive a proper educational foundation and obtain all the necessary skills.

Recommendation 15: Provide Internet access to all classrooms and the computer lab and fully network the lab. MCISD administration said that the recommendation to provide Internet access to all classrooms and the computer lab emphasized the importance of providing online access to MCISD students and faculty. The district benefited from services provided by Region 1, which donated the necessary equipment and installation at no cost to the district. All MCISD students and staff now have online access in all classrooms and the computer lab.

Financial Management

Recommendation 23: Invest excess cash in the board-approved investment instrument with the highest interest yield. Based on the recommendation, the superintendent and the board moved district investment money into accounts that yield the highest interest. The district removed its money from certificates of deposit and placed its investment funds into the depository bank's NOW investment account. Administrators highlighted this recommendation because by transferring its investment money, MCISD will earn more than \$2,000 annually in additional interest.

What Still Needs to be Done?

MCISD has made some progress in implementing TSPR recommendations but continued work needs to be done. The district implemented 11 recommendations, has seven in various stages of progress and eight have not been addressed. District administrators did not reject any recommendation from the original report; however several of the recommendations in progress are critical to the future vitality of the district. This section addresses the key areas requiring additional attention.

District Consolidation with Webb CISD

Although MCISD placed the issue of consolidating with Webb CISD on its board agenda every month since the original report, the board has not aggressively evaluated the pros and cons of consolidation (Recommendation 1). The board president appointed a three-person committee to gather community input; however, no formal data has been gathered to inform the board or community what financial, educational and operational benefits or detractions would result from consolidation. As a result, stakeholders lack adequate information to make a critical decision about the district's future. The district lies at a critical crossroads. It must decide whether to keep the doors of an *Academically Unacceptable* district open or consolidate with a neighboring *Exemplary* school district. In

2003-04, MCISD became a Chapter 41 property wealthy district. Through the district's inaction, MCISD ran the risk of not having an option to consolidate with WCISD because legally, two Chapter 41 districts cannot consolidate. However in June 2003, the former Commissioner of Education waived the regulation. Currently, the interim superintendent and board are involved in extensive talks about the district's future. The MCISD board and administration need to take aggressive steps to immediately decide whether the district will continue to operate or consolidate with WCISD, so that they or another district can rightly shift the focus back to providing a quality education to Mirando City students.

Strategic Plan for the Revitalization of MCISD

While MCISD staff and community members formed a committee of volunteers, a formal strategic plan for district revitalization has not been developed (Recommendation 4). The district provided several examples in which community members and volunteers have come to the district's aid, offering services. While TSPR commends the volunteers, without a formalized plan, goals cannot be developed. The interim superintendent said that increased planning would be needed if MCISD tries to pass a bond issue. A formal plan would increase organization and benefit the district. A formalized plan with specific goals would also give district staff and community members a way to measure their progress and a specific result to achieve.

Public Information Act

The district has not taken steps to bring its record retention function into compliance with the legally mandated requirements of the Public Information Act (Recommendation 6). MCISD, which does not maintain a records retention schedule, has not made changes in how it keeps its records since the original report. While it may be able to provide necessary information to those who request it, MCISD currently violates state law. TSPR encourages the district to evaluate this issue and take the necessary steps to immediately comply with its legal obligations. This has become a critical issue due to the recent criminal conviction of Llano's superintendent for failing to comply with the Public Information Act.

Facilities Master Plan

After the original review, MCISD completed a number of necessary repairs to existing school facilities and district administrative offices (Recommendation 9). The district is also taking steps to identify and comply with all aspects of the Americans with Disabilities Act. While TSPR acknowledges the district's progress, it has not established a forward-looking formalized master plan for district facilities. A facilities

master plan that considers varying enrollment projections will provide the board and administration with guidance for future facilities operations and upcoming repair needs.

Open Input to the Budget Development Process

The district has not taken action to include the public and its site-based decision-making (SBDM) committee in the budget process (Recommendation 16). The SBDM committee receives a copy of the budget after it has already been approved by the board and superintendent. This lack of involvement in the budget process results in items being overlooked that may have been caught by SBDM members or inadequate knowledge for staff to follow through on projects. For example, the district will have to return Accelerated Reader program money because the teachers, who were not involved in the budget process, could not find ways to spend the money. The interim superintendent conducted a public meeting on the budget that 50 people attended after she actively solicited local businesses and community participation. She is also forming an active SBDM committee to include in the budget process.

State Requirements of Compensatory Fund Management

MCISD's campus improvement plan (CIP) has not been updated to include state requirements for the spending of compensatory education dollars (Recommendation 19). Although TSPR and the district's last external audit highlighted this as a material weakness, MCISD has yet to act on this issue. While the district may be trying to spend its compensatory education dollars appropriately, it still violates state law and has not attempted to achieve compliance. As a result, TEA assigned a monitor to the district in summer 2003. It is critical that the district now work cooperatively with the monitor to conduct a needs assessment and make the necessary CIP improvements.

Projection of Revenue Estimates

MCISD has taken steps to account for past revenue sources but has not put a process in place to project future revenue (Recommendation 17). The district's bookkeeper has obtained training from Region 1 to properly identify all state funds flowing to the district and the summary of finance now details all state funds. While understanding revenue sources is crucial to analyzing the district's financial position, MCISD still has no way of knowing what revenue it will have for the future or what it will have to pay back to the state under its new Chapter 41 status. The district and its bookkeeper should work with Region 1 to put steps in place to project future revenue immediately.

MCISD's Ideas for Improving the Texas School Performance Review

The TSPR team does not assume that its process for performing school reviews works so well that it cannot be improved. Therefore, as part of the progress report preparation, TSPR asked MCISD staff members, administrators and board members to discuss what went right and what went wrong-and then talk about how the process could be improved.

The feedback TSPR has received from other districts led to improvements in the review process. For example, early reports did not include implementation strategies, and districts told TSPR they needed help in getting started. As a result, the reports now include Implementation Strategies and Timelines to complement the recommendations. Districts have told TSPR these blueprints are invaluable to achieving the desired results. It is important for TSPR to continually be mindful of those things that did not work as intended so that the review process can be improved.

The previous MCISD superintendent said that the review team should stress the importance of having as much data prepared as possible prior to the review team's visit onsite. TSPR acknowledges that having data prepared ensures an easier onsite visit. That is why the review team sends a comprehensive preliminary data request to the administration well before the review team travels to the district. TSPR will keep this in mind for future reviews and continue to stress the importance of advanced data preparation.

MCISD's previous superintendent and a board member said the review process was worthwhile and forced the district to take a hard look at itself. Through the critical examination, the district identified and implemented improvements. The previous superintendent added that the final review's outcome validated what she expected to receive. She also noted that TSPR staff were professional and courteous. A board member, who had been apprehensive of the review, also said that TSPR staff made the interview process very comfortable.

Appendix A

Status of Recommendations and Savings

Rec.#	General Recommendation	Implementation Status	TSPR's Projected Five - Year Savings (Costs)	Actual Savings (Costs) To Date	MCISD's Projected Five - Year Savings (Costs)	Comments
Chapter 1 - District Organization and Management						
1	Establish a committee to examine all of the pros and cons of consolidating MCISD with Webb CISD and put the final decision to a vote of the board. p. 19	Not Implemented	\$0	\$0	\$0	The original report suggested MCISD form a committee consisting of a representative group of parents, community leaders, board members and taxpayers to engage and work with Webb CISD (WCISD) to discuss viable options for both districts. In fall 2002, the board president appointed a committee of two board members and a community member. In May 2003, the committee informally asked some community members about consolidation, none of whom were parents. The full board did not accept the informal results as meaningful input. No written analysis of the pros and cons of consolidation have been developed to date. According to the Texas Education Code (TEC), two Chapter 41 school districts cannot consolidate. However, in June 2003, the former Commissioner of

						Education waived that requirement and stated that the districts could consolidate. While the interim superintendent and board are discussing consolidation, the district has not taken active steps to form a committee and work with WCISD.
2	Develop and commit to a board Code of Conduct that includes a commitment of regular attendance for all board meetings. p. 22	Not Implemented	\$0	\$0	\$0	At the time of the review, some board members had not attended meetings for more than a year. Although the board has a Code of Conduct, it has not been updated to include an attendance requirement. As a result of board turnover and new elections, all board members currently attend regularly scheduled board meetings. The interim superintendent said board members have had perfect attendance and appropriate conduct. However, to prevent such a problem in the future, the district has not made attendance a requirement for board members.
3	Ensure compliance with the Election Code to maintain the public's confidence in the election process. p. 23	Complete	\$0	\$0	\$0	MCISD canvassed the May election results at a board meeting. The board president formally read the results at a meeting and declared the winners. The district also hired a

						community member, who is not related to any district employee, as the election judge. The district said that it will continue to appoint an election judge who is not related to district employees.
4	Develop a strategic plan for revitalizing MCISD. p. 27					MCISD conducted some meetings and formed a volunteer committee so that the district could develop a strategic plan. Although a written plan has not been developed, community members are helping MCISD. Four parents have volunteered to assist students learning to read. Several parents decorate the cafeteria once a month for different holidays, months and themes. Various community members worked on the school grounds by cutting grass and weeds. The community came together and helped clean up the high school for the reunion. However, a formal written strategic plan to revitalize MCISD has not been developed.
		In Progress	\$0	\$0	\$0	
5	Designate or delegate certain of the superintendent's responsibilities so she can complete the administrative certification process. p. 30					The superintendent is on administrative leave and still not certified. A recommendation was made to give her Fridays off to study for the test; however, some board members
		In Progress	\$0	\$0	\$0	

						<p>did not approve of that idea. The district applied for a waiver from TEA, but the former Commissioner of Education denied the waiver. On July 23, 2003, the district hired an interim superintendent with superintendent certification. The previous superintendent still has two years left on her contract.</p>
6	Attend training on the Public Information Act and establish a system to fulfill the district's legal records management obligation. p. 31	Not Implemented	\$0	\$0	\$0	<p>The district has not taken any steps to implement this recommendation. MCISD, which does not have a records retention schedule, continues to maintain records the same way they were at the time of the initial performance review. The district attempted to provide an example of its compliance with the Public Information Act by saying that it provided a board member who wanted copies of proof that teachers were certified the adequate documentation. However, the district remains in violation of state recordkeeping requirements.</p>
7	Ensure that an independent firm performs the external audit. p. 32	Complete	\$0	\$0	\$0	<p>MCISD selected a new auditor from Fort Worth who is a certified public accountant to perform its external audits. The previous</p>

						external auditors recommended the Fort Worth auditor. Since the former auditor performed district payroll/accounts payable, he could not be an independent source to perform district external audits. The newly selected auditor is not related to anyone in the district and only performs the external audit for MCISD.
8	Provide training for the secretary/bookkeeper in school financial accounting and reporting. p. 33	Complete	(\$5,200)	\$0	\$0	The secretary/bookkeeper no longer performs school financial accounting and reporting functions. The previous external auditors who perform the district's payroll/accounts payable functions have assumed these duties and have received up-to-date training. The district is not being charged for the new duties being performed.
9	Develop a master plan that identifies and prioritizes needed repairs and renovations. p. 36	In Progress	\$0	\$0	\$0	Upon completion of the initial review, the district constructed a list of different facilities needs. All buildings received new roofs and ceilings. The district removed old carpet and replaced it with tile. The district painted the interior and exterior of the school. MCISD is also constructing a sidewalk near the

						the Americans with Disabilities Act (ADA). Since the board would like a new gym, it obtained construction estimates from engineers. However, the board thought the cost excessive and elected not to build a new gym. Although MCISD addressed some immediate facilities needs, it has not developed a forward-planning formal facilities master plan to guide facilities planning for the future. The interim superintendent said that the district is considering a bond election. Under her guidance, if the board chooses to pursue a bond, the district will create a facilities master plan and an ADA compliance plan.
10	Prepare a schedule of routine cleaning tasks for the custodian and establish regular parent and community volunteer workdays to supplement the efforts of the custodian. p. 37	Complete	\$0	\$0	\$0	The district now has a regular schedule with daily assigned tasks that the custodian follows. In addition, MCISD now has a parent volunteer day during which parents work on the grounds to maintain and improve the school's appearance.
Totals - Chapter 1			(\$5,200)	\$0	\$0	
Chapter 2 - Educational Service Delivery						
11	Align MCISD's curriculum with Webb CISD's. p. 46	In Progress	\$0	\$0	\$0	After cooperative staff development with WCISD began in July 2003 the

						MCISD teachers attended training in WCISD. While the specifics of vertical alignment are still being developed, teachers from both districts shared ideas and are working to devise a plan to align the curriculum between the two districts to ensure MCISD students are academically prepared to attend WCISD's high school.
12	Ensure that highly qualified and certified teachers teach all students. p. 48	Complete	\$0	\$0	\$0	When the 2002-03 school year began, all MCISD teachers were certified. Unfortunately, one of the teachers passed away in October 2002, and the district had to hire a permanent substitute. The individual had a degree but was not certified. MCISD gave him early release time to prepare for the certification tests. He was certified in fall 2003-04.
13	Enter into an interlocal agreement with a local area school district to assist the district in providing quality services to children with special needs. p. 49	Complete	\$0	\$0	\$0	While MCISD did not form a specific interlocal agreement, it is attempting to provide services to students with special needs. The district did not have a special education teacher at the time of the initial review. Although MCSID hired one, she passed away in October 2002. Currently, a certified teacher

						provides special education services on a deficiency plan and is working towards certification in special education. The district has contracted with a consultant near Kingsville, who is a licensed speech therapist and occupational therapist, to come in once a week to provide services at the school. MCISD also receives its diagnostician services from neighboring United ISD.
14	Comply with the Texas Education Code in providing student transportation. p. 50	Complete	\$0	\$0	\$0	The district no longer transports special education students in a van. Because of the risk of rollover, the TEC prohibits using vans for student transportation except for extracurricular activities. The necessary services are now provided using a school car.
15	Provide Internet access to all classrooms and the computer lab and fully network the lab. p. 51	Complete	(\$13,200)	\$0	\$0	MCISD benefited from services donated by Regional Educational Service Center I (Region 1). The district did not have to spend any of its own funds since Region 1 donated the wiring and the time for the personnel to install the equipment.
	Totals - Chapter 2		(\$13,200)	\$0	\$0	
Chapter 3 - Financial Management						
16	Formalize the budget	In Progress	\$0	\$0	\$0	Until the interim

	<p>process to include more open input from the public and the site-based decision-making committee. p. 60</p>					<p>superintendent was hired, the district had not included the public and site-based decision-making (SBDM) committee in the budget development process. Previously, the superintendent presented the budget to the SBDM committee after it had been approved by the board. This lack of involvement in the budget process results in items being overlooked that may have been caught by SBDM members or inadequate knowledge for staff to follow through on projects. For example, the district will have to return Accelerated Reader program money because the teachers, who were not involved in the budget process, could not find ways to spend the money. The superintendent prepared the budget with the board over the summer. The meeting in which it was discussed was posted as an open meeting, but no one from the public attended. The interim superintendent conducted a public meeting on the budget that 50 people attended after she actively solicited local businesses and community participation. She is</p>
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						also forming an active SBDM to include in the budget process.
17	Seek assistance in accurately preparing revenue estimates. p. 61	In Progress	\$0	\$0	\$0	The district and its bookkeeper have obtained advice from Region 1 on properly identifying all state funds to the district. The bookkeeper's summary of finance now details all state funds. However, the district has not taken steps to project its future revenue. While the district can accurately account for the revenue it received for the current year, it cannot project how much the district will receive in the future. Conversely, with its new Chapter 41 status, MCISD does not know what it will have to pay back to the state.
18	Establish an encumbrance accounting system to ensure that expenditures do not exceed the amount budgeted by the board. p. 63	In Progress	\$0	\$0	\$0	MCISD faxes the purchase orders to the bookkeeper. The bookkeeper then prepares the statements, which are verified by the district. However, an encumbrance system has not been established.
19	Revise the campus improvement plan to meet state requirements governing compensatory fund management. p. 64	Not Implemented	\$0	\$0	\$0	The district's campus improvement plan does not meet state requirements governing the spending of compensatory education dollars. The original review and the district's latest external audit

						<p>noted that the use of the compensatory education dollars is still a district material weakness. MCISD's former superintendent told the review team at the time of the progress report visit that the district is trying to spend its compensatory education dollars properly. However, the district has not taken the steps to comply with state law. Certain non compliance issues caused TEA to assign a monitor to the district since the progress report visit. The monitor will help develop a needs assessment and approve the revision of the campus and district improvement plans.</p>
20	<p>Discontinue using the activity fund bank account for regular operating expenditures and institute stronger controls for expenditures drawn from the activity fund. p. 66</p>	In Progress	\$0	\$0	\$0	<p>Until the interim superintendent was hired, MCISD continued to use the student activity fund money like a petty cash account with little internal controls. The interim superintendent halted the use of student activity fund money for regular operating expenditures. She also brought a purchasing manual from Dallas ISD that the district is beginning to follow. The interim superintendent is working with the</p>

						district's accountant to fully implement the purchasing system.
21	Review and analyze operating expenditures using the FEISTIER software. p. 67	Complete	(\$750)	\$0	\$0	MCISD was able to obtain the software from Region 2 at no cost. The bookkeeper is using the FEISTIER software to review and analyze operating expenditures.
22	Comply with all aspects of the Public Funds Investment Act. p. 68	Not Implemented	\$0	\$0	\$0	MCISD does not have certificates of deposit and instead keeps the district's investment money in LoanStar. United ISD performs MCISD's tax collections and places the money in LoanStar. The district is in the process of updating specific written policies that address coming into compliance with the Public Funds Investment Act. However, to date MCISD is not meeting its legal obligation.
23	Invest excess cash in the board-approved investment instrument with the highest interest yield. p. 69	Complete	\$43,710	\$2,885	\$14,425	The district moved its certificates of deposit to the NOW account and no longer has any certificates of deposit. The superintendent periodically calls the bank to determine what accounts and funds offer the best interest and if its funds should be moved. The district estimates savings at

						a third of the original report because of the unforeseen drop in interest rates since the original report's release.
24	Monitor the securities pledged by the depository bank in order to ensure the district is protected against a loss of funds. p. 70	Not Implemented	\$0	\$0	\$0	The bookkeeper checks and monitors the district securities. However this recommendation has not been implemented because the district is still relying on the depository bank to tell them about the status of its financial accounts.
25	Develop and maintain a comprehensive fixed asset system for the district. p. 72	Complete	\$0	(\$2,000)	(\$2,000)	MCISD contracted with a Kingsville company to conduct a fixed asset inventory. This same company performs an annual inventory at the end of the year and checks on the fixed assets. The district is informed if any discrepancies exist and the inventory is updated. MCISD estimates that the contract should not exceed a one-time cost of \$2,000.
26	Develop and implement a strong purchasing control system to ensure that the administration is complying with board policy and is obtaining the highest quality goods and services at the lowest possible price. p. 73	Not Implemented	\$0	\$0	\$0	The district has not developed a purchasing control system but has changed some of its vendors. A process to ensure that board policy is followed and that high quality services are provided at the lowest price is not in place.
	Totals - Chapter 3		\$42,960	\$885	\$12,425	
	Totals		\$24,560	\$885	\$12,425	

