TRANSMITTAL LETTER

June 14, 2002

The Honorable Rick Perry
The Honorable William R. Ratliff
The Honorable James E. "Pete" Laney
Members of the 77th Legislature
Commissioner Felipe T. Alanis, Ph.D.

Fellow Texans:

I am pleased to present my performance review of the Divide Independent School District (DISD).

This review is intended to help DISD hold the line on costs, streamline operations and improve services to ensure that more of every education dollar goes directly into the classroom, with the teachers and children, where it belongs. To aid in this task, I contracted with Carter C. Scherff, CPA, EGS Consulting and WCL ENTERPRISES.

I have made a number of recommendations to improve DISD's efficiency. I also have highlighted a number of "best practices" in district operations- model programs and services provided by the district's administrators, teachers and staff. This report outlines 19 detailed recommendations that could save DISD $127,770 over the next five years, while reinvesting $6,150 to improve educational services and other operations. Net savings are estimated to reach $121,620 that the district can redirect into the classroom.

I am grateful for the cooperation of DISD's board, staff, parents and community members. I commend them for their dedication to improving the educational opportunities for our most precious resource in DISD-our children.

I also am pleased to announce that the report is available on my Window on State Government Web site at http://www.window.state.tx.us/tspr/divide/.

Carole Keeton Rylander
Texas Comptroller

EXECUTIVE SUMMARY

Executive Summary Overview
Summary of Costs and Savings by Recommendation (Exhibit 5)

In February 2002, Texas Comptroller Carole Keeton Rylander began a review of the Divide Independent School District (DISD) as part of a five-district project that also included reviews of the neighboring Kerrville, Ingram, Center Point and Hunt school districts. These five districts are located geographically near each other in Kerr County. Based upon more than four months of work, this report identifies DISD's exemplary programs and suggests concrete ways to improve district operations. If fully implemented, the Comptroller's 19 recommendations could result in net savings of $121,620 over the next five years.

Improving the Texas School Performance Review

Soon after taking office in January 1999, Texas Comptroller Carole Keeton Rylander consulted school district officials, parents and teachers from across Texas and carefully examined past reviews and progress reports to make the Texas School Performance Review (TSPR) more valuable to the state's school districts. With the perspective of a former teacher and school board president, the Comptroller has vowed to use TSPR to increase local school districts' accountability to the communities they serve.

Recognizing that only 52 cents of every education dollar is spent on instruction, Comptroller Rylander's goal is to drive more of every education dollar directly into the classroom. Comptroller Rylander also has ordered TSPR staff to share best practices and exemplary programs quickly and systematically with all the state's school districts and with anyone else who requests such information. Comptroller Rylander has directed TSPR to serve as a clearinghouse of the best ideas in Texas public education.

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

- ensure students and teachers receive the support and resources necessary to succeed;
- identify innovative ways to address the district's core management challenges;
- ensure administrative duties are performed efficiently, without duplication and in a way that fosters education;
- develop strategies to ensure the district's processes and programs are continuously assessed and improved;

- 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 Rylander has opened her door to Texans who share her optimism about the potential for public education. Suggestions to improve Texas schools or the school reviews are welcome at any time. The Comptroller believes public schools deserve all the attention and assistance they can get.

For more information, contact TSPR by calling toll-free 1-800-531-5441, extension 5-3676, or see the Comptroller's Web site at www.window.state.tx.us .

TSPR in DISD

DISD is located approximately 35 miles west of Kerrville. The Divide School is one of the few remaining active one-room schoolhouses in the United States. The district was founded in 1882 and the school was moved to different locations within the district's boundaries based upon where the majority of kids could be served until 1936, when a permanent structure was built.

The district covers an attendance area of 340 square miles. There is one school in the district that serves 20 students in grades pre-K through grade 6. DISD sends its students to middle school and high school in the Ingram ISD. The district is served by the Texas Education Agency's (TEA's) Regional Education Service Center XX (Region 20) in San Antonio, Texas.

The Comptroller's office selected Carter C. Scherff, CPA, a consultant based in Wichita Falls, Texas, EGS Consulting, a consultant based in Austin, Texas, and WCL ENTERPRISES, a consultant based in Houston, Texas, to assist with the review. The team interviewed district employees, school board members, parents, business leaders and community members and held a public forum on Wednesday, February 6, 2002, at the Divide School from 5 p.m. to 7 p.m. The Comptroller's office also received letters and phone calls from a wide array of parents, teachers and community members.

To ensure all stakeholders had an opportunity to comment, TSPR sent surveys to parents, teachers, campus and central administration and support staff. A total of 10 respondents answered these surveys: five

teachers and five parents completed written surveys. Details from the surveys and focus group comments appear in **Appendices A** and **B**.

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

DISD selected peer districts for comparisons based on similarities in student enrollment, student performance and community and student demographics. The districts chosen were Hunt, Mirando City, Pringle-Morse and San Vicente.

During its more than four-month review, TSPR developed 19 recommendations to improve operations and save taxpayers $127,770 over the next five years. Cumulative net savings from all recommendations (savings minus recommended investments or expenditures) would reach $121,620 by 2006-07.

A detailed list of costs and savings by recommendation appears in **Exhibit 5**. Some TSPR recommendations would not have a direct financial impact, but would improve the district's overall operations.

Acknowledgments

The Comptroller's office, Carter C. Scherff, CPA, EGS Consulting and WCL ENTERPRISES wish to express their appreciation to the DISD Board of Trustees, Superintendent Bill Bacon and the district employees, students, parents and community residents who helped during the review.

Divide Independent School District

In 2001-02, DISD served 20 students. Of these, 60 percent were Anglo, 40 percent were Hispanic and 55 percent were identified as economically disadvantaged. **Exhibit 1** details the demographic characteristics of the DISD, its peer districts, Region 20 and the state.

Exhibit 1
Demographic Characteristics of DISD,
Peer School Districts, Region 20 and the State
2001-02

District	Student Enrollment	Ethnic Group (Percent)		Economically Disadvantaged

		African American	Hispanic	White	Other	
Hunt	205	0.0%	26.3%	73.2%	0.5%	33.2%
Pringle-Morse	106	0.0%	47.2%	52.8%	0.0%	64.2%
Mirando City	45	0.0%	100.0%	0.0%	0.0%	77.8%
Divide	**20**	**0.0%**	**40.0%**	**60.0%**	**0.0%**	**55.0%**
San Vicente	20	5.0%	55.0%	40.0%	0.0%	0.0%
Region 20	**337,299**	**7.0%**	**64.2%**	**27.3%**	**1.4%**	**61.0%**
State	**4,150,741**	**14.4%**	**41.7%**	**40.8%**	**3.1%**	**50.5%**

Source: Texas Education Agency (TEA), Public Education Information Management System (PEIMS), 2001-02.

The district's annual budget is $293,753 for 2001-02. For 2001-02, compared to its peer districts, DISD has the second lowest property tax rate (**Exhibit 2**) and the highest property value per student.

Exhibit 2
Property Tax Value per Student and Tax Rates
2001-02

District	Property Tax Value per Student	Tax Rate
Divide	**$1,291,304**	**$1.180**
Pringle-Morse	$900,734	$1.337
Hunt	$730,220	$1.200
Mirando City	$560,817	$1.500
San Vicente	$277,765	$1.090
State	**$236,543**	**$1.485**

Source: TEA, PEIMS, 2001-02.

On August 16, 2001, TEA released the Texas Assessment of Academic Skills (TAAS) results for the 2000-01 school year. DISD received an overall Exemplary rating, the same as the 1999-2000 rating.

Between 1996-97 and 2000-01, DISD significantly improved its TAAS scores while maintaining a high rate of TAAS participation. In 1996-97, DISD had the lowest average TAAS scores among its peers, Region 20 and the state. In both 1999-2000 and 2000-01, all DISD students who took the TAAS passed it, and the district had the highest average TAAS scores among its peers, Region 20 and the state (**Exhibit 3**).

Exhibit 3
Percentage of Students Passing TAAS, All Tests Taken (Grades 3-8 & 10)
DISD, Peer Districts, State and Regional Averages
1996-97 through 2000-01

District	1996-97	1997-98*	1998-99**	1999-2000**	2000-01**	Percent Change from 1996-97 to 2000-01
Hunt	94.5%	91.8%	82.1%	78.1%	85.1%	(9.9%)
Pringle-Morse	77.8%	100.0%	97.0%	89.6%	93.0%	19.5%
Mirando City	63.6%	67.7%	76.7%	42.1%	77.4%	21.7%
San Vicente	62.5%	90.0%	50.0%	80.0%	85.7%	37.1%
Divide	**55.6%**	**66.7%**	**87.5%**	**100.0%**	**100.0%**	**79.8%**
Region 20	**66.6%**	**72.3%**	**74.4%**	**77.1%**	**79.3%**	**19.1%**
State	**73.2%**	**73.1%**	**78.1%**	**79.9%**	**82.1%**	**12.2%**

Source: TEA, AEIS, 1996-97 through 2000-01.
*Recalculated from original posting to include special education and grades 3 and 4 Spanish TAAS.
**Recalculated from original posting to include special education and grades 3-6 Spanish TAAS.

DISD has many exemplary programs that enjoy strong support from area residents. There still are some areas, however, where the district is facing challenges, including:

- Planning for the future;
- Reporting student information to TEA and maximizing funding; and
- Maintaining quality educational services.

Key Findings and Recommendations

Plan for the Future

Conduct a formal needs assessment and convene a community forum to discuss and evaluate the need for additional school space. DISD has not completed a formal evaluation of space needs, and the district has not determined if there is community support for refurbishing or adding onto the current facility. DISD's former status as a property wealthy, or Chapter 41 school district, greatly limited the funds available for facility repair and renovation. Since DISD is no longer a Chapter 41 school district, it has additional resources it can use on repair and renovation projects. Conducting a formal needs assessment with community input could help the board to prioritize its facilities' needs.

Establish an encumbrance system to ensure that expenditures do not exceed the amount budgeted by the board. The district does not use encumbrance accounting, which is a control system that records purchase orders or anticipated expenditures before the orders are placed to prevent expenditures in excess of the amount budgeted by the board. The number and amount of purchases in DISD are small, and the business manager and superintendent are able to estimate the cost of purchases outstanding. Knowing how much money has been spent to date is generally insufficient. The amount committed also must be known to avoid spending more than is budgeted. An encumbrance accounting system ensures expenditures do not exceed the amount budgeted.

Report Student Information to TEA and Maximize Funding

Collect the necessary information from families in the district to determine the number of students for which DISD can receive State Compensatory Education funding. DISD does not receive State Compensatory Education (SCE) funding from the state to improve student achievement and to reduce the dropout rate of identified students because it does not have a lunch program for its students, which is the basis for SCE eligibility. The 2001 Texas Legislature, however, amended the Texas Education Code (TEC) Section 42.152(b) to allow school districts that do

not participate in the national school lunch or breakfast programs to receive SCE funding. By identifying eligible students, the district could increase state funding by more than $9,300 annually.

Report expenditures for special education services and claim funding for the services provided. DISD did not receive special education funding in the 2000-01 year. DISD received special education services through the Cluster VII Special Education Services for which Kerrville ISD (KISD) was the fiscal agent until August 31, 2001. The cluster, however, was dissolved because it was no longer fiscally viable for KISD. DISD has received contracted special education services through Ingram ISD since the cluster dissolved. In the transition from the cluster to contracted services, DISD failed to file the necessary reports to receive special education funds. Filing those reports would enable the district again to receive funding for special education services.

Prepare and file the reports with TEA required to receive transportation funding from the state. DISD did not file the necessary transportation reports with TEA to receive transportation state funding for the 2000-01 year. The district ceased to file the required reports when it became a Chapter 41 district and was no longer eligible to receive transportation funding. When the district received the sparcity adjustment under Section 42.105 of the TEC, DISD became eligible to receive the transportation allotment from the state. Filing the necessary reports with TEA would ensure the district receives the transportation allotment for the 2000-01 year and beyond.

Review the investment policy and invest excess cash in approved investment instruments. DISD does not receive interest on all of its excess funds. The district keeps all funds at the depository bank where it invested $200,000 in Certificates of Deposit and the remainder is left in a checking account. According to the checking account statements, the bank was not paying interest on the account funds. DISD could earn as much as an additional $6,400 annually by keeping excess funds invested in board-approved instruments.

Maintain Quality Educational Services

Hire a part-time teacher to take over some of the teaching duties of the superintendent. DISD's superintendent serves as a principal and teacher, and the former superintendent serves as an advisor to the current superintendent and is responsible for some limited but vital business functions. The former superintendent will be retiring at the end of the current school year, and his duties will be transferred to the current superintendent. It is unlikely the current superintendent can take on the additional duties without receiving some relief in other areas. By hiring a

part-time teacher that could take over some of the superintendent's teaching duties, the superintendent would have more time to complete the other functions of the district.

Align DISD's curriculum with Ingram ISD's middle school curriculum. DISD's curriculum is not vertically aligned with the curriculum of Ingram ISD, the district where DISD students attend middle school. While DISD's superintendent has received informal reports on the performance of the district's former students in Ingram ISD, the two districts have not formally aligned their curriculum so that one year's subject matter builds on the previous years. Aligning its curriculum with the Ingram ISD middle school would ensure the academic preparedness of DISD students entering Ingram ISD.

Exemplary Programs and Practices

TSPR identified numerous "best practices" in DISD. Through commendations in each chapter, the report highlights model programs, operations and services provided by DISD administrators, teachers and staff. Other school districts throughout Texas are encouraged to examine these exemplary programs and services to see if they could be adapted to meet their local needs. TSPR's commendations include the following:

- **DISD individualizes curriculum and instruction to help students succeed academically.** DISD identifies individual students' areas of strength and weakness and helps students practice and master skills before the students take the TAAS. In 1996-97, DISD had a 55.6 percent passing rate for all tests taken on the TAAS compared to a 100 percent passing rate for all tests taken on the TAAS in 1999-2000 and 2000-01. The superintendent attributes the improved TAAS scores to the district's focus on reading and writing, the low student-teacher ratio, individualized curriculum and instruction and after-school tutoring for students who have academic difficulties.

- **DISD has effectively used federal, state and local funding sources for infrastructure, hardware and software acquisition.** DISD received a Telecommunications Infrastructure Fund grant in 1998 for $40,000, which helped the district integrate the Internet into its curriculum. In addition, the district received an E-Rate discount from the Universal Service Fund for Schools and Libraries provided by the federal government to help pay for telecommunications services. DISD also received a grant for purchasing software, and it participates in the Region 20 STARnet Collaborative. The Region 20 STARnet Collaborative connects all Region 20 school districts to each other and to resources across the

region. This proactive approach to integrating technology has led to a 1:1 student-to-computer ratio in DISD.

- **DISD involves parents and community members in activities that support the school and the students.** DISD has an active Parent Teacher Organization (PTO) that includes both parents and community members. The PTO meets three to four times a year and communicates mostly by telephone. The PTO surveys parents at the beginning of the school year to ask what activities they would like to see the district initiate. The survey also asks for suggestions on field trips and an end-of-school trip. The PTO organizes two fundraisers annually: the Sausage Supper and Raffle in the spring and the Hunters Wild Game Dinner in the fall.

Savings and Investment Requirements

Some of TSPR's recommendations would result in savings and increased revenue that could be used to improve classroom instruction. The savings identified in this report are conservative and should be considered minimums. Proposed investments of additional funds usually are related to increased efficiencies or savings or improved productivity and effectiveness.

TSPR recommended 19 ways to save DISD $127,770 in gross savings over a five-year period. Reinvestment opportunities will cost the district $6,150 during the same period. Full implementation of all recommendations in this report could produce net savings of $121,620 by 2006-07.

Exhibit 4
Summary of Net Savings
TSPR Review of Divide Independent School District

Year	Total
2002-03 Initial Annual Net Savings	$24,004
2003-04 Additional Annual Net Savings	$24,604
2004-05 Additional Annual Net Savings	$24,604
2005-06 Additional Annual Net Savings	$24,604
2006-07 Additional Annual Net Savings	$24,604
One Time Net (Costs)/Savings	($800)
TOTAL SAVINGS PROJECTED FOR 2002-2007	**$121,620**

A detailed list of costs and savings by recommendation appears in **Exhibit 5**. Each recommendation's page number is listed in the summary chart for reference purposes. Detailed implementation strategies, timelines and the

estimates of fiscal impact follow each recommendation in this report. The implementation section associated with each recommendation highlights the actions necessary to achieve the proposed results. Some items should be implemented immediately, some over the next year or two and some over several years.

TSPR recommends the DISD board ask district administrators to review the recommendations, develop an implementation plan and monitor its progress. As always, TSPR staff is available to help implement proposals.

Exhibit 5
Summary of Costs and Savings by Recommendation

Recommendation	2002-03	2003-04	2004-05	2005-06	2006-07	Total 5-Year (Costs) or Savings	One Time (Costs) or Savings
Chapter 1 District Organization and Management							
1 Contract with Hunt ISD to use its distance-learning facilities and equipment for DISD board member training. p. 16	$0	$0	$0	$0	$0	$0	$0
2 Hire a part-time teacher to take over some of the teaching duties of the superintendent. p. 20	$0	$0	$0	$0	$0	$0	$0
3 Scan employee records and other important documents to computer disks to save space and increase employee efficiency. p. 20	($500)	($150)	($150)	($150)	($150)	($1,100)	$0
Totals-Chapter 1	**($500)**	**($150)**	**($150)**	**($150)**	**($150)**	**($1,100)**	**$0**
Chapter 2 Educational Service Delivery							
4 Align DISD's curriculum with Ingram	$0	$0	$0	$0	$0	$0	$0

	ISD's middle school curriculum. p. 34							
5	Develop a district improvement plan with goals, clearly defined objectives, specific strategies and evaluation methods. p. 35	$0	$0	$0	$0	$0	$0	$0
6	Collect the necessary information from families in the district to determine the number of students for which DISD can receive State Compensatory Education funding. p. 37	$9,339	$9,339	$9,339	$9,339	$9,339	$46,695	$0
7	Report expenditures for special education services and claim funding for the services provided. p. 39	$0	$0	$0	$0	$0	$0	$0
8	Develop a disaster recovery plan for technology. p. 42	$0	$0	$0	$0	$0	$0	($300)
9	Develop a	$0	$0	$0	$0	$0	$0	$0

	crisis management plan and train staff, students and parents in the implementation of the plan. p. 45							
	Totals-Chapter 2	**$9,339**	**$9,339**	**$9,339**	**$9,339**	**$9,339**	**$46,695**	**($300)**
Chapter 3 Financial and Operational Management								
10	Use FEISTIER or a similar comparative tool to review and conduct comparative analysis of annual operating expenditures. p. 58	($150)	($150)	($150)	($150)	($150)	($750)	($500)
11	Establish an encumbrance system to ensure that expenditures do not exceed the amount budgeted by the board. p. 59	$0	$0	$0	$0	$0	$0	$0
12	Obtain an engagement letter from the external audit firm for the annual audit. p. 60	$0	$0	$0	$0	$0	$0	$0
13	Formalize the annual budget process. p. 62	$0	$0	$0	$0	$0	$0	$0

14	Bond the business manager to protect the district against loss of funds. p. 64	($250)	($250)	($250)	($250)	($250)	($1,250)	$0
15	Comply with all aspects of the Public Funds Investment Act. p. 65	($650)	($400)	($400)	($400)	($400)	($2,250)	$0
16	Review the investment policy and invest excess cash in approved investment instruments. p. 66	$6,403	$6,403	$6,403	$6,403	$6,403	$32,015	$0
17	Prepare and issue purchase orders for all purchases. p. 68	$0	$0	$0	$0	$0	$0	$0
18	Conduct a formal needs assessment and convene a community forum to discuss and evaluate the need for additional school space. p. 69	$0	$0	$0	$0	$0	$0	$0
19	Prepare and file the reports with the Texas Education	$9,812	$9,812	$9,812	$9,812	$9,812	$49,060	$0

Agency required to receive transportation funding from the state. p. 72							
Totals-Chapter 3	**$15,165**	**$15,415**	**$15,415**	**$15,415**	**$15,415**	**$76,825**	**($500)**
Total Savings	**$25,554**	**$25,554**	**$25,554**	**$25,554**	**$25,554**	**$127,770**	**$0**
Total Costs	**($1,550)**	**($950)**	**($950)**	**($950)**	**($950)**	**($5,350)**	
Net Savings (Costs)	**$24,004**	**$24,604**	**$24,604**	**$24,604**	**$24,604**	**$122,420**	**($800)**

5 Year Gross Savings	**$127,770**
5 Year Gross Costs	**($6,150)**
Grand Total	**$121,620**

Chapter 1
DISTRICT ORGANIZATION AND MANAGEMENT

This chapter reviews the organization and management of Divide Independent School District (DISD) in three sections:

A. Governance
B. District Management and Personnel
C. Community Involvement

Well-run school districts in Texas have a management style that ensures all district systems are geared toward educating students efficiently and effectively. Well-run districts have common characteristics that distinguish them from other school districts: the board communicates effectively with the superintendent and the public, all parties focus on providing an effective education; the superintendent and district staff find ways to involve parents and the general public; and the district recruits and retains high-quality staff.

The DISD board and superintendent have established an effective working relationship, citizens have a voice in the district's operations and the district has put methods in place to recruit and retain good staff.

BACKGROUND

Homesteaders settling the Edwards Plateau during the period from 1881 to 1885, discovered that there was a strip of land five to 15 miles wide, running in an east-west direction, dividing the rainfall run-off into the various rivers. This area became known as the Divide.

Today, the Divide is the heart of the Angora goat production in Texas. Additionally, sheep and cattle are stocked in the region. Numerous exotic wildlife ranches are found in the Divide area where game animals and birds from Africa, India, Europe, Asia and Australia can be found.

The Divide School is one of the few remaining active one-room schoolhouses in the United States. The district was founded in 1882 and moved to different locations within the district's boundaries based upon where the majority of kids could be served until 1936, when a permanent structure was built. The current campus consists of the original building built in 1936. An additional classroom was added to the building in 1938, restroom facilities, a library and a small office were added in 1950. A small manufactured building was purchased in 1997 and erected next to the school for the pre-kindergarten children.

DISD is located on the Warren Klein ranch, on Highway 41 near the entrance of the world-famous YO Ranch. DISD serves 20 students in pre-kindergarten through grade 6. Middle and high school students attend schools in Ingram ISD.

DISD is rated Exemplary by the Texas Education Agency (TEA) with 100 percent of the students passing the Texas Assessment of Academic Skills (TAAS), a drop out rate of zero and attendance rate of 97.4 percent for 2000-01.

From 1996-97 through 2001-02, DISD's enrollment fluctuated from 19 to 26 students (**Exhibit 1-1**). The district serves the children of area ranch owners and of ranch workers, and the district's enrollment experiences year-to-year changes as families of ranch workers move into and out of the district.

Exhibit 1-1
DISD Student Enrollment by Ethnicity
1996-97 through 2001-02

Enrollment and Ethnicity	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
Total Enrollment	23	28	19	26	19	20
Anglo	56.5%	71.4%	68.4%	80.8%	63.2%	60.0%
Hispanic	34.8%	21.4%	31.6%	19.2%	31.6%	40.0%
Native American	8.7%	7.1%	0.0%	0.0%	5.3%	0.0%

Source: Texas Education Agency (TEA), Academic Excellence Indicator System (AEIS), 1996-97 through 2001-02, and DISD superintendent.

Chapter 1
DISTRICT ORGANIZATION AND MANAGEMENT

A. GOVERNANCE

The organization and management of a school district involves cooperation between members of the Board of Trustees and district staff. The board's role is to set goals and objectives for the district in both instructional and operational areas, determine the policies by which the district will be governed, approve the plans to implement those policies and evaluate the results.

Each Texas school district is governed by a Board of Trustees, which sets policies and oversees the management of the schools. Each board derives its legal status from the Texas Constitution and the Texas Legislature. The board must operate in accordance with applicable state and federal statutes, controlling court decisions and applicable state and federal regulations. Under Section 11.151 of the Texas Education Code, each board has specific statutory powers and duties, including:

- Govern and oversee the management of the public schools of the district;
- Adopt such rules, regulations and bylaws as the board may deem proper;
- Approve a district-developed plan for site-based decision-making and provide for its implementation;
- Levy and collect taxes and issue bonds;
- Select tax officials, as appropriate to the district's need;
- Prepare, adopt and file a budget for the next fiscal year and file a report of disbursements and receipts for the preceding fiscal year;
- Have district fiscal accounts audited at district expense by a Texas certified public accountant holding a permit from the Texas State Board of Public Accountancy following the close of each fiscal year;
- Publish an annual report describing the district's educational performance, including campus performance objectives and the progress of each campus toward these objectives;
- Receive bequests and donations or other money coming legally into its hands in the name of the district;
- Select a depository for district funds;
- Order elections, canvass the returns, declare results and issue certificates of election as required by law;
- Dispose of property no longer necessary for the operation of the school district;

- Acquire and hold real and personal property in the name of the district; and
- Hold all powers and duties not specifically delegated by statute to the Texas Education Agency or the State Board of Education.

DISD's board conducts meetings according to law, including agenda/meeting postings and executive sessions. Board meetings focus on key issues and are completed in a timely manner. Minutes are taken by the board secretary at each meeting and included in summary form in the board packet for the next meeting. Minutes for the prior month's meeting are approved by the board at each board meeting. All board members have completed affidavits of conflict of interest, which the district's external auditors have reviewed.

The DISD board consists of five members elected at large for three-year terms (**Exhibit 1-2**).

Exhibit 1-2
DISD Board Members
March 2002

Board Member	Board Position	Term Expires	Occupation
Tim Cowden	President	May 2004	Rancher
Neil Klein	Vice-President	May 2003	Rancher
Karol Schreiner	Member	May 2005	Rancher
John Seymour	Secretary	May 2003	Rancher
Portia Smart	Member	May 2004	Rancher

Source: DISD superintendent.

The district holds board elections each year on the first Saturday in May. The board meets monthly on the second Tuesday of the month at 3:30 p.m. in the Divide ISD school building. The board is made up of five members instead of the customary seven members due to the rural nature of the school and the sparse population in the area. Each year following installation of newly elected board members, the board elects officers.

Board policies are updated by the superintendent's secretary as necessary using the update service provided by the Texas Association of School Boards (TASB). TASB also provides legal services. The superintendent maintains a copy of the board-approved policies. Summary explanatory

notes are provided to each board member prior to the updates being included on the agenda for board approval.

FINDING

DISD board members have not received training during the last three years. The Texas Administrative Code, Chapter 61.19, requires that each school board member receive annual continuing education consisting of "orientation sessions, an annual team-building session with the local board and the superintendent, and specified hours of continuing education based on identified needs." Annual training for board members is to be reported in a formal board meeting prior to elections.

In addition, the code states that each newly elected board member shall participate in a local district orientation program and receive orientation on the Texas Education Code, which can only be provided by the regional education service center. The code requires experienced board members to complete an update to the education code each year, which also must be provided by the regional service center. It also requires board members to have annual continuing education, including 11 hours annually for experienced board members, and 16 hours annually for new board members. Continuing education training can be provided by the regional service center or certified providers.

Most members of boards in small school districts meet their continuing education requirements by attending sessions provided at the joint annual meeting of the Texas Association of School Administrators (TASA) and TASB held toward the end of September. However, according to the DISD superintendent, the timing of the annual TASA/TASB meeting conflicts with the hunting season in Texas. Since all DISD board members live on working ranches and lease portions of their ranches to hunters, the board members feel obliged to remain at home during this season.

Regional Education Service Center XX (Region 20) in San Antonio provides infrequent training sessions at DISD. In 2000-01, Region 20 provided training to board members and the superintendent in setting district goals. Attending sessions at Region 20 in San Antonio is not considered an option by DISD board members due to the lengthy travel time to and from San Antonio. Consequently, DISD board members do not receive the necessary training hours to meet the ongoing continuing education requirements stipulated in the education code.

Hunt ISD has a distance-learning capability. To provide training to its board members and staff from a remote location, Hunt ISD uses satellite connection located in the Hunt ISD boardroom to provide two-way voice communication through a computer monitor.

Region 20 allows rural school districts with the technological capabilities to access training classes over the Internet. In addition, Region 20 has added a video and teleconferencing component to its training to enable districts to obtain their board training through distance learning. Region 20 does not charge members of the Region 20 Cooperative for the courses.

Recommendation 1:

Contract with Hunt ISD to use its distance-learning facilities and equipment for DISD board member training.

The Hunt ISD superintendent indicated that the district would make its facilities and equipment available to DISD at no cost.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The DISD superintendent contacts the HISD superintendent and arranges a time to view the HISD distance-learning facilities and equipment.	September 2002
2.	The DISD superintendent reviews a schedule of appropriate training that DISD board members could receive using the HISD distance-learning facilities.	October 2002
3.	The DISD superintendent presents a plan to the board to accomplish necessary board training.	November 2002
4.	The board approves the plan and the superintendent schedules the training.	November 2002 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 1
DISTRICT ORGANIZATION AND MANAGEMENT

B. DISTRICT MANAGEMENT AND PERSONNEL

School district staff is responsible for managing the day-to-day implementation of the plans approved by the board and recommending modifications necessary to ensure the most effective operation of all district programs and functions. The superintendent serves as the chief executive officer of the district and recommends the method of allocating district resources.

Factors critical to the success of any human resources or personnel department include recruiting qualified candidates for all positions; efficiently processing all personnel actions; maintaining appropriate staffing and salary administration; and complying with state and federal personnel laws.

DISD's district improvement plan (DIP) serves as its strategic plan. The DIP is adequate, and since the district is rated by TEA as Exemplary, no major issues are present in the plan.

Exhibit 1-3 shows the organizational structure of DISD.

Exhibit 1-3
DISD Organization
2001-02
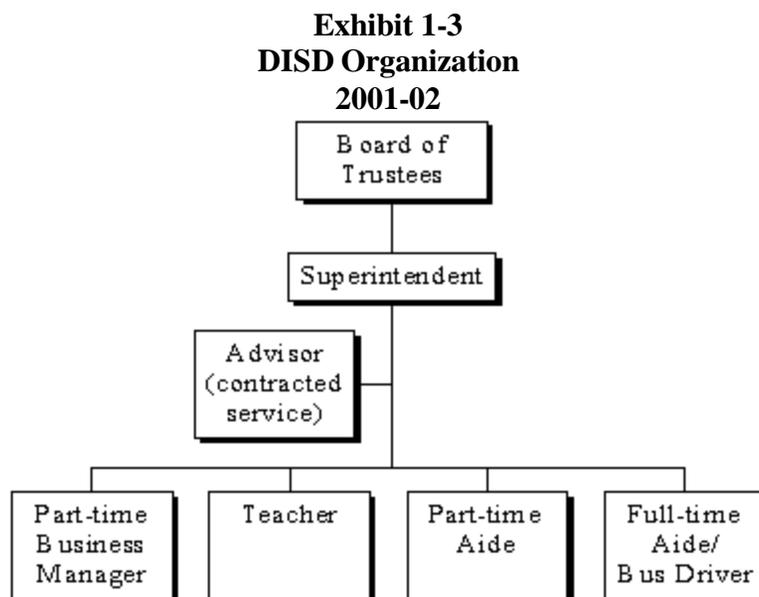
Source: DISD superintendent.

The superintendent serves as the principal, teacher for grades 4 through 6, Bilingual/English as Second Language coordinator and the Special

Education coordinator. DISD employs another teacher for Kindergarten through grade 3, who also serves as the Pre-Kindergarten coordinator. DISD employs two educational aides, one of whom works full-time and serves as the Math teacher, the technology coordinator, the superintendent's secretary, the bus driver and the custodian. The other educational aide works part-time and serves as the Pre-Kindergarten teacher. The business manager is part-time and serves as the district's Public Education Information Management Systems (PEIMS) coordinator and is responsible for all of the district's business operations including payroll, insurance, accounting, expenditure reports and budgets.

Since the superintendent also serves as the principal and a teacher, DISD retained the services of the former superintendent as an advisor on a contract basis to assist the superintendent in completing necessary paperwork, providing information for TEA requirements and serving as an overall resource to the superintendent, the board and other DISD staff. DISD contracts with Ingram ISD for special education services.

FINDING

From 1996-97 through 2000-01, DISD did not have any turnover among its teachers. The only personnel change was the retirement of the former superintendent following the 1998-99 school year.

In 2000-01, compared to the region, state and peer districts, DISD had the lowest teacher turnover (**Exhibit 1-4**).

Exhibit 1-4
DISD, Peer Districts, Region 20 and State
Teacher Turnover Percentage
2000-01

Entity	Teacher Turnover
DISD	**0.0%**
Mirando City	12.5%
Pringle-Morse	17.7%
Hunt	21.4%
San Vincente	39.4%
State	**14.2%**
Region 20	**16.0%**

Also, since 1997-98, DISD has moved from being rated an Academically Acceptable district by TEA to a Recognized district in 1998-99 and an Exemplary district in both 1999-2000 and 2000-01.

The superintendent, teacher and aides employed by DISD said they appreciate the advantages of working in a small community with involved parents, strong value systems and small class sizes with enthusiastic students.

COMMENDATION

DISD's combination of small classes, close working relationships with parents and emphasis on traditional values contribute to continuity in personnel and student achievement.

FINDING

DISD has not received any employee grievances or complaints over the past three years from 1998-99 through 2001-02. During that period, the superintendent established a series of documented policies and procedures to address employee grievances, including:

- DISD prepares and regularly updates a handbook of personnel policies that is provided to each employee. Copies of board policy are included in the handbook.
- DISD uses the model contract for the superintendent prepared by TASB. DISD also uses the model superintendent evaluation tool with seven areas. Goals that are included in the district plan were established using these guides.
- DISD provides employees with a document describing the employee benefit plan, any costs for additional coverage and the names of service providers.
- DISD details policies and procedures on grievances and complaints in board policy and the employee handbook.
- DISD spells out leave procedures in the personnel procedures manual and indicates the appropriate board policy related to each procedure.
- DISD provides an employee assistance program (EAP) program as part of the benefits available to employees through the health plan.

TASB prepares and regularly updates the current policies and procedures. These policies and procedures are the basis for the effective management of the district's human resources and the method by which the district assures equitable treatment of all of its employees.

COMMENDATION

DISD prepares policies and procedures to minimize employee problems, complaints or questions.

FINDING

DISD does not have sufficient personnel to assist the current superintendent, who also serves as the principal and a teacher.

Prior to 2000-01, one person served as superintendent of both DISD and Hunt ISD. When he retired, both districts selected new superintendents. Hunt ISD has a full-time principal/superintendent, and DISD has a principal/teacher who is designated as superintendent and is paid an additional annual stipend of $1,100. The DISD superintendent works approximately 70 hours a week due to his many roles and responsibilities.

DISD's former superintendent serves as an advisor to the board and superintendent and is paid an annual consulting fee of $11,000. He also tracks all TASB and Texas Association of School Administrators (TASA) updates and determines how they could affect DISD, identifies additional funding DISD can receive for school projects and maintains the library. He works as needed and has no set hours or schedule. According to the superintendent, the advisor will be retiring at the end of the 2001-02 school year.

DISD also employs a part-time business manager with a salary of $8,470. The business manager is also employed on a part-time basis at Doss CISD as the business manager and at Kerrville ISD as the tax collector and assessor. He is not based in DISD and spends very little time in the district. The superintendent's secretary helps take care of administrative and business tasks, while also acting as a bus driver, math teacher and technology director.

Due to the numerous responsibilities of the superintendent and the superintendent's secretary, the impending retirement of the superintendent's advisor and the offsite location of the business manager, the superintendent does not have sufficient support to manage and complete all functions of the district. Without additional assistance, the superintendent will not be able to attend to all of the duties currently completed by the advisor position. This could lead to several problems including a potential loss of funding through grants and the state, potential non-compliance issues with new policy updates and a general decline in the quality of the library.

Recommendation 2:

Hire a part-time teacher to take over some of the teaching duties of the superintendent.

By hiring a part-time teacher who could be in the district for specified times each week, the superintendent and his secretary could concentrate on their business responsibilities. This would help the superintendent and his secretary focus on their primary roles and help ensure that the district is receiving good business management and oversight.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The DISD superintendent gains board approval to hire a part-time teacher.	July 2002
2.	The DISD superintendent contacts Region 20 to determine if any retired teachers live near the district and are willing to fulfill the district's needs.	July 2002
3.	The superintendent hires a teacher that fulfills the district's needs for additional instructional expertise, which allows the superintendent to attend to his business and administrative duties.	July - August 2002

FISCAL IMPACT

DISD is paying $11,000 for the advisor to the superintendent position, currently filled by the former superintendent. The salary for a part-time person to teach for 15 hours a week should be set at the amount that is currently being spent on the advisor position. Therefore, this recommendation could be implemented with no fiscal impact.

FINDING

DISD maintains employee records and other district information in hardcopy format in file cabinets in the school building. The cabinets are locked and are only accessible by the superintendent or his secretary. Each employee has one file that contains all information, both general and confidential. The storage location subjects the files to damage due to fire or flood.

Other districts have scanned personnel documents onto computer disks to decrease the room necessary to store paper documents, increase employee efficiency in obtaining documents and decrease the possibility of damage to their personnel files by fire or flood. They store the disks in fire-proof storage units at an alternate site.

Recommendation 3:

Scan employee records and other important documents to computer disks to save space and increase employee efficiency.

By scanning personnel records, DISD could reduce manual labor and increase employee efficiency. In addition, the scanning of important documents to computer disks allows for easy storage of these documents at an alternate location in a fireproof storage unit. DISD has a cinder block storage unit that is not connected to the current facility that could be used as an alternate storage location for any important documents. DISD will not need any special hardware or software to read the documents as the current computer system in the district has the capability to read scanned images.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The DISD superintendent contacts Region 20 and identifies vendors that provide document scanning.	September 2002
2.	The superintendent contacts vendors for cost estimates, based upon pages to be scanned.	October 2002
3.	The superintendent reviews the cost estimates and recommends a vendor to the board for approval.	November 2002
4.	The vendor scans all necessary documents into the DISD system.	January - February 2003

FISCAL IMPACT

Based upon an estimated charge of $0.10 per page, DISD should budget $500 for the first year and $150 in each succeeding year. These costs are based on the current per page scanning cost estimated by Iron Mountain, a document storage and imaging company.

Recommendation	2002-03	2003-04	2004-05	2005-06	2006-07
Scan employee and other important documents to computer disks to save space and increase employee efficiency.	($500)	($150)	($150)	($150)	($150)

Chapter 1
DISTRICT ORGANIZATION AND MANAGEMENT

C. COMMUNITY INVOLVEMENT

Community involvement is an important part of a quality education system. It enables parents, taxpayers, civic and business leaders, community organizations, public officials and others with a stake in public education to understand the challenges and opportunities facing the district. It also helps the community become involved in activities and partnerships that support and promote student learning and achievement. Effective communication builds trust and support of the district and its programs and influences how residents view the district.

The district covers 340 square miles of ranchland. The district is home to 200 residents. Area residents and parents typically work on the ranches. The area does not have a town site; nor does it have any shopping or civic areas aside from the school and a church. The Divide School is the heart of the community.

FINDING

DISD involves its parents and the community through multiple activities and programs. DISD has an active Parent Teacher Organization (PTO) that includes both parents and community members. The PTO meets three to four times a year and communicates mostly by telephone. The PTO surveys parents at the beginning of the school year. The survey asks parents what activities they would like to see the district initiate. It also asks for suggestions on field trips and an end-of-school trip.

The PTO organizes several events each year to promote community involvement and raise funds for the school. The PTO organizes two fundraisers annually: the Sausage Supper and Raffle in the spring and the Hunters Wild Game Dinner in the fall. The Hunters Wild Game Dinner is scheduled on the first Friday at the beginning of the hunting season in order to attract not only community residents but also people from outside the community who come to hunt in the area. PTO members sell tickets to the dinners. Each event is publicized through word of mouth, on the school's marquee and with a poster near the main road. The food for both events is donated by community residents and businesses, as is the cooking. In 2000-01, the PTO raised nearly $7,000 through these two events. The funds raised finance the annual end-of-school field trip.

DISD considers its annual field trips important educational and personal experiences because the district is so isolated and a large percentage of the

children do not have opportunities to travel. The annual trip involves all students. The students are accompanied by teachers, parents and community members. The five-day trip incorporates lessons, and students have to write a journal at the end of each day, read assigned materials and complete assignments related to educational events of the day. In May 2001, students went to Port Aransas. In May 2002, DISD plans to take students to South Texas.

In addition to the fundraisers by the parents, the district has received several grants from local foundations and businesses. The Peterson Foundation provided grants to build a baseball backstop and nets, books and software. H.E.B. has been very supportive of the school. H.E.B. contributed to DISD fundraising by manning a booth at the school's fall festival, making presentations at the school on topics of interest to the students and organizing tours of the store for the students. The H.E.B. store manager provided information and advice to the DISD superintendent on building a baseball field and a batting cage. H.E.B. also organized pizza parties for the DISD students and provided them with tickets to a Spurs game. DISD students, in return, prepared decorations for the store during seasonal events and displayed their artwork at the store. The Kerrville Lions Club donated food baskets, eyeglasses and gift baskets to DISD needy families. DISD also involves parents through its Friday lunch program. Every Friday, a parent or staff member prepares lunch for the students and the school staff.

COMMENDATION

DISD involves parents and community members in activities that support the school and the students.

FINDING

DISD communicates with its board, employees, parents and community members through a mix of formal and informal communication methods. Due the school's small size, the superintendent and other district staff communicate with the parents daily either in person or by telephone. **Exhibit 1-5** describes DISD's internal and external communication methods.

Exhibit 1-5
DISD External and Internal Publications
2001-02

Internal/External Publications	Description	Issued By	Target or Focus

Board Agenda	The agenda of the regular monthly board meeting is posted on the school's marquee and on the school's office window.	Superintendent	Parents and community
Calendar of Events	An annual calendar and an updated semester calendar of events are posted in the school. The calendars list all holidays and important dates.	Superintendent	District personnel
Board Briefs	A summary of the board meeting is distributed at the board's monthly board meeting.	Superintendent	District personnel, parents, community members
Articles in local newspapers	DISD sends information on activities and events at DISD to the *Kerrville Daily Times* and the *Real American*, a weekly newspaper published in Leakey. A reporter from the *Kerrville Daily Times* attends board meetings and reports on them. The *San Antonio Express-News* also publishes occasionally articles about the district.	Superintendent	Local and neighboring communities
Annual Goals Meeting	DISD conducts an annual meeting toward the end of the school year to review the district's improvement plan and set and prioritize goals for the coming year.	Superintendent	School personnel, board members, parents, community members

Source: DISD Superintendent.

DISD encourages the community to use its facilities, including the playground. Community members come into the school to use its computers and receive faxes. A local dominos club, the 42 Club, uses one of the schoolrooms to meet and play dominos. A weekly Bible class convenes at the Divide School on Thursdays after school. A community

nurse uses one of the schoolrooms to do check-ups of children who live the district. Being the only public building in the area, the Divide School also hosts holiday and other social events, such as a Thanksgiving dinner and a Christmas dinner and party. DISD does not charge any of the groups for using its facilities. This type of community outreach makes the community aware of the school and encourages community members' involvement with the school.

COMMENDATION

The district effectively communicates with its stakeholders and opens its facilities to the community to provide a meeting place for community groups.

Chapter 2
EDUCATIONAL SERVICE DELIVERY

This chapter discusses the Divide Independent School District's (DISD's) educational service delivery system in five sections:

A. Student Performance
B. Instructional Resources
C. Special Programs
D. Computers and Technology
E. Safety and Security

An effective educational service delivery system is accountable for student achievement and ensures that human and financial resources are used in a well-planned and coordinated manner.

BACKGROUND

DISD selected four Texas school districts to serve as peer districts for comparative purposes: Hunt, Mirando City, Pringle-Morse and San Vicente. To make these comparisons, the review team relied on information supplied by the Texas Education Agency (TEA) on state-mandated student achievement test scores and results of the Texas Assessment of Academic Skills (TAAS).

TEA's Academic Excellence Indicator System (AEIS) reports provide demographic, staffing and financial data for each school district and school. These reports are sent to each school and district and are available on TEA's Web site <www.tea.state.tx.us>. The latest AEIS data, published by TEA in March 2002, are for 2001-02.

Exhibit 2 presents demographic information for DISD, its peer districts, districts served by Regional Education Service Center XX (Region 20) in San Antonio and the state.

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Exhibit 2-1
Demographic Characteristics of DISD
and Peer School Districts
2001-02

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District	Student Enrollment		Ethnic Group (Percent)				Economically Disadvantaged
	Number	5 Year Change*	African American	Hispanic	White	Other	Percent

Hunt	205	25.0%	0.0%	26.3%	73.2%	0.5%	33.2%
Pringle-Morse	106	35.9%	0.0%	47.2%	52.8%	0.0%	64.2%
Mirando City	45	(22.4%)	0.0%	100.0%	0.0%	0.0%	77.8%
Divide	**20**	**(28.6%)**	**0.0%**	**40.0%**	**60.0%**	**0.0%**	**55.0%**
San Vicente	20	0.0%	5.0%	55.0%	40.0%	0.0%	0.0%
Region 20	**337,299**	**5.5%**	**7.0%**	**64.2%**	**27.3%**	**1.4%**	**61.0%**
State	**4,150,741**	**6.7%**	**14.4%**	**41.7%**	**40.8%**	**3.1%**	**50.5%**

Source: TEA, PEIMS, 2001-02.
*Percent Change is defined as 2001-02 values minus 1997-98 values divided by 1997-98 values.

From 1996-97, student enrollment in DISD decreased 28.6 percent; the second-highest rate of decline among the peer districts. DISD has the third-largest percentage of economically disadvantaged students among its peers.

Exhibit 2 illustrates property tax values per student and tax rates. DISD occupies the top position among its four peer districts in the amount of property value per student, at nearly $1.3 million.

Exhibit 2-2
Property Tax Value per Student and Tax Rates
1996-97 and 2001-02

District	Value per Student 2001-02	Tax Rate			
		1996-97		2001-02	
		M&O*	I&S**	M&O*	I&S**
Divide	**$1,291,304**	**$1.198**	**$0.000**	**$1.180**	**$0.000**
Pringle-Morse	$900,734	$1.246	$0.000	$1.337	$0.000
Hunt	$730,220	$1.160	$0.000	$1.200	$0.000
Mirando City	$560,817	$1.500	$0.000	$1.500	$0.000

San Vicente	$277,765	$1.087	$0.000	$1.090	$0.000
State	**$236,543**	**$1.313**	**$0.185**	**$1.391**	**$0.094**

Source: TEA, AEIS, 1996-97 and PEIMS, 2001-02.
*Maintenance and Operations.
**Interest and Sinking.

Exhibit 2shows budgeted instructional expenditures for DISD and its peer districts in 2001-02. DISDhas the lowest total expenditures and the second-lowest per-student instructional expenditures, at $5,878. DISD did not report expenditures for any programs other than regular education.

Exhibit 2-3
Budgeted Expenditures for DISD and Peer Districts
2001-02

District	Total Expenditures	*Per Student	Percent Regular Education	Percent Gifted & Talented	Percent Special Educ.	Percent Career & Tech.	Percent Bil/ESL	Percent Compensatory
Hunt	$1,667,038	$4,626	69.1%	0.1%	10.2%	0.0%	8.5%	12.1%
Pringle Morse	$1,320,089	$6,230	81.7%	1.2%	7.0%	0.0%	1.9%	8.2%
Mirando City	$698,567	$7,370	74.8%	0.0%	20.1%	0.0%	4.4%	0.0%
San Vicente	$569,507	$12,562	83.1%	0.0%	10.7%	0.0%	6.1%	0.0%
Divide	**$300,489**	**$5,878**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
State	**$14,973,118,799**	**$3,607**	**66.4%**	**1.7%**	**14.4%**	**3.9%**	**4.1%**	**7.1%**

Source: TEA, PEIMS, 2001-02.
*Includes instruction (functions 11,95) and instructional leadership (function 21) expenditures.

As seen in **Exhibit 2-4**, DISD and San Vicente ISD have the lowest percentages of Bilingual/ESL students among the peer districts. DISD has the second-lowest percentage of special education students. In 2001-02,

DISD does not have any students in a gifted and talented education program.

Exhibit 2-4
Percentage of Total Student Enrollment by Program
DISD, Peer Districts and State Averages
2001-02

District	Gifted & Talented	Special Education	Bilingual/ESL
Hunt	5.4%	4.4%	17.1%
San Vicente	5.0%	25.0%	10.0%
Pringle Morse	3.8%	20.8%	20.8%
Divide	**0.0%**	**5.0%**	**10.0%**
Mirando City	0.0%	13.3%	46.7%
State	**8.2%**	**11.7%**	**13.1%**

Source: TEA, PEIMS, 2001-02.

Exhibit 2-5 shows the percentage of budgeted expenditures by instructional function. DISD has the lowest percentage of funds allocated to instruction in 2001-02. The superintendent indicated that the low percentage on instruction was due to budgeted increases in student transportation and plant maintenance and operations. DISD occupied the middle position among its peer districts in per-pupil expenditures in 2001-02.

Exhibit 2-5
Total Percentage of Budgeted Expenditures
School Year 2001-02

Function Codes	Hunt	Divide	Pringle-Morse	Mirando City	San Vicente	State
Instruction (11,95)	56.8	**39.1**	50.0	46.0	42.5	**51.0**
Instructional-Related Services (12,13)	2.0	**1.0**	2.7	6.9	6.0	**2.7**
Instructional Leadership (21)	0.0	**0.0**	0.0	1.5	1.6	**1.2**
School Leadership (23)	4.9	**5.2**	4.3	0.0	12.1	**5.2**

		San Vicente	Pringle-Morse	Divide	Mirando City	State Average
Support Services-Student (31,32,33)	3.4	**0.3**	0.7	1.8	0.6	**4.0**
Student Transportation (34)	2.4	**6.6**	4.6	2.5	0.3	**2.6**
Food Services (35)	4.5	**0.0**	4.3	7.1	0.1	**4.8**
Co-curricular/ Extracurricular Activities (36)	0.8	**0.0**	1.4	1.3	0.2	**2.2**
Central Administration (41,92)	8.8	**9.0**	11.1	16.9	18.7	**3.5**
Plant Maintenance & Operations (51)	6.7	**3.8**	10.1	13.2	8.1	**10.1**
Security & Monitoring Services (52)	0.0	**0.0**	0.0	0.0	0.0	**0.6**
Data Processing Services (53)	1.1	**1.2**	4.3	2.0	1.3	**1.1**
Other*	8.5	**33.8**	6.5	0.7	8.4	**10.8**
Per Pupil Total Budgeted Expenditures	$8,132	**$15,024**	$12,454	$15,524	$28,475	**$6,907**

Source: TEA, PEIMS, 2001-02.
*Other includes any operating expenditures not listed above and all non-operational expenditures such as debt services, capital outlay and community and parental involvement services.

Exhibit 2 shows the percentage of professional staff in various categories for 2001-02. DISD has the highest percentage of educational aides, the second-lowest percentage of teachers and the second-lowest percentage of auxiliary staff among the peer districts.

Exhibit 2-6
Composition of Professional Staff
DISD, Peer Districts and State Averages
2001-02

Professional Staff	Hunt	San Vicente	Pringle-Morse	Divide	Mirando City	State Average

Teachers	60.1%	59.8%	55.2%	**51.4%**	45.5%	**50.5%**
Professional Support	2.0%	1.2%	2.7%	**0.0%**	28.2%	**8.9%**
Campus Administration	3.3%	6.1%	1.9%	**5.4%**	0.0%	**2.7%**
Central Administration	5.0%	18.3%	5.7%	**2.7%**	9.1%	**1.0%**
Educational Aides	9.9%	2.4%	11.5%	**37.8%**	17.3%	**10.3%**
Auxiliary Staff	19.8%	12.2%	23.0%	**2.7%**	0.0%	**26.5%**
Percent Minority Teachers	0.0%	12.2%	0.0%	**0.0%**	45.5%	**13.9%**

Source: TEA, PEIMS, 2001-02.

Exhibit 2 shows teacher experience for DISD and its peer districts. Compared to its peers, DISD has the smallest percentage of teachers with five or fewer years of experience and the highest percentage of teachers with six to 10 years experience. All of DISD's teachers are certified.

Exhibit 2-7
Teacher Experience
DISD, Peer Districts and State Averages
2001-02

	Mirando City	Hunt	San Vicente	Pringle-Morse	Divide	State Average
Beginning Teachers	100.0%	1.1%	20.4%	0.0%	**0.0%**	**7.8%**
1-5 Years Experience	0.0%	22.0%	0.0%	41.7%	**0.0%**	**27.8%**
6-10 Years Experience	0.0%	15.9%	20.4%	6.9%	**100.0%**	**18.1%**
11-20 Years Experience	0.0%	12.6%	38.8%	44.4%	**0.0%**	**24.7%**
More than 20 Years Experience	0.0%	48.4%	20.4%	6.9%	**0.0%**	**21.6%**

Source: TEA, PEIMS, 2001-02.

TEA assigns annual accountability ratings to each district and campus based primarily upon TAAS scores and dropout rates. The accountability system includes five categories for districts: Exemplary, Recognized, Academically Acceptable, Academically Unacceptable and Unacceptable: Data Quality. For campuses, the categories are: Exemplary, Recognized, Academically Acceptable and Low Performing.

To receive an Exemplary rating, at least 90 percent of all students, as well as 90 percent of each student group (African American, Hispanic, White and Economically Disadvantaged) must pass the TAAS reading, writing and mathematics tests. To achieve a Recognized rating, 80 percent of all students and each student group must pass the TAAS reading, writing and mathematics tests. To be rated Academically Acceptable, 50 percent of each student group must pass TAAS. Scores for students with disabilities and from the TAAS Spanish version of reading and mathematics in grades 3 through 6 are included in the accountability calculations. According to TEA, failure to meet TAAS standards is the primary reason that schools are rated Low-Performing.

Exhibit 2 shows the accountability ratings for DISD and its peer districts from 1996-97 through 2000-01. DISD has gradually improved its ranking from Academically Acceptable in 1996-97 and 1997-98 to Recognized in 1998-99 and to Exemplary in 1999-2000 and 2000-01.

Exhibit 2-8
Accountability Ratings
DISD and Peer Districts
1996-97 through 2000-01

District	1996-97	1997-98	1998-99	1999-2000	2000-01
Hunt	Exemplary	Exemplary	Recognized	Academically Acceptable	Recognized
Pringle-Morse	Recognized	Exemplary	Exemplary	Recognized	Exemplary
Divide	**Academically Acceptable**	**Academically Acceptable**	**Recognized**	**Exemplary**	**Exemplary**
Mirando City	Academically Acceptable	Academically Acceptable	Recognized	Academically Acceptable	Academically Acceptable
San Vicente	Academically Acceptable	Exemplary	Academically Acceptable	Academically Acceptable	Academically Acceptable

Source: TEA, AEIS, 1996-97 through 2000-01.

Chapter 2
EDUCATIONAL SERVICE DELIVERY

A. STUDENT PERFORMANCE

TAAS performance is the primary factor TEA uses to determine a district's accountability ratings. TAAS is administered in grades 3 through 8 and 10 in reading and mathematics. Grades 4, 8 and 10 are also assessed in writing and grade 8 is assessed in Social Studies and Science. An exit-level examination is given at grade 10.

In 2002-03, the TAAS will be replaced by the Texas Assessment of Knowledge and Skills (TAKS), which will be administered in grades 3 through 11. Math will be assessed in grades 3 through 11. Reading will be assessed in grades 3 through 9 and English language arts in grades 10 and 11. Writing will be assessed in grades 4 and 7; social studies in grades 8, 10 and 11; and science in grades 5, 10 and 11. The exit-level examination will be administered in grade 11.

Between 1996-97 and 2000-01, DISD significantly improved its TAAS scores while maintaining a high rate of TAAS participation. As **Exhibit 2-9** shows,in 1996-97 DISD had the lowest average TAAS scores among its peers, Region 20 and state. In both 1999-2000 and 2000-01, all DISD students who took the TAAS passed it, and the district had the highest average TAAS scores among its peers, Region 20 and state.

Exhibit 2-9
Percent of Students Passing TAAS, All Tests Taken (Grades 3-8 & 10)
DISD, Peer Districts, State and Regional Averages
1996-97 through 2000-01

District	1996-97	1997-98*	1998-99**	1999-2000**	2000-01**	Percent Change from 1996-97 to 2000-01
Hunt	94.5%	91.8%	82.1%	78.1%	85.1%	(9.9%)
Pringle-Morse	77.8%	100.0%	97.0%	89.6%	93.0%	19.5%
Mirando City	63.6%	67.7%	76.7%	42.1%	77.4%	21.7%
San Vicente	62.5%	90.0%	50.0%	80.0%	85.7%	37.1%

Divide	**55.6%**	**66.7%**	**87.5%**	**100.0%**	**100.0%**	**79.8%**
Region 20	**66.6%**	**72.3%**	**74.4%**	**77.1%**	**79.3%**	**19.1%**
State	**73.2%**	**73.1%**	**78.1%**	**79.9%**	**82.1%**	**12.2%**

Source: TEA, AEIS, 1996-97 through 2000-01.
*Recalculated from original posting to include special education and grades 3 and 4 Spanish TAAS.
**Recalculated from original posting to include special education and grades 3 through 6 Spanish TAAS.

DISD kept TAAS scores high while maintaining a high rate of TAAS participation between 1997-98 and 2000-01 (**Exhibit 2-10**). DISD's TAAS participation was 100 percent in three of the four years. The percentage of students with Admission, Review and Dismissal (ARD) exemptions declined from 8.3 percent in 1999-2000 to none in 2000-01.

Exhibit 2-10
DISD TAAS Participation Rates
1997-98 through 2000-01

	1997-98	1998-99	1999-2000	2000-01
All Tested	**100.0%**	**100.0%**	**91.7%**	**100.0%**
Accountability	88.9%	88.9%	83.3%	66.7%
TAAS Mobile	11.1%	11.1%	8.3%	22.2%
Special Education	*	*	*	*
Spanish (grades 3-6)	0.0%	*	*	*
Science and/or Social Studies	0.0%	0.0%	0.0%	0.0%
State-Developed Alternative Assessment	*	*	*	11.1%
Not Tested	**0.0%**	**0.0%**	**8.3%**	**0.0%**
Absent	0.0%	0.05	0.0%	0.0%
Admission, Review and Dismissal Exemption	0.0%	0.0%	8.3%	0.0%
Limited English Proficient Exemption	0.0%	0.0%	0.0%	0.0%

Other	0.0%	0.0%	0.0%	0.0%

FINDING

DISD works with students who have academic difficulties. DISD identifies individual students' areas of strength and weakness and helps students practice and master skills before the students take the TAAS. DISD also works with students on good test-taking skills. The students practice procedures that will reduce careless errors, and become familiar with the types of questions that will be on the TAAS and learn how to answer them correctly.

The superintendent attributes the high TAAS scores to the district's focus on reading and writing, the low student-to-teacher ratio, individualized curriculum and instruction and after-school tutoring for students who have academic difficulties. The students read and write reports throughout the year. The students start writing in class in kindergarten and first grade. They start by writing sentences they create from a list of verbs the teachers give them. These sentences become more complex as the students progress from grade to grade. The sentence writing assignments have different requirements such as tenses and sentence types. This teaches students to distinguish complex and compound sentences from run-on or incomplete sentences.

The students also are required to read 15 minutes during the day, as well as to read for 15 minutes at night and to write for 15 minutes at night. This helps students master summarization, identification of main ideas and helps them answer questions like who, what, when, where, why and how in text they read. The teachers review with students different types of questions that readers should ask themselves during the reading process. The teacher and students also discuss and review the different types of questions asked on TAAS. In addition, students formulate and then answer their own questions. DISD also has a TAAS math program that helps students master the appropriate math concepts before the test. Teachers identify the areas that typically cause errors and cover them with students.

COMMENDATION

DISD individualizes its curriculum and instruction to help students succeed academically.

Chapter 2
EDUCATIONAL SERVICE DELIVERY

B. INSTRUCTIONAL RESOURCES

Instructional resources are the materials needed to ensure successful learning, including financial and human resources, as well as instructional materials and direction.

FINDING

DISD's curriculum is not vertically aligned with the curriculum of Ingram ISD, the district where DISD students attend middle school. A vertically aligned curriculum teaches information so that one year builds on another.

DISD administration has not communicated formally with Ingram ISD administration to ensure that its curriculum is aligned with the Ingram ISD middle school curriculum. The DISD superintendent said that he has received good reports on the performance of DISD students in Ingram ISD middle schools. The DISD superintendent has informally communicated with Ingram ISD middle and high school teachers about their expectations for students in science, math and English. The DISD superintendent used this information in planning his lessons.

In addition, the curriculum guides DISD teachers use are outdated. DISD teachers review the Texas Essential Knowledge and Skills (TEKS) on an ongoing basis to make sure that they are covering them. Because each DISD teacher teaches students in more than one grade, having updated curriculum guides has many benefits. However, DISD does not have a plan for updating its curriculum. Ingram ISD updated its curriculum and developed curriculum guides for all grade levels in all core subject areas in 1999 and 2001. The DISD District Improvement Plan (DIP), revised in May 2001, does not specifically address the curriculum.

Many school districts in Texas collaborate with other districts to make curriculum guides or share them. This helps ensure that students moving from one school district to another have the necessary skills and knowledge to successfully adjust.

Recommendation 4:

Align DISD's curriculum with Ingram ISD's middle school curriculum.

DISD needs to formally align its curriculum with the Ingram ISD middle school curriculum. DISD should establish formal lines of communication with the Ingram ISD director of Curriculum and Instruction and review the academic preparedness of its students entering Ingram ISD middle school. DISD should review Ingram ISD's curriculum guides for grades K-6, determine their appropriateness for DISD students and consider using or adapting these curriculum guides in DISD.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The DISD superintendent/principal contacts the Ingram ISD superintendent and director of Curriculum and Instruction to review academic preparedness of DISD students attending Ingram ISD middle schools.	July 2002
2.	The DISD superintendent/principal obtains copies of Ingram middle school curriculum.	July 2002
3.	The DISD superintendent/principal reviews the Ingram ISD curriculum and compares it with the DISD curriculum and identifies any changes needed in the DISD curriculum to match that of Ingram ISD.	July 2002
4.	The superintendent/principal and teacher modify the curriculum.	August 2002
5.	The superintendent/principal and teacher implement the changes in the curriculum.	August 2002 and Ongoing
6.	The superintendent/principal gets reports annually from the Ingram ISD superintendent of changes in the curriculum and on performance of DISD graduates in Ingram middle schools.	July 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

The DISD DIP does not offer specific goals, objectives and strategies. DISD updates the plan annually through its Site-Based Decision-Making (SBDM) Committee. The SBDM committee includes all DISD staff members and meets in the spring to set the goals for the upcoming school year. DISD board members, parents and community members are invited to the meeting, which is typically facilitated by a Region 20 staff member.

The DISD DIP for 2001-02 consists of a general mission statement, set of objectives, list of people responsible for each objective and a timeline. The objectives address areas in need of improvement and include education service delivery, facilities and staffing. However, the objective addressing education service delivery is ambiguous. It does not define which materials are needed or strategies DISD will use to ensure that the district has them. Similarly, the staffing objective, "appropriate staffing to continue to provide excellent education", does not provide any information on staffing needs, staffing weakness areas or recommendations on how additional staff should be recruited.

An effective improvement plan consists of well-defined goals, clearly stated and specific objectives, a set of concrete strategies associated with each objective, a method for evaluating whether the strategy has been implemented, a person responsible for each strategy and a timeline. An improvement plan that lacks clearly defined objectives, strategies and performance measures cannot be used to guide the district in the implementation of its strategies and to determine whether the district has achieved its objectives and how effective it has been in achieving these objectives.

Recommendation 5:

Develop a district improvement plan with goals, clearly defined objectives, specific strategies and evaluation methods.

DISD should articulate goals, clearly define its objectives, specify strategies for achieving each objective and describe an evaluation method for each strategy.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent/principal and the SBDM committee meet to discuss changes in the format of the DIP for the 2002-03 plan.	January 2003
2.	The SBDM committee discusses the proposed changes with the Region 20 facilitator.	January 2003
3.	The SBDM committee sets a date for the planning meeting and publicizes it.	April 2003
4.	The Region 20 facilitator manages the planning meeting, incorporating the changes in the plan format.	May 2003
5.	The SBDM committee prepares the 2002-03 improvement plan, following the agreed upon format.	June 2003

6.	The superintendent/principal reviews the district improvement plan for 2002-03, and submit it for board approval.	July 2003
7.	The superintendent/principal monitors plan implementation.	August 2003 and Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 2
EDUCATIONAL SERVICE DELIVERY

C. SPECIAL PROGRAMS

DISD offers special education, Bilingual/ English as a second language (ESL) and gifted and talented education (G/T) programs. In 2001-02, DISD served five or fewer special education students, 11 economically disadvantaged students, fewer than five ESL students and no G/T students.

Under the federal Individuals with Disabilities Education Act (IDEA), districts must provide appropriate public education for all children with disabilities regardless of their severity. The act requires districts to provide educational services in the "least restrictive environment" and to include students with disabilities in state and district assessment programs. Districts also are required to develop an individualized education plan (IEP) for each of these children with input from regular education teachers. The IEP has to provide special education students with curricula similar for the curricula of children in regular education classrooms.

FINDING

DISD does not receive State Compensatory Education (SCE) funding from the state. An SCE is a program or service designed to supplement the regular education program for students at risk of dropping out of school. The purpose of state compensatory education is to increase the achievement and reduce the dropout rate of these students. The state has criteria for identifying students at risk of academic failure or dropping out of school. Districts use student performance data from TAAS and other achievement tests administered under the Texas Education Code (TEC).

Exhibit 2 provides the number and percentage of economically disadvantaged students, the amount spent on compensatory education and compensatory education expenditures as a percentage of total expenditures for DISD, its peers, Region 20 and the state during 2001-02.

Exhibit 2-11
Economically Disadvantaged Students
Compensatory Education Expenditures
2001-02

District	Percent of Economically Disadvantaged Students	Compensatory Education Expenditures	Percent of Total Expenditures

Mirando City	77.8%	$840	0.3%
Pringle-Morse	64.2%	$54,143	8.2%
Hunt	33.2%	$114,619	12.1%
Divide	**55.0%**	**$0**	**0.0%**
San Vicente	0.0%	$0	0.0%
Region 20	**61.0%**	**N/A**	**N/A**
State	**50.5%**	**$1,350,519,613**	**4.7%**

Source: TEA, PEIMS, 2001-02.

DISD has the third-highest percentage of economically disadvantaged students among the peer districts, but does not receive compensatory education funds or allocate any funds for compensatory education.

Funding allocated for state compensatory education programs or services is based on the number of economically disadvantaged students in the district. The number of economically disadvantaged students is determined by averaging the highest number of students who qualify in the national school lunch program for free or reduced-price lunches for a six-week period during the preceding school year. Districts are entitled to receive an additional annual allotment equal to the adjusted basic allotment multiplied by 0.2 for each student who is economically disadvantaged or who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside. For DISD, this allotment was $849 per student for the 2001-02 school year.

In January 2002, TEA informed school districts that the Commissioner of Education was authorized by the Legislature to adopt a counting method and rules for school districts that do not participate in the national school lunch or breakfast programs that would allow them to receive SCE funding. Under rules adopted by the commissioner, the students eligible for the alternative funding procedure will be those students who would be eligible for the lunch program if it were offered. School districts that do not offer the national programs must apply the same income qualification procedures used in the national programs to establish the number of eligible students for those programs. The qualification information for each child must be retained for audit purposes.

The number of eligible students must be recorded each month and reported to TEA, and changes in family income status through the year may affect whether a student becomes eligible for this funding count. The

count that will be used for funding a district or charter school for the 2001-02 school year will be the highest six-month average of the monthly counts for the 2001-02 school year. Beginning with the 2002-03 school year, it will be the highest six-month average from the preceding school year, as is the case for school districts that operate federal lunch or breakfast programs. This means that initially districts and schools will receive the same count for two years. Because this information was distributed after the beginning of the school year, TEA will assume for the 2001-02 funding year that counts from October, November, and December are the same as January when computing the average. If a district believes this action is disadvantageous, it must reconstruct the appropriate eligibility documentation for those months and provide the monthly counts on the basic monthly claim report for those months.

Recommendation 6:

Collect the necessary information from families in the district to determine the number of students for which DISD can receive State Compensatory Education funding.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent sends letters to all families in DISD explaining the need for the personal financial information from the families and the SCE funding that DISD will receive.	Immediately
2.	The business manager compiles the information to complete the monthly claim form and reconstructs the appropriate eligibility documentation based on the information received from the families.	Before August 2002
3.	The business manager files the monthly claim form with TEA based on the information received from the families in DISD.	Monthly
4.	The superintendent sends letters to all families in DISD explaining the need for the personal financial information from the families and the SCE funding that DISD will receive.	August 2002 and Annually

FISCAL IMPACT

The fiscal impact of this recommendation is based on the number of economically disadvantaged students identified in the 2001 AEIS report. Based on this report, 55 percent of the 20 students enrolled in DISD are economically disadvantaged. The additional allotment for the 2001-02

year is $849 and is calculated by multiplying the DISD basic allotment of $4,245 per student by 20 percent. The annual savings to the district is $9,339 (0.55 x 20 x $849).

Recommendation	2002-03	2003-04	2004-05	2005-06	2006-07
Collect the necessary information from families in the district to determine the number of students for which DISD can receive State Compensatory Education funding.	$9,339	$9,339	$9,339	$9,339	$9,339

FINDING

DISD did not receive any special education funding in the 2000-01 school year. DISD provides special education services within the regular education classroom through a mainstream instructional arrangement. In the past, DISD received special education services through the Cluster VII Special Education Services Cooperative, for which Kerrville ISD (KISD) was the fiscal agent of until August 31, 2001. The Cluster provided services to seven districts but was dissolved by KISD on August 31, 2001 as it was no longer fiscally viable. DISD contracts with Ingram ISD for a diagnostician and speech therapist on an as-needed basis.

DISD's special education program serves fewer than five students. The DISD superintendent is certified to teach special education. The special education students receive resource services. Resource services are offered in a separate special education classroom, based on the recommendation of an ARD Committee. Resource classes are correlated with the TEKS and follow the student's IEP. Typically, resource students take a combination of regular and resource classes.

Based on a review of the final summary of finances for 2001, DISD did not receive special education funding. Section 42.151(a) of the TEC states, "For each student in average daily attendance in a special education program under Subchapter A, Chapter 29, in a mainstream instructional arrangement, a school district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by 1.1."

The adjusted basic allotment for DISD for the 2001-02 year is $4,245. The additional funding for each special education student would be $425 a year ($4,245 times 0.1) if the students attended school every day in the 2001-02 year. Based on a review of the 2001-02 mid-year PEIMS submission to TEA, DISD did not report any expenditures in the special

education program except for a shared services arrangement with another district.

Recommendation 7:

Report expenditures for special education services and claim funding for the services provided.

In order for DISD to accurately reflect the services provided and receive the appropriate funding from TEA, DISD should report expenditures for the special education program and claim funding for the mainstream instructional arrangement. For each student served, the district would receive approximately $424.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent and business manager determine the amount of resources expended on special education services.	July 2002
2.	The business manager adjusts the financial records to reflect the appropriate expenditure.	August 2002
3.	The superintendent ensures that the PEIMS student reports appropriately reflect the instructional arrangements for all students.	August 2002 and Ongoing

FISCAL IMPACT

Because the number of special education students served in DISD is five or fewer, TSPR cannot calculate additional revenues that the district will receive by implementing this recommendation without compromising the anonymity of those students.

D. COMPUTERS AND TECHNOLOGY

The State of Texas supported the use of technology in school districts through legislation that created the Technology Allotment of $30 per student, the Telecommunication Infrastructure Fund (TIF) and the Technology Integration in Education (TIE) grants. TIF provides $150 million a year for 10 years for computer infrastructure, distance learning and training to public education, higher education and telemedicine centers. The TIE grant provides funding for educator preparation and administration and technology infrastructure support. These grants have allowed even the smallest school districts, such as DISD, to develop sophisticated computer networks and computer labs.

Effective management of technology resources requires a clearly defined technology plan based on appropriate goals and organization, clearly assigned responsibilities, well-defined procedures for developing new applications and a customer service orientation that meets and anticipates user needs. It also requires an organizational structure that encourages and supports both instructional and administrative use of technology.

As a small, remote and rural community spread over 340 square miles with fewer than 200 residents, DISD recognizes the importance of technology to its administration, staff, students, parents and community members. In its *Technology Plan 2000-2003*, DISD sets four objectives: to implement a learner-centered approach; to implement technology and technology enhanced programs to promote engaged learning; to train teachers in technology integration into the curriculum; and to integrate technology into all content areas.

FINDING

The superintendent applied for and received grants to improve the district's technology. DISD received a TIF grant in 1998 for $40,000. TIF grants help schools integrate the Internet into their curriculum. To receive this grant, schools are required to submit an approved technology plan; create a technology task force; provide 10 percent matching funds; purchase items from the TIF-suggested configuration list; participate in the TIF Tech training program; and build a home page on the World Wide Web.

DISD received an E-Rate discount from the Universal Service Fund for Schools and Libraries provided by the federal government to help pay for

telecommunications services. These services can include local telephone service, high-speed data communications lines, Internet access and internal connections. The federal E-Rate discount covers 20 to 90 percent of the cost of purchasing telecommunications services, Internet access and internal connections. The discount level is based on the percentage of students in the district who are eligible for participation in the federal free and reduced-price school lunch program. DISD receives an 80 percent E-rate discount because of its share of economically disadvantaged students. DISD also received a small grant of $200 from the Petersen Foundation for purchasing software. **Exhibit 2-12** shows the grants and E-rate funds DISD has received.

Exhibit 2-12
DISD Technology Grant Funds
1998 through 2002

Year	Grant Type	Amount
1998-99	TIF	$40,000
1998-99	E-rate	$19,641
1999-2000	E-rate	$13,432
2000-01	E-rate	$3,572
2001-02	E-rate	$3,428*
2001-02	Peterson Foundation	$200
Totals		**$80,273**

Source: DISD Superintendent.
*Estimated rate.

DISD has one staff member who is responsible for technology. This staff member installs software, changes CD drives and does minor computer maintenance. DISD sends computers for major repairs to commercial vendors in San Antonio or Kerrville. DISD participates in the Region 20 STARnet Collaborative and is a partner in the region-wide telecommunication infrastructure for education. The Region 20 STARnet Collaborative connects all Region 20 school districts to each other and to resources across the region. DISD's Local Area Network is connected by a T-1 line to Region 20, which acts as the district's Internet service provider. As a partner in the Region 20 STARnet Collaborative, DISD gets access to other districts and schools, Region 20, other regional resources and TEA.

DISD has a wide array of hardware and software for students and staff in every classroom and in the library and office. The Divide School campus consists of two classrooms, a portable building for the pre-K class, a library and an office. DISD has 21 computers, including 14 laptops. Each of the DISD teachers has an Internet-connected computer. Five of the computers are connected to the Internet all the time. DISD also has three televisions and three VCRs, a digital camera and a scanner. DISD's student to computer ratio of 1:1 exceeds the state's average ratio of 3:1.

COMMENDATION

DISD has effectively used federal, state and local funding sources for infrastructure, hardware and software acquisition.

FINDING

DISD does not have a disaster recovery plan for handling the loss of its information systems, thereby exposing the district in case of a fire, flood, tornado or another catastrophic event. **Exhibit 2-13** shows key elements of a disaster recovery plan.

Exhibit 2-13
Disaster Recovery Plan Key Elements
2001-02

Step	Details
Establish a disaster recovery team	Identify district and outside contractor team members.
Identify key information elements	Compile a list of critical activities. Estimate minimum space and equipment needed for restoring essential operations. Develop timeframe for starting initial operations after a catastrophic event. Specify the responsibilities of key individuals.
Delegate key duties	Prepare a list of all technology assets including data, hardware, software, documentation and supplies. Make plans for hardware, software and other equipment to be able to resume operations as quickly as possible. Identify resources for data recovery, equipment repair, cleaning and moving and have agreements with them for priority treatment in case of an emergency. Establish procedures for obtaining offsite backup records. Set up a reciprocal agreement with a neighboring district or

	another organization to share equipment to allow the district to operate critical functions in case of a disaster. Identify individuals' roles and responsibilities.
Develop plan specifics	Define actions to be taken in advance of an undesirable event. Define actions to be taken at the on set of an undesirable event to minimize damage, loss and compromised data integrity. Specify actions to be taken to restore operations.
Test the plan	Test the plan periodically. Analyze test results and identify further needs to improve the plan.
Deal with damage	In case of a disaster, document all costs and videotape the damage. Be prepared to overcome downtime because insurance settlements take time.
Consider other significant issues	Do not make the plan unnecessarily complicated. Assign one person to be responsible for maintaining the plan but give authority for implementation also to others. Update the plan regularly and whenever the system changes.

Source: National Center for Educational Statistics, "Safeguarding Your Technology." (Modified by TSPR).

Glen Rose ISD (GRISD) developed a disaster recovery plan for handling the loss of its information systems. The district's disaster recovery plan includes emergency contacts for the Technology Department staff, the district and for software and hardware vendors. The plan includes protocols for both partial and complete recoveries to ensure that the technology staff is knowledgeable in every aspect of recovery and restoration. The plan outlines designated alternate sites dependent upon the type of outage that occurs. It also includes system redundancy and fault protection protocols as well as a tape backup plan. GRISD has verified these recovery plans in real situations involving power loss and system failures.

Recommendation 8:

Develop a disaster recovery plan for technology.

DISD does not have to develop a comprehensive disaster recovery plan. It should select those elements that best fit it as a small district. The most important elements of the plan are the documentation of an action plan in case of an emergency. The plan should include emergency contacts in the

district as well as hardware and software vendors. DISD may also consider a reciprocal agreement with a neighboring district as an alternate site for operating its computer systems until the district is able to replace its hardware. The district should purchase a fireproof storage unit designed specifically for computer data and locate it in the site the district designated as the alternate site in its disaster recovery plan.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent/principal develops a disaster recovery plan for technology, which includes developing specifications for a fireproof storage unit and determining where it would be located.	July 2002
2.	The superintendent/principal contacts neighboring districts to arrange a reciprocal agreement and gets bids on a fireproof storage unit from vendors in the area.	July 2002
3.	The superintendent/principal submits the disaster recovery plan, the price for fireproof storage unit and the reciprocal agreement to the board for review and approval.	August 2002
4.	The superintendent selects the vendor and arranges for delivery and installation.	August 2002
5.	The superintendent/principal tests the disaster recovery plan and documents recovery procedures.	September 2002
6.	The superintendent/principal prepares a report to the board.	September 2002
7.	The superintendent/principal updates the disaster recovery plan, as needed.	Ongoing

FISCAL IMPACT

There will be a one-time cost to the district of $300 for the purchase and installation of a fireproof storage unit. The estimated cost per unit is based on the cost of a large fireproof chest available at Office Depot.

Recommendation	2002-03	2003-04	2004-05	2005-06	2006-07
Develop a disaster recovery plan for technology.	($300)	$0	$0	$0	$0

E. SAFETY AND SECURITY

Providing a safe and secure environment for students, teachers and other school district employees is a critical task for any district. Because of recent instances of school violence in several states throughout the country, parents, educators, taxpayers and lawmakers are focusing more attention on safety and security in public schools.

In Texas and throughout the country, there has been a steady progression of changes to laws governing the safety and security of students in public schools. In 1994, Congress re-authorized the Safe and Drug-Free Schools and Communities Act, which requires school systems to institute a comprehensive safe and drug-free schools program.

In 1997, Congress re-authorized the Individuals with Disabilities Education Act with notable changes. The revisions require school systems to provide appropriate education services to students with disabilities and make it easier to remove dangerous or violent students with special needs from the classroom. The law also permits the removal of students from regular education programs if they are involved with drugs or bring weapons to school.

Safety and security programs must include elements of prevention, intervention and enforcement, as well as cooperation with all local law enforcement agencies. Discipline management and alternative education programs (AEP) are key tools in this process. The superintendent/principal is primarily responsible for safety and security at DISD. Specific responsibilities are also assigned to DISD staff, based on the guidelines and requirements within DISD board policy and the student code of conduct.

The safety and security of students in DISD is not a significant problem. From 1996-97 through 2000-01, DISD did not budget or spend any money for security services. The financial audits confirm this fact. There were no security incidents involving DISD students reported over the past three years. Building access is limited to district personnel and is defined in policy. There are no alarm systems, and keys are only issued to district personnel.

The district does have a code of conduct that is updated as needed and distributed annually to all parents. Most disciplinary actions involve the superintendent meeting with the student and parents. No major infractions

or expulsions have been reported in the last three years. DISD does have an AEP program but not a juvenile justice AEP program. In-school suspension (ISS) and detention are available but are seldom used. The superintendent is responsible for the ISS program.

FINDING

Since October 2000, school safety and security was strengthened through a memorandum of understanding between DISD, Hunt ISD, Ingram ISD and the Kerr County Sheriff's Office (KCSO) that added one sheriff's deputy who acts as the school resource officer (SRO). The agreement is funded through a three-year federal grant from the Office of Community Oriented Policing Services (COPS-in-School) awarded to KSCO as part of the federal initiative to place more law enforcement officers in communities. The sheriff's deputy does not stay at DISD, but responds to pages as necessary.

The officer assigned to the COPS-in-School program indicated that she "hardly ever gets a call" from DISD, and she has never arrested a DISD student. According to the superintendent and an examination of DISD information, no disciplinary action report has been issued on an DISD student in at least the past three years.

The SRO also serves as the D.A.R.E. officer for DISD, Hunt ISD and Ingram ISD. One hour per week for 17 weeks during the first semester of each school year, the officer conducts classes at Hunt ISD for fifth grade students from both Hunt and Divide on drug prevention. D.A.R.E. is a collaborative effort by certified law enforcement officers, educators, students, parents and community members to offer an educational program in the classroom that prevents or reduces drug abuse and violence among children.

The lessons include subject areas such as: changing beliefs about drug use; learning resistance techniques; building self-esteem; making decisions about risky behaviors; having positive role models; and resisting gang and group violence. The SRO complements the regular curriculum with several special programs such as:

- a gang and group violence lesson with a special video on gangs that shows examples of gang-influenced activities;
- an agent from the Texas Alcoholic Beverage Commission participates in one lesson and brings "goggles" for the students to look through. Looking through the goggles simulates the vision of a person under the influence of alcohol; and
- a field trip to the Kerr County Juvenile Detention Facility.

COMMENDATION

DISD provides programs and resources that create a safe, secure environment for students.

FINDING

DISD does not have a crisis management plan. At the time of the TSPR review, the superintendent was developing a plan.

DISD is a rural school district with fewer than 200 residents. Community members are close-knit, know each other and participate in school events together. Due to the geographic location of DISD, the existence of only one campus and the size of the student population, the need for security has not yet become an issue.

However, an effective crisis management plan can help prevent major problems by training staff, students and parents in proper procedures and crisis communications techniques. An effective crisis management plan includes: a mission statement; an assessment of strengths, weaknesses, opportunities and threats; procedures in the event of an emergency; a contact list of trained staff and community members; maps of evacuation routes and shelters; and basic responsibilities broken down by staff position.

Recommendation 9:

Develop a crisis management plan and train staff, students and parents in the implementation of the plan.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent and advisor meet with board members and parents to determine an assessment of needs regarding crisis management.	October 2002
2.	The superintendent prepares a plan based upon the board and community input and reviews it with DISD staff and the advisor.	November - December 2002
3.	The superintendent makes modifications and presents the plan to the board for approval.	January 2003
4.	The board approves the plan and directs the superintendent to begin implementing it.	February 2003

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 3
FINANCIAL AND OPERATIONAL MANAGEMENT

This chapter reviews the financial and operational management of Divide Independent School District (DISD) in six areas:

A. Fiscal Operations
B. Budgeting
C. Asset and Risk Management
D. Purchasing
E. Facilities
F. Transportation

BACKGROUND

Sound financial management in school districts helps apply limited resources to instructional programs and support services to boost student achievement. This maximizes the amount of resources available from all sources to meet the school district's needs.

School districts must account for the use of resources accurately as they are accountable to the taxpayers, state government and federal government for the use of funds received from those sources. The accounting process must provide safeguards to reduce the risk of loss of assets and ensure appropriate use of assets in the form of internal controls appropriate to the district's organizational structure. Timely, accurate and useful reports concerning the district's financial condition for the board and administration are key to effective financial management. Effective financial management is crucial for school districts to fulfill their primary purpose of providing a free and appropriate education for all students in the district. Financial management also includes planning and budgeting, external auditing and tax collections.

Chapter 3
FINANCIAL AND OPERATIONAL MANAGEMENT

A. FISCAL OPERATIONS

Districts must comply with federal, state and local laws and regulations in managing their financial operations. The Texas Education Agency (TEA) requires districts to manage their financial operations in conformity with the regulations and requirements of the *Financial Accountability System Resource Guide (FASRG).* The *FASRG* combines requirements for financial management from a variety of sources into one guide for Texas school districts.

Comparing a district with peer districts can help show the effectiveness of financial management. DISD selected Hunt, Mirando City, Pringle-Morse Consolidated and San Vicente ISD's as peer districts for comparison purposes. **Exhibit 3-1** presents student enrollment, percent of economically disadvantaged students, property value and property value per student for DISD and its peer districts.

Exhibit 3-1
DISD and Peer Districts Number of Enrolled Students, Certified Property Value and Property Value per Student
2001-02

District	Total Enrollment	Property Tax Value*	Property value per Student*
Divide	**20**	**$25,826,080**	**$1,291,304**
Hunt	205	$149,695,151	$730,220
Mirando City	45	$25,236,771	$560,817
Pringle-Morse Cons	106	$95,477,754	$900,734
San Vicente	20	$5,555,300	$277,765

Source: TEA, PEIMS, 2001-02 and Comptroller's Office Property Value and Tax Rates.
*Preliminary property tax values.

In 1993, the Texas Legislature passed Senate Bill 7, which provided all districts with substantially equal access to revenue for equal tax effort. A

key "equity" chapter in the Texas Education Code (TEC) is Chapter 41. This chapter is devoted to wealth equalization through the mechanism of recapture, the recovery of financial resources from districts defined by the state as high property wealth. Resources are recovered for the purpose of sharing them with low-wealth districts.

Wealthy districts are subject to the equalized wealth provisions of the TEC, where the property value per Weighted Average Daily Attendance (WADA) exceeds $300,000 (2001-02 school year) and generally are referred to as Chapter 41 school districts. TEA calculates WADA. The calculation for WADA is based on a number of factors including property value, estimated tax value, average daily attendance (ADA) and tax collection. WADA values may change frequently.

Chapter 41 districts either must send funds back to the state or select one of several options to dilute their property value per WADA. This requirement is part of the court-approved school funding plan for the state designed to equalize funding for Texas school districts. School districts that are not subject to the equalized wealth provisions receive funding under the Foundation School Program, Chapter 42 of the TEC. **Exhibit 3-2** presents the funding status for DISD and the peer districts for the 2000-01 year.

Exhibit 3-2
Chapter 41 Status of DISD and Peer Districts
2000-01

District	Funding Status
Divide	**Foundation**
Hunt	Chapter 41
Mirando City	Foundation
Pringle-Morse	Chapter 41
San Vicente	Foundation

Source: TEA 2000-01 Summary of Finance.

DISD was a wealthy district as defined by the TEC Section 41.002 until TEA granted the sparsity adjustment under TEC Section 42.105 in 2000-01. The sparsity adjustment is based on the number of miles to the nearest high school, attendance in the district and the grade levels provided by the district. TEC Section 42.105 states, in part, "An average daily attendance of 60 students shall be the basis of providing the adjusted basic allotment

if a district offers a kindergarten through Grade six program and has preceding or current year's average daily attendance of at least 40 students or is 30 miles or more by bus route from the nearest high school district." Allowing DISD to use an average daily attendance of 60 students in the calculation of WADA removed DISD from the Chapter 41 status.

This change in funding from the state had a dramatic impact on the financial condition of DISD. **Exhibit 3-3** presents summary information of the financial condition of DISD for the years ending August 31, 1998 through 2002.

Exhibit 3-3
DISD Summary Financial Condition
General Fund Only
For the Years ended August 31, 1998 through 2002

Financial Element	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Budget
Beginning Fund Balance	$65,312	$47,698	$14,714	$107,744	$415,965
Revenues	$279,587	$303,771	$365,783	$502,414	$363,235
Expenditures	$195,432	$179,129	$182,504	$194,193	$293,753
Equalization Payments	$101,769	$157,626	$90,249	$0	$0
Ending Fund Balance	$47,698	$14,714	$107,744	$415,965	$485,477

Source: TEA, PEIMS, 1998 through 2000; DISD external audits 1998 through 2001; and DISD 2001-02 budget.

The revenues for the year ended August 31, 2001 include a refund of the equalization payment made in the year ended August 31, 2000 and an adjustment for state revenue earned for that year based on DISD no longer being subject to Chapter 41. The change in funding also allowed DISD to lower the tax rate by 7 cents and receive approximately the same amount in total revenues in the general fund. Also, DISD no longer had to make the equalization payment that was $90,249 in the year ended August 31, 2000 and represented 33 percent of expenditures for that year.

Exhibit 3 presents actual financial expenditures for DISD and the peer districts by object code description for the 2000-01 school year. This information is for general fund expenditures only, since the districts do not all have the same special revenue funds. For example, DISD does not have a food service program for its students nor does it participate in the Title I programs so both of these programs are accounted for as special revenues.

Exhibit 3-4
DISD and Peer Districts Actual Expenditures
by Object Code Description
2000-01

District	Payroll	Contracted Services	Supplies	Other Operating	Debt Service	Capital Outlay	Total
Divide	**$136,531**	**$32,801**	**$11,045**	**$7,193**	**$0**	**$6,627**	**$194,197**
Hunt	$1,007,726	$515,541	$51,210	$25,202	$4,749	$35,644	$1,640,072
Mirando City	$449,286	$131,886	$23,855	$33,655	$0	$10,133	$648,815
Pringle-Morse	$788,890	$476,704	$100,380	$58,453	$0	$84,047	$1,508,474
San Vicente	$352,373	$107,956	$35,822	$40,267	$0	$85,995	$622,413

Source: TEA, PEIMS, 2000-01.

In order to compare the expenditures of these districts, **Exhibit 3-5** presents the same information on the basis of the number of students enrolled at each district.

Exhibit 3-5
DISD and Peer Districts Per Pupil Actual Expenditures
by Object Code Description
2000-01

District	Divide	Hunt	Mirando City	Pringle-Morse	San Vicente
Payroll	**$7,186**	$5,825	$6,240	$7,811	$20,728
Contracted Services	**$1,726**	$2,980	$1,832	$4,720	$6,350
Supplies	**$581**	$296	$331	$994	$2,107
Other Operating	**$379**	$146	$467	$579	$2,369
Debt Service	**$0**	$27	$0	$0	$0
Capital Outlay	**$349**	$206	$141	$832	$5,059
Total	**$10,221**	$9,480	$9,011	$14,936	$36,613

Source: TEA, PEIMS, 2000-01.

Due to the differences in the school districts' sizes and their total expenditures, **Exhibit 3-5** provides a better comparison of how the districts spend funds to educate each student. The total cost per student at DISD ranks in the middle of the peer districts. DISD spends less per student on contracted services than any of the peer districts. The recapture payments of Chapter 41 districts are accounted for as contracted services. Even without the contracted services expenditures, DISD expenditures are in the middle of the peer districts. Expenditures per student are generally higher at smaller school districts due to the lack of economies of scale. DISD's relatively low per pupil expenditure amount indicates it is doing a good job of controlling costs.

Exhibit 3 presents the same information on the basis of the percentage of each object to total expenditures.

Exhibit 3-6
DISD and Peer Districts Actual Expenditures
By Percent in Object Code Description
2000-01

District	Payroll	Contracted Services	Supplies	Other Operating	Debt Service	Capital Outlay
Divide	**70.3%**	**16.9%**	**5.7%**	**3.7%**	**0.0%**	**3.4%**
Hunt	61.4%	31.4%	3.1%	1.5%	0.3%	2.2%
Mirando City	69.2%	20.3%	3.7%	5.2%	0.0%	1.6%
Pringle-Morse	52.3%	31.6%	6.7%	3.9%	0.0%	5.6%
San Vicente	56.6%	17.3%	5.8%	6.5%	0.0%	13.8%

Source: TEA, PEIMS, 2000-01.

DISD spends a higher percentage of its funds on payroll costs than any of the peer districts and the lowest percentage on contracted services. Payroll expenditures generally account for the highest percentage of expenditures by object code in all school districts. School districts statewide budget 73.5 percent of their expenditures in payroll. Payroll constitutes the major object code expenditure for DISD from its general fund. The large percentage of the districts' budgets expended for payroll costs makes controls over these costs an imperative.

Chapter 1, Financial Accounting and Reporting, of the *FASRG* mandates the use of functional codes by school districts to track expenditures for different school district operations. School districts have a variety of functions they must support in order to provide the educational services

for the students. Tracking expenditures by functional code allows school districts to compare their expenditures to that of their peers. The ability to compare expenditures by functional code helps school districts determine areas in which funding may be increased or decreased.

Exhibit 3 presents expenditures on a per student basis by functional code description for DISD and the peer districts for the 2000-01 school year. These per student expenditures are calculated by dividing the total expenditures reported in each function by the number of students enrolled in the district. The total per student expenditures in **Exhibit 3-7** do not match **Exhibit 3-5** exactly because the former presents 2001-02 budgeted expenditures and the latter presents 2000-01 actual expenditures.

Exhibit 3-7
DISD and Peer Districts
Functional Budget Expenditures Per Student
2001-02

District	Hunt	Divide	Pringle-Morse	Mirando City	San Vicente
Instruction (11,95)	$4,622	**$5,878**	$6,230	$7,139	$12,110
Instructional-Related Services (12,13)	$166	**$145**	$341	$1,068	$1,707
Instructional Leadership (21)	$3	**$0**	$0	$231	$452
School Leadership (23)	$402	**$788**	$530	$3	$3,455
Support Services-Student (31,32,33)	$273	**$45**	$87	$277	$180
Student Transportation (34)	$195	**$986**	$574	$395	$85
Food Services (35)	$366	**$0**	$541	$1,105	$25
Co-curricular/Extracurricular Activities (36)	$62	**$0**	$177	$204	$68
Central Administration (41,92)	$712	**$1,354**	$1,377	$2,626	$5,316
Plant Maintenance & Operations (51)	$548	**$575**	$1,255	$2,056	$2,309
Security & Monitoring Services (52)	$0	**$0**	$0	$0	$0
Data Processing Services (53)	$88	**$179**	$531	$307	$380
Other*	$694	**$5,075**	$811	$111	$2,390

Based on the per student expenditures, DISD ranks in the middle of the peer districts in most of the functional areas. DISD is high in the school leadership function and in the student transportation function based on per student expenditures. Based on the differences in size of the districts, looking at the functional expenditures as a percentage of total expenditures will generally provide a better picture of how DISD compares with the peer districts. **Exhibit 3-8** presents the same information as **Exhibit 3-7** as a percentage of total general fund expenditures.

Exhibit 3-8
Percentage of Budgeted Expenditures by Instructional Function
DISD, Peer Districts and State Averages
2001-02

District	Hunt	Divide	Pringle-Morse	Mirando City	San Vicente	State
Instruction (11,95)	56.8	**39.1**	50.0	46.0	42.5	**51.0**
Instructional-Related Services (12,13)	2.0	**1.0**	2.7	6.9	6.0	**2.7**
Instructional Leadership (21)	0.0	**0.0**	0.0	1.5	1.6	**1.2**
School Leadership (23)	4.9	**5.2**	4.3	0.0	12.1	**5.2**
Support Services-Student (31,32,33)	3.4	**0.3**	0.7	1.8	0.6	**4.0**
Student Transportation (34)	2.4	**6.6**	4.6	2.5	0.3	**2.6**
Food Services (35)	4.5	**0.0**	4.3	7.1	0.1	**4.8**
Co-curricular/ Extracurricular Activities (36)	0.8	**0.0**	1.4	1.3	0.2	**2.2**
Central Administration (41,92)	8.8	**9.0**	11.1	16.9	18.7	**3.5**

Plant Maintenance & Operations (51)	6.7	**3.8**	10.1	13.2	8.1	**10.1**
Security & Monitoring Services (52)	0.0	**0.0**	0.0	0.0	0.0	**0.6**
Data Processing Services (53)	1.1	**1.2**	4.3	2.0	1.3	**1.1**
Other*	8.5	**33.8**	6.5	0.7	8.4	**10.8**
Per Pupil Total Budgeted Expenditures	$8,132	**$15,024**	$12,454	$15,524	$28,475	**$6,907**

Source: TEA, PEIMS, 2001-02.
*Other includes any operating expenditures not listed above and all non-operational expenditures such as debt service, capital outlay and community and parental involvement services

An analysis of **Exhibit 3-8** shows that DISD spends more than any of its peer districts on student transportation and "other" services as a percentage of total expenditures in the general fund. The superintendent indicated that the district's low percentage of spending on instruction was due to budgeted increases in student transportation and plant maintenance and operations. Also, the district spends a high percentage of its total expenditures on school leadership compared to most of the peer districts.

Local school districts have ad valorem taxing authority under state law that provides a source of funds for the districts. The ad valorem tax generally is composed of a maintenance and operations (M&O) component and a debt service component. The M&O component of the tax cannot exceed $1.50 per hundred dollars of assessed value. The voters authorize the debt service component of the tax when they pass a bond issue. DISD does not collect a debt service component from its taxpayers.

All school districts have their property appraised by the county appraisal district. All districts adopt a tax rate that is applied to the assessed value based on local and state exemptions from the appraised value in order to determine the amount of taxes levied. Some school districts collect their own taxes and others contract with another entity to collect their taxes. A delinquent tax attorney usually collects delinquent taxes.

Due to the inverse relationship between property wealth and state funding earned, poorer districts rely more heavily on state revenues and wealthy districts rely almost completely on local revenues. **Exhibit 3-9** presents

the amount and percentage of local taxes (including penalty and interest), other local revenue and state revenue for DISD for the years of 1997-98 through 2001-02.

Exhibit 3-9
DISD Comparison of Tax Collections, Other Local Revenue
And State Revenue to Total Local and State Revenue
1997-98 through 2001-02

	1997-98 Actual	1998-99 Actual	1999-2000 Actual	2000-01 Actual	2001-02 Budget
Tax Collections	$259,083	$286,301	$344,936	$304,449	$315,377
Percent of total local and state revenue	92.7%	94.2%	94.3%	60.6%	86.8%
Other local revenue	$6,984	$4,884	$10,097	$20,252	$500
Percent of total local and state revenue	2.5%	1.6%	2.8%	4.0%	0.1%
State revenue and pass-through	$13,520	$12,585	$10,750	$177,713	$47,358
Percent of total local and state revenue	4.8%	4.1%	2.9%	35.4%	13.0%
Total local and state revenue	**$279,587**	**$303,770**	**$365,783**	**$502,414**	**$363,235**

Source: TEA, PEIMS, 1997-98 through 1999-2000; Annual External Audit 2000-01; and DISD Budget 2001-02.

DISD has relied on the local property tax for as much as 94.3 percent in 1999-2000 to as little as 60.6 percent in 2000-01 when DISD received the refund of the prior year's Chapter 41 payment to the state. Since the district receives the majority of its revenue from property taxes, it must ensure that it maximizes collections each year.

DISD has a low concentration of risk in its tax base. This means that changes in segments of the economy will not significantly affect the district's ability to collect its taxes. The top 10 taxpayers comprise 30.2 percent of the taxable value. Property values have risen over the last several years, and the tax rate has been reduced from a high of $1.34 per hundred dollars of assessed value in 1999-2000 to a low of $1.18 per hundred dollars of assessed value for 2001-02 year. **Exhibit 3-10** presents

the fluctuation in assessed property value and the tax rate for the corresponding year.

Exhibit 3-10
DISD Change in Property Value and Tax Rate
And the Percentage of Taxes Collected to the Total Levy
1997-98 through 2001-02

	1997-98 Actual	1998-99 Actual	1999-2000 Actual	2000-01 Actual	2001-02 Budget
Assessed property value	$20,069,437	$21,973,052	$24,966,752	$25,825,655	$26,492,243
Tax rate per $100 value	1.198	1.28	1.34	1.21	1.18
Tax levy	$251,727	$288,985	$307,089	$296,383	$307,298
Total tax collections	$259,083	$286,301	$344,936	$304,449	N/A
Percent collected to levy	102.9%	99.1%	112.3%	102.7%	N/A

Source: Kerr County Tax Office and external audit reports.

The business manager performs all the business functions in DISD. The business manager reports to the superintendent. The business manager is directly responsible for the following dutie s:

- cash management;
- payroll;
- accounts payable;
- PEIMS;
- state and federal reports;
- budgeting; and
- financial accounting and reporting.

Strong internal controls are difficult to maintain with a limited number of personnel due to the lack of segregation of duties. In order to mitigate the lack of segregation of duties, DISD's superintendent provides the monthly expenditures to the Board of Trustees for its review and approval. After the board approves the expenditures, the board signs the related checks. The district issues manual checks between board meetings, which require the superintendent's and business manager's signatures, only as necessary.

The board and superintendent receive monthly financial reports for the entire district. Timely, accurate and useful financial information is essential to properly manage the district's finances and is an important internal control. The external audits for the 1997-98 through 2000-01 school years did not report any material weaknesses in the district's internal controls.

The district uses commercial business software to maintain its financial records. This software is comprehensive and provides all the information necessary to properly manage the district's finances, including the general ledger, subsidiary ledgers and budget-to-actual reports for both the current period and year-to-date activity. The system also accounts for revenues and expenditures based on fund, function and object codes described in the *FASRG*. The accounting software does not support encumbrance accounting. The district uses another software package for payroll that does not interface with the accounting software. The district uses Regional Service Center Computer Cooperative (RSCCC) software to produce the information necessary to fulfill the requirements for reporting financial information to the PEIMS as required by the *FASRG*. The information from the accounting software is placed in a frozen database and entered into the RSCCC software to generate the necessary PEIMS reports. The cost center and program intent codes are added to the information produced by the accounting software during this process. The software used for financial records and payroll is provided at no cost to the district by the business manager who also maintains a private CPA practice. The district pays a fee to the Region XX Educational Service Center (Region 20) in San Antonio for the PEIMS software.

FINDING

DISD does not conduct comparative analysis with peer districts. Many districts use the Financial Excellence Indicator System of Texas-Information about Educational Resources (FEISTIER) database to conduct comparative analysis with peer districts. The Texas Business and Education Coalition, the Texas Association of School Business Officials (TASBO) and TEA joined forces to produce a database that allows school districts to compare their financial operations with other comparable districts. This initiative was part of the process of establishing a financial excellence indicator system for the school districts' business operations as the AEIS does for the districts' educational performance.

TASBO, in conjunction with the Regional Education Service Centers (RESC), provided training opportunities for all school district business officials and superintendents on using the database. In October 1999, the commissioner of education sent all school superintendents a letter encouraging the superintendent and/or business official to attend the

FEISTIER training. The letter stated, "It began as a "report card" but has since evolved into a powerful support tool for public school finance and operations decisions."

Only those school district employees who have been trained to use FEISTIER have access to the database. Neither DISD's superintendent nor the business manager has attended FEISTIER training.

Recommendation 10:

Use FEISTIER or a similar comparative tool to review and conduct comparative analysis of annual operating expenditures.

Using audited expenditures and FEISTIER would help the district determine why it spends more in certain areas and less in instruction than the peer districts and would provide a good support base for making financial decisions.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent and business manager conduct a comparative analysis with the peer districts using the 2000-01 audited expenditures.	July 2002
2.	The business manager contacts TASBO to determine when it will hold the next available training session for FEISTIER.	July 2002
3.	The superintendent and business manager determine the reasons for the differences between DISD and the peer districts.	August 2002
4.	The business manager attends the FEISTIER training and purchases the program.	When Offered
5.	The business manager begins using FEISTIER for support in making finance and operations decisions.	August 2002
6.	The superintendent presents the analysis to the board for review and consideration in the budget process.	September 2002

FISCAL IMPACT

The TASBO training on how to use the FEISTIER database has a one-time cost of $500. In addition, it costs $150 each year to purchase the FEISTIER program.

Recommendation	2002-03	2003-04	2004-05	2005-06	2006-07
The business manager attends	($500)	$0	$0	$0	$0

FEISTIER training.					
The district purchases the FEISTIER program.	($150)	($150)	($150)	($150)	($150)
Net Savings/(Costs)	**($650)**	**($150)**	**($150)**	**($150)**	**($150)**

FINDING

The district does not use encumbrance accounting, which is a control system that records purchase orders or anticipated expenditures before the orders are placed to prevent expenditures from being made in excess of the amount budgeted by the board. The *FASRG* requires school districts to use encumbrance accounting in order for the budget to control expenditures. The number and amount of purchases in DISD is small, and the business manager and superintendent are able to estimate the amount of outstanding purchases. The district must have accurate up-to-date information on the status of the budget balances at all times. Knowing how much money has been spent to date is generally not sufficient. The amount committed must also be known to avoid over-spending budgeted funds. An encumbrance accounting system can ascertain the availability of funds and reserve funds to cover outstanding obligations. Encumbrances represent commitments related to contracts not yet performed and are used to control expenditures for the year and to enhance cash management.

A school district often issues purchase orders or signs contracts to purchase goods and services to be received in the future. At the time these commitments are made or when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. During the budgetary period, a school district can determine the remaining amount of the new commitments that can be signed by comparing the amount of appropriations to the sum of expenditures recognized and encumbrances outstanding. This allows the district to properly exercise the authority the budget represents to expend funds and prevents the district from inadvertently exceeding the budget.

Recommendation 11:

Establish an encumbrance system to ensure that expenditures do not exceed the amount budgeted by the board.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board directs the superintendent to establish an	July 2002

	encumbrance system.	
2.	The superintendent and business manager meet and develop an encumbrance system to control and monitor the budget and expenditures through the financial accounting reports.	Before August 2002
3.	The business manager issues a purchase order for all purchases and logs the purchase order, noting the account charged and amount. This will serve as the documentation required by law for encumbered funds.	September 2002
4.	The board monitors the administration's compliance with the encumbrance system and questions any budget amendments to ensure that it is not being asked to approve amendments retroactively.	Ongoing

FISCAL IMPACT

This recommendation can be implemented with existing resources.

FINDING

DISD does not have a current engagement letter with the external audit firm. DISD has been using the same external audit firm since the mid 1980s. Federal or state law does not require proposals on an annual or periodic basis nor is any standard rotation policy concerning the changing of external auditors contained in the *FASRG*. The most recent engagement letter the external audit firm could provide between the external auditor and the school district for audit services is dated November 13, 1989 for the audit of the year ended August 31, 1989.

An engagement letter is an annual written agreement that is binding upon both the school district and public accounting firm. It is intended to set forth the terms for the current year's audit. The engagement letter should be an integral part of the auditor's working paper file and be attached to or referred to in the school district's board minutes concerning auditor selection. Section 4.3 of the *FASRG* states, "Prior to the *audit engagement*, the school district's board of trustees must require all auditors or audit organizations proposing to perform the required annual financial audit to provide a written proposal or an engagement letter." The requirements set forth in Generally Accepted Auditing Standards, Governmental Auditing Standards and the *FASRG* for audits of school districts have changed significantly since 1989. The engagement letter should include the latest requirements pertaining to the school district's audit and the proposed fees for the services.

Recommendation 12:

Obtain an engagement letter from the external audit firm for the annual audit.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent obtains an engagement letter from the external audit firm for the annual audit.	Annually
2.	The superintendent submits the engagement letter to the board for approval.	Annually
3.	The superintendent ensures that the board meeting's minutes reflect the audit firm's approval and refer to the current engagement letter.	Annually

FISCAL IMPACT

This recommendation can be implemented with existing resources.

Chapter 3
FINANCIAL AND OPERATIONAL MANAGEMENT

B. BUDGETING

A school district's budget represents planned expenditures for the year and provides the basis for determining the tax rate. The budget process should be methodical and include phases for development, presentation and adoption.

First, the district must estimate its revenues to determine the amount of funds available for the budget year. School districts receive revenues from the federal government, state government and local taxpayers. Federal revenues can fluctuate significantly based on changes in the federal budget, and districts must take great care to ensure the funds will be available. State revenues are based on a variety of factors that must be estimated for the budget year. Student attendance for the budget year is the most critical of these. A district must not only estimate the number of students but the type of student due to the special weighting factors in the state funding formula. The district must have a good estimate of the appraised values for the budget year in order to estimate the funding they will receive from the local taxpayers.

Next, the district must estimate the expenditures for the budget year. Although the TEC states that the superintendent is responsible for preparing the budget, the development phase should include opportunities for staff and community involvement in the process. If a district uses a per pupil allocation process for staffing, supplies and other budgeted expenditures for the schools, it must involve the Site-Based Decision-Making Committee (SBDMC) for each school in determining how those allocations are used at the school. If a district uses a request for funds process, then it must involve the SBDMC for the school with formulating and prioritizing those requests at each school. In this process, schools request funds for their needs and provide justification for those funds. Due to limited resources, districts sometimes are able to fund only the highest priorities. During the development process, a district must also account for the priorities established in the campus improvement plans and the district improvement plan. All other departments must establish their needs based on the services they plan to provide. Once all the necessary information is compiled, the preliminary budget is ready for the presentation phase.

The presentation phase should include opportunities for the administration and board to review and discuss the revenue and expenditure estimates and the underlying assumptions and needs on which these are based. If estimated revenues are not sufficient to fund the estimated expenditures,

the presentation phase needs to include options for enhancing revenue, reducing expenses or using a portion of the undesignated fund balance to arrive at a balanced budget. The fund balance should only be used for one-time expenditures, such as capital improvements, and not to fund continuing expenditures, such as raises for employees. The presentation phase also should include opportunities for district employees to provide input into the discussions. The presentation phases' final part specifically allows for public input on the budget. The TEC requires this budget hearing, and only after the public hearing can the board adopt the budget.

The final step in the budget process is the adoption of the budget, and it must occur before districts can expend funds. Once adopted, the budget becomes the legal authority for the district to spend. The district usually adopts the budget at the function level, but can adopt it at the line-item level. The budget controls spending at whatever level the board adopts, and spending cannot exceed the budget. Generally, school districts present the budget for adoption by the board at the functional level so funds can be moved to the necessary line item within that function as needed by the administration. If an expenditure is going to exceed the budget, the administration must prepare, present and have a budget amendment adopted by the board before the expenditure is made.

FINDING

DISD does not document or formalize the budget process. According to the superintendent and the business manager, the budget process at DISD is rather informal as it is in most small districts. The district bases the budget on the prior-year budget and generally begins the process in July. The process includes discussions of needs not in the prior budget and items no longer needed in the budget. The following is a chronology of the process:

1. The business manager generates the revenue estimate for the budget.
2. The business manager prepares a comparison of last year's budget, actual expenditures through July and the proposed budget.
3. The business manager prepares the documents necessary to comply with the Truth in Taxation law.
4. The budget is presented to the board for discussion in August.
5. The budget hearing is held in August.
6. The budget is adopted in August.

In prior years, the administration and board were concerned with whether or not DISD could continue operations for another year; however, since DISD is no longer subject to Chapter 41 and now receives state funding,

the budget process will need to be more formal in order to deal with the district's staff and board members' requests.

Recommendation 13:

Formalize the annual budget process.

A formal budget process should include opportunities for the community, staff and board to have input in the budget development. The formal budget process should also include opportunities for the administration and board to review both revenue and expenditure estimates and the underlying assumptions. The process should also include an assessment of needs that produces a prioritized list of budget requests.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent and business manager prepare a formal budget process.	September 2002
2.	The superintendent presents the budget process to the board for approval. Each step in the budget process should be explained and justified.	October 2002
3.	The board approves the budget process.	November 2002
4.	The superintendent distributes the budget process to the staff, board and community for the next budget cycle.	November 2002

FISCAL IMPACT

This recommendation can be implemented with existing resources.

C. ASSET AND RISK MANAGEMENT

An effective asset and risk management program is a key component of
financial operations and provides assurance that the district is adequately
protected against significant losses in the most efficient manner. A
district's employees' health insurance programs should be sound and cost-
effective to benefit the district's employees and the district. Fixed asset
management tracks district property and provide safeguards against theft
and obsolescence.

Districts with effective cash management practices collect district funds in
a timely manner and invest them in instruments with maximum earning
potential while safeguarding funds and matching the maturity of the
investments with the district's fluctuating cash flow demands. Districts
must comply with the Public Funds Investment Act when investing their
cash.

DISD insures itself against loss for unemployment, school leaders' errors
and omissions, liability, vehicle loss or damage and real and personal
property through the Texas Association of School Boards (TASB). DISD
maintains an inventory of buildings and equipment covered by insurance.
TASB provides an annual appraisal of the replacement cost of the
buildings and equipment as part of its service to the district. The district
also makes student accident insurance available for all students, but does
not contribute to the cost for any students. DISD does not provide health
insurance for its employees, but will provide it next year as part of the new
state health insurance plan for school district employees. The
superintendent has discussed the state health plan with the board. The
business manager is gathering information about the plan and will take
care of employee enrollment.

Texas school districts must comply with the TEC, Chapter 45, Subchapter
G in the selection of the district's depository bank. DISD bid the
depository contract for the 2001-03 biennium and received two bids.
Security State Bank and Trust was selected as the depository bank based
on the bids received.

DISD has cash and investments during the course of the year that
generally represent more than one year's operating expenditures. In the
2000-01 external audit, the highest cash and investment balance held at the
depository bank was $490,077 and occurred in August 2001. On January

31, 2002, DISD had $530,987 in cash and investments at the depository bank. On January 31, 2002, the depository bank had pledged securities with a par value, the value of the securities if held to maturity, of $670,000 and a fair value, the current market value, of $632,026 in safekeeping for DISD in addition to the FDIC insurance coverage. DISD uses only certificates of deposit (CD) as investments.

FINDING

DISD does not bond the business manager, who is responsible for the cash management, payroll, accounts payable, budgeting and financial accounting and reporting for the district. Without bonding, a district risks significant loss due to fraud, theft and other egregious acts that could occur by employees with ready access to cash, deposits and investments. Bonding protects districts against such fraud.

Recommendation 14:

Bond the business manager to protect the district against loss of funds.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The superintendent requests quotes for a $50,000 bond on the business manager.	July 2002
2.	The superintendent reviews the quotes received and determines the best vendor.	August 2002
3.	The district purchases the bond on the business manager.	September 2002

FISCAL IMPACT

The cost of the bond ($250) is based on the cost of another district's Tax Assessor Collector's bond of the same amount.

Recommendation	2002-03	2003-04	2004-05	2005-06	2006-07
Bond the business manager to protect the district against loss of funds.	($250)	($250)	($250)	($250)	($250)

FINDING

DISD does not comply with all provisions of the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. PFIA governs the investment of governmental funds and requires school districts to designate an investment officer, adopt policies regarding approved investments, adopt investment strategies for each fund and annually review and document the review of these policies and strategies. The board has not appointed an investment officer for the district. Board policy CDA (Local), the local investment policy of DISD, was adopted in 1997 and no documentation is available that the board has reviewed the policy or strategies contained in the policy since that time. The superintendent said the district's investment policy was not a major concern as they had little or no excess funds to invest, and the district was focused on having funds to operate prior to the change in their status as a Chapter 41 district.

PFIA mandates quarterly reporting of investment activity for approval by the board and annual reporting of investment activities to the board among other requirements. Although not officially appointed by the board, the business manager acts as the investment officer of DISD and presents a report on the district's investments each month with the financial statements. PFIA also mandates training requirements for the investment officer of the district. The business manager has not attended the investment training required by Section 2256.008(a), which requires at least 10 hours of instruction relating to the investment officer's responsibilities within 12 months after taking office. The business manager has not attended the required training since he is not officially designated as the district's investment officer. This section also requires that the investment officer attend an investment training session not less than once in a two-year period and receive not less than 10 hours of instruction relating to investment responsibilities. Board policy CDA (Legal) also includes these training requirements.

Recommendation 15:

Comply with all aspects of the Public Funds Investment Act.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The business manager contacts organizations that provide approved investment training to determine the next available training opportunity.	July 2002
2.	The business manager attends the required training.	As Available
3.	The business manager reports to the superintendent and board all necessary actions to be taken to comply with all aspects of the PFIA.	August 2002

4.	The board takes the action necessary to comply with the PFIA.	September 2002
5.	The business manager ensures DISD complies with all provisions of the PFIA.	Ongoing

FISCAL IMPACT

The fiscal impact of this recommendation is based on an initial two-day training including travel costs ($350 registration and $300 travel) in the current year and a one-day training course including travel costs ($200 registration and $200 travel) for subsequent years.

Recommendation	2002-03	2003-04	2004-05	2005-06	2006-07
Comply with all aspects of the Public Funds Investment Act.	($650)	($400)	($400)	($400)	($400)

FINDING

DISD does not receive interest on all of its excess funds. All funds are at the depository bank and at the time of the review, $200,000 of those funds were invested in CDs and the remainder was in a checking account. According to the business manager, the checking account is interest bearing; however, based on a review of the account statements, no interest was being paid. **Exhibit 3-11** presents the ending balances in the checking account for the period of August 31, 2001 through January 31, 2002.

Exhibit 3-11
DISD Checking Account Balances
August 31, 2001 through January 31, 2002

August	September	October	November	December	January	Six Month Average
$289,377	$301,751	$309,987	$330,901	$296,427	$330,987	$309,905

Source: DISD checking account statements.

The depository contract provides several options for investing funds with the depository bank. The 60-day CD option is presented in **Exhibit 3-12** and several other options available to DISD. The only investment approved by the investment policy is CDs. The rates presented are those as of January 31, 2002 and have all declined since August 31, 2001. The calculated annual interest is based on the six-month average checking

account balance presented in **Exhibit 3-11** less one month's average operating expenditures for the 2000-01 year ($309,905-(194,193/12)).

Exhibit 3-12
Investments and Related Rates Available to DISD
January 31, 2002

	Depository Bank 60-Day CD	TexPool	LoneStar Liquidity Fund	LoneStar Liquidity Plus Fund
Base Rate - 12 Month T-Bill	2.18%	N/A	N/A	N/A
Basis Points	0	N/A	N/A	N/A
Calculated/Posted Rate	2.18%	1.945%	1.91%	2.23%
Calculated Annual Interest	$6,403	$5,713	$5,610	$6,550

Source: T-Bill rate - Federal Reserve System; Basis points - DISD depository contract; TexPool rate - TexPool; LoneStar rates - TASB LoneStar Fund.

DISD now has excess funds to invest due to the change in its financial condition. The cash and investment balance at DISD has increased from $130,576 at August 31, 2000 to $441,023 at August 31, 2001.

Recommendation 16:

Review the investment policy and invest excess cash in approved investment instruments.

DISD could earn as much as an additional $6,400 annually by keeping excess funds invested in board approved instruments. DISD should consider different options to maximize the return on excess funds. If DISD allows the use of other instruments, the business manager should monitor the interest rates and invest the excess funds in the instrument with the highest interest rate.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The business manager gathers information on different investment instruments, including information on safety and	July 2002

	liquidity, and provides the information to the board.	
2.	The board discusses the investment instruments and determines if the local investment policy should be changed to allow investments other than CDs.	August 2002
3.	The business manager ensures excess cash is invested in the highest yielding instruments approved by the board that provides the liquidity necessary for future cash flow requirements.	Continually

FISCAL IMPACT

The fiscal impact for this recommendation is based on the calculations in **Exhibit 3-12**. The calculated annual interest is based on the six-month average checking account balance presented in **Exhibit 3-11** less one month's average operating expenditures for the 2000-01 year at the 12 month T-Bill rate ($309,905-(194,193/12) X .0218).

Recommendation	2002-03	2003-04	2004-05	2005-06	2006-07
Review the investment policy and invest excess cash in approved investment instruments.	$6,403	$6,403	$6,403	$6,403	$6,403

Chapter 3
FINANCIAL AND OPERATIONAL MANAGEMENT

D. PURCHASING

Purchasing is another key component of financial operations and provides for the identification and purchase of supplies, equipment and services needed by the district. An effective purchasing program must ensure that the goods and services obtained by the district meet the specifications of the users, at the lowest possible cost and within state laws and regulations. School districts may enter into cooperative purchasing agreements with other governmental entities to consolidate buying power and attain the lowest possible price.

FINDING

DISD does not use purchase orders unless required by a vendor. Board policy CH (Local) requires purchase orders to be used on all purchases. This policy also requires the board to approve purchases that cost more than or aggregate to $10,000 before the transaction may take place.

Based on interviews with the superintendent and business manager, the following summarizes the purchasing process at DISD. The individual requesting an item asks the superintendent to approve the purchase. The superintendent approves or denies the request. The order is placed with a vendor or bought from a store. The goods are delivered to the central office or picked up at the store. The goods are distributed to the individual requesting the purchase. The budget cannot be verified to determine if sufficient funds are available since neither the business manager nor superintendent keeps records of outstanding orders. Without being able to verify the budget, the district runs the risk of exceeding the budget in any functional area.

Purchase orders are among the most commonly used method for procuring goods and services and serve as a formal order for goods, materials and/or services from a vendor. A purchase order, once approved, is a binding commitment for a district to remit payment to the vendor after the district receives the goods and an invoice. A purchase order contains information on the expenditure to be made and the account code to be charged. The account code provides the information necessary to operate an encumbrance accounting system and allows the specific budget to be verified before the purchase is made. A purchase order is used in the accounts payable process as it documents that an order has been received and accepted by the user and payment can be made to the vendor. The purchase order is the written evidence of orders placed with a vendor. A

purchase order should be of a standard format to facilitate processing and should contain the following items: vendor name and address, quantity of goods, description of goods, account codes, price (per unit and in total), payment terms, discounts (if any), shipping arrangements and other pertinent factors such as delivery destination.

Recommendation 17:

Prepare and issue purchase orders for all purchases.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board directs the superintendent to begin using purchase orders.	July 2002
2.	The superintendent and business manager create a purchase order that includes all the information necessary for the encumbrance system and for the vendor to provide the goods and/or services.	August 2002
3.	The superintendent approves purchase orders for all district purchases.	As needed

FISCAL IMPACT

This recommendation can be implemented with existing resources.

E. FACILITIES

The original school building was built in 1936 and an additional room was added in 1938. The rest room facilities, a small office and the library were added in 1950. A separate unattached manufactured building for pre-kindergarten was purchased and built in 1997. The superintendent and teacher have desks in the classrooms that serve as their office space.

FINDING

DISD has not completed any formal evaluation of space needs, and community support for refurbishing the facilities or adding on to the facility is unknown. The district budgeted less than $10,000 for facility maintenance and custodial supplies in four of the last five years. An aide acts as the custodian and because of its remote and relative small size it is difficult to get contractors to come to DISD to make needed repairs. Therefore, district staff completed all facility repairs.

Prior to 2000-01, DISD had been designated as a Chapter 41 school district or a property wealthy district and had to send funds to other Texas school districts. This greatly limited the funds available for facility repair and renovation. Since DISD is no longer a Chapter 41 school district, it has additional resources it can use on repair and renovation projects. However, the district has no formal facility plan.

The cost of additional space would be a significant commitment on the part of the district. Board members indicated that in the past they did not have to worry about facility renovation or building new facilities because the budget was so tight there was no extra money that could be spent on these projects. Now, as a result of the district's change in status, it could be possible to expand the facility to accommodate potential increased student enrollment, provide more workspace for the staff, expand the library and build a board/meeting room in the school. However, the board is unclear as to how to begin or how to prioritize these facility needs.

According to the Texas Association of School Boards (TASB), when a district is considering expansion or renovation of facilities a needs assessment should be completed by the district to determine the most appropriate actions. This evaluation should encompass at least the following areas: demographic analysis and trends, evaluation of the condition and educational functionality of existing buildings, capacity analysis of all district education facilities and information relative to

school facilities conformance to state and federal mandates. In addition, school districts usually convene a committee or hold public forums to get input from the community on the feasibility and overall need for additional space.

Recommendation 18:

Conduct a formal needs assessment and convene a community forum to discuss and evaluate the need for additional school space.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The board sets a date for a community forum on facilities and publicizes the event.	October 2002
2.	The superintendent and the business manager prepare information on enrollment trends and facilities costs.	October - November 2002
3.	The district holds the community forum.	January 2003
4.	The board evaluates the information from the forum and adopts a course of action.	February - March 2003

FISCAL IMPACT

Because of the district's size, this recommendation can be accomplished with community volunteers with no additional cost.

Chapter 3
FINANCIAL AND OPERATIONAL MANAGEMENT

F. TRANSPORTATION

Transportation requires sound management in order to transport students safely to and from school and other school-related activities with students spending minimal time on the bus. Transportation must be safe, reliable, efficient and comply with federal, state and local regulations. Districts need to establish procedures that enhance operations by designing efficient routes, establishing sound maintenance procedures and ensuring safety on the bus.

According to the DISD *Bus Route Information Booklet,* the Transportation Department's mission is to provide safe transportation for children who ride the buses. The handbook is designed to inform students and parents of the rights and responsibilities of all students participating in the transportation program and the related consequences of violating those responsibilities. The handbook also describes the district's policy about emergency and hazardous conditions and identifies local radio stations that will broadcast school information in the event of bad weather. The handbook also describes the transportation routes and related pick-up and drop-off times.

DISD operates four bus routes that range from 12 to 28 miles roundtrip with start and finish times ranging from 5:50 a.m. to 5:15 p.m. The district provides transportation services with one school bus it leases from Ingram ISD at a cost, including maintenance, of 55 cents per mile. The routes are an early morning route, late morning route, early afternoon route and late afternoon route. The early morning and late afternoon routes meet the Ingram ISD school bus to transfer secondary students who attend Ingram ISD. The earliest a student is picked up is approximately 6:00 a.m., and the latest a student is dropped off is approximately 5:05 p.m.

DISD covers 300 square miles in a sparsely populated area. The district is in the process of determining what type of vehicle to purchase to provide transportation services for the students. Since the number of students on any of the routes is less than 10, the district may provide transportation services in a passenger vehicle. Section 34.003 of the TEC states, "(a) School buses or mass transit authority motor buses shall be used for the transportation of students to and from schools on routes having 10 or more students. On those routes having fewer than 10 students, passenger cars may be used for the transportation of students to and from school." The district is considering buying a used six-door sedan for regular

transportation services and a used school bus to transport students to and from activities when 10 or more students require transportation.

Transportation is funded by the state using a formula based on linear density and miles driven for approved transportation services. Linear density is calculated by dividing the annual ridership by the annual mileage. TEA has established standard allotments per mile based on the linear density. **Exhibit 3-13** presents the categories of linear density and the related transportation allotment per mile.

Exhibit 3-13
TEA Linear Density Grouping and
Allotment per Mile of Approved Route
2000-01

Linear Density Grouping	Allotment Per Mile of Approved Route
2.40 or above	$1.43
1.65 to 2.40	$1.25
1.15 to 1.65	$1.11
0.90 to 1.15	$0.97
0.65 to 0.90	$0.88
0.40 to 0.65	$0.79
Up to .40	$0.68

Source: TEA Handbook on School Transportation Allotments, May 2001.

School districts must complete and submit the School Transportation Services Report (STSR) and the School Transportation Operation Report (STOR) to TEA in order to receive funding for transportation. The STSR calculates linear density and the district's allotment per mile is based on **Exhibit 3-13**, unless the district's actual cost per mile in the previous year is less than the allotment. If that is the case, the allotment per mile will not exceed the prior year's cost per mile.

As discussed earlier, DISD was a Chapter 41 district and up until the 1999-2000 school year did not receive any funds from the state except for distributions from the Available School Fund and the Technology Allotment. Since DISD did not receive a transportation allotment from the state, the district chose not to file the reports required to receive funding every year. Based on the 1999-2000 final Summary of Finances from

TEA, DISD received $16,273 in the transportation allotment based on the report DISD filed for that year.

DISD had the lowest cost per mile for regular transportation of the peer districts that filed the STOR for 2000-01 and operated at 51.3 percent of the state average for the 2000-01 school year. **Exhibit 3-14** presents the cost per mile for DISD, the peer districts and the state.

Exhibit 3-14
Cost Per Mile for Regular Transportation
DISD, Peer Districts and State
1997-98 through 2000-01

District	1996-97	1997-98	1998-99	1999-2000	2000-01
Divide	**3.233**	**N/A**	**0.981**	**0.990**	**1.085 ***
Hunt	0.886	1.189	0.918	1.933	1.270
Mirando City	1.364	1.059	0.654	0.654	N/A
Pringle-Morse	0.811	0.743	0.748	0.813	N/A
State Average	**1.835**	**1.816**	**1.912**	**2.049**	**2.114**

Source: TEA - STOR, 1997-98 through 2000-01.
*Report furnished by DISD on 2/20/02.

Exhibit 3 compares the DISD and peer districts' total actual transportation expenditures and expenditures per enrolled student for the general fund for the 1999-2000 and 2000-01 school year.

Exhibit 3-15
DISD and Peer Districts Comparison of
Total Actual Transportation Expenditures per Student
1999-2000 and 2000-01

District	Total Expenditures 1999-2000	Expenditures per Student 1999-2000	Total Expenditures 2000-01	Expenditures per Student 2000-01
Divide	**$14,782**	**$569**	**$13,998**	**$737**
Hunt	$63,641	$451	$40,231	$233
Mirando City	$9,764	$157	$11,425	$159
Pringle-Morse	$36,400	$387	$95,374	$944

San Vicente	$3,518	$168	$1,391	$82

Source: TEA, PEIMS, AEIS and districts' 2001 external audit reports.

DISD had the highest cost per student in 1999-2000 and the second highest cost per student in 2000-01. Based on the enrollment of DISD compared to the peer districts and on the square miles covered by the districts, the high transportation cost per student is unremarkable due to the lack of economies of scale. **Exhibit 3-16** breaks down the actual transportation expenditures for the districts based on the expenditure object codes.

Exhibit 3-16
DISD and Peer Districts Actual Transportation Expenditures
Per Pupil By Object Code
2000-01

Expenditure Object Code	Divide	Hunt	Mirando City	Pringle-Morse	San Vicente
6100 - Payroll	**$9,207**	$25,336	$4,338	$28,021	$0
6200 - Contracted Services	**$216**	$7,361	$1,474	$2,608	$0
6300 - Supplies	**$3,390**	$6,907	$3,785	$22,321	$0
6400 - Other Operating	**$1,185**	$627	$1,829	$782	$1,391
6500 - Debt Service	**$0**	$0	$0	$0	$0
6600 - Capital Outlay	**$0**	$0	$0	$41,642	$0
Total	**$**	$1	$11,426	$4	$1,391

Source: TEA, PEIMS, 2000-01.

The transportation costs at Pringle-Morse CISD increased dramatically in the 2000-01 school year due to the capital outlay expenditures for a school bus. After eliminating the capital outlay expenditures in 2000-01, DISD has the third highest cost per pupil for transportation costs of the peer districts. San Vicente ISD provides private transportation services for its students who live more than two miles from the school. San Vicente reimburses parents 28 cents a mile for bringing students to the school.

FINDING

DISD did not file the necessary transportation reports with the TEA to receive transportation funding from the state for the 2000-01 year. District

administrators said they ceased to file the required reports since the district did not receive transportation funding due to its status as a Chapter 41 district. When the district received the sparsity adjustment under Section 42.105 of the TEC, DISD became eligible to receive the transportation allotment from the state. The failure to file the necessary reports with TEA caused the district not to lose its transportation allotment for the 2000-01 year. The transportation allotment payments for the 2001-02 school year are based on the allotment earned in the 2000-01 year and are adjusted at the end of the year after the STSR and STOR are filed. Since DISD did not receive any allotment for the 2000-01 year, it is not receiving transportation allotment payments in the 2001-02 year.

Recommendation 19:

Prepare and file the reports with the Texas Education Agency required to receive transportation funding from the state.

IMPLEMENTATION STRATEGIES AND TIMELINE

1.	The bus driver and business manager prepare the STSR report and file it with TEA.	Annually Before June 30
2.	The business manager prepares the STOR report and files it with TEA.	Annually Before December 31
3.	The superintendent reviews the STSR submission and reports to the board on its completion and anticipated funding.	Annually July

FISCAL IMPACT

The fiscal impact of this recommendation is based on the STOR and STSR provided by the district in February 2002 for the 2000-01 year. Based on these reports, the linear density for DISD is 0.40 and the corresponding allotment per mile is 68 cents. The annual mileage for DISD routes is 14,430. The annual savings to the district is $9,812 ($0.68 x 14,430).

Recommendation	2002-03	2003-04	2004-05	2005-06	2006-07
Prepare and file the reports with the Texas Education Agency required to receive transportation funding from the state.	$9,812	$9,812	$9,812	$9,812	$9,812

Appendix A
TEACHER SURVEY RESULTS
Demographics
Survey Questions/Narrative Comments

Demographics

The Divide Independent School District (DISD) has two teachers, two educational aides and one substitute teacher that teaches at the district on a frequent basis. Each of these five individuals completed and returned the questionnaires. Sixty percent of the teachers who responded to the survey were female and 40 percent were male. One hundred percent of respondents were Anglo. One hundred percent of the teachers have been DISD employees for 6 to 10 years. Teachers who responded to the survey represented grades Pre- K through 6.

The survey questionnaire comprised two sections: a multiple-choice section and a comment section. The multiple-choice section asked employees their opinions about 10 of the 12 areas under review. The 10 areas covered in the survey were:

- District Organization and Management
- Educational Service Delivery and Performance Measurement
- Personnel Management
- Community Involvement
- Facilities Use and Management
- Financial Management
- Purchasing and Warehousing
- Food Services
- Safety and Security
- Computers and Technology

The comment section asked employees their opinions on the overall educational performance of the district. Responses for the multiple-choice questions are shown below.

Management Review of the Divide Independent School District
Teacher Survey Results
(n=5)
Demographic Data

1.	Gender (Optional)	Male	Female	No Response
		40.0%	60.0%	0.0%

2.	Ethnicity (Optional)	Anglo	African American	Hispanic	Asian	Other	No Response
		100.0%	0.0%	0.0%	0.0%	0.0%	0.0%

3. How long have you been employed by Divide ISD?

1-5 years	6-10 years	11 -15 years	16-20 years	20+ years	No Response
0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

4. What grades are taught in your school?

Pre-Kindergarten	Kindergarten	First	Second	Third
X	X	X	X	X
Fourth	Fifth	Sixth	Seventh	Eighth
X	X	X		
Ninth	Tenth	Eleventh	Twelfth	

A. District Organization and Management

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
1.	The school board allows sufficient time for public input at meetings.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
2.	the opinions and desires of others.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
3.	School board members work well with the superintendent.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
4.	The school board has a good image in the community.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
5.	The superintendent is a respected and effective instructional leader.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6.	The superintendent is a respected and effective business manager.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7.	Central administration is efficient.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8.	Central administration supports the educational process.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9.	The moral of	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%

central administration staff is good.						

B. Educational Service Delivery and Performance Measurement

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
10.	Education is the main priority in our school district.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11.	Teachers are given an opportunity to suggest programs and materials that they believe are most effective.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
12.	The needs of the college-bound student are being met.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
13.	The needs of the work-bound student are being met.	40.0%	60.0%	0.0%	0.0%	0.0%	0.0%
14.	The district provides curriculum guides for all grades and subjects.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
15.	The curriculum guides are appropriately aligned and coordinated.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
16.	The district's curriculum guides clearly outline what to teach and how to teach it.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
17.	The district has effective educational programs for the following:						

	a. Reading	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
	b. Writing	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
	c. Mathematics	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
	d. Science	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
	e. English or Language Arts	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
	f. Computer Instruction	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
	g. Social Studies (history or geography)	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
	h. Fine Arts	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	i. Physical Education	40.0%	60.0%	0.0%	0.0%	0.0%	0.0%
	j. Business Education	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	k. Vocational (Career and Technology.Education	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	l.Foreign Language	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
18.	The district has effective special programs for the following:						
	a. Library Service	0.0%	80.0%	20.0%	0.0%	0.0%	0.0%
	b. Honors/Gifted and Talented Education	0.0%	20.0%	80.0%	0.0%	0.0%	0.0%
	c. Special Education	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	d. Head Start and Even Start programs	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	e. Dyslexia program	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	f. Student mentoring program	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
	g. Advanced placement program	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	h. Literacy program	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	i. Programs for	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

	students at risk of dropping out of school						
	j. Summer school programs	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	k. Alternative education programs	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
	l. "English as a Second Language" program	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
	m. Career counseling program	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	n. College counseling program	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	o. Counseling the parents of students	60.0%	0.0%	40.0%	0.0%	0.0%	0.0%
	p. Drop out prevention program	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
19.	Parents are immediately notified if a child is absent from school.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
20.	Teacher turnover is low.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
21.	Highly qualified teachers fill job openings.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
22.	Teacher openings are filled quickly.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
23.	Teachers are rewarded for superior performance.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
24.	Teachers are counseled about less-than-satisfactory performance.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
25.	Teachers are knowledgeable in the subject areas they	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
	teach.						
26.	All schools have equal access to educational materials such as computers, television monitors, science labs and art classes.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
27.	The students-to-teacher ratio is reasonable.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
28.	Classrooms are seldom left unattended.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%

C. Personnel Management

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
29.	District salaries are competitive with similar positions in the job market.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
30.	The district has a good and timely program for orienting new employees.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
31.	Temporary workers are rarely used.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
32.	The district successfully projects future staffing needs.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
33.	The district	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

	has an effective employee recruitment program.						
34.	The district operates an effective staff development program.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
35.	District employees receive annual personnel evaluations.	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
36.	The district rewards competence and experience and spells out qualifications such as seniority and skill levels needed for promotion.	60.0%	0.0%	40.0%	0.0%	0.0%	0.0%
37.	Employees who perform below the standard of expectation are counseled appropriately and timely.	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
38.	The district has a fair and timely grievance process.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
39.	The district's health	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%

Survey Questions						
insurance package meets my needs.						

D. Community Involvement

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
40. The district regularly communicates with parents.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
41. The local television and radio stations regularly report school news and menus.	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
42. Schools have plenty of volunteers to help student and school programs.	60.0%	0.0%	0.0%	40.0%	0.0%	0.0%
43. District facilities are open for community use.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%

E. Facilities Use and Management

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
44. The district plans facilities far enough in the future to support	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

	Survey Questions	Strongly	Agree	No	Disagree	Strongly	No
	enrollment growth.						
45.	Parents, citizens, students, faculty, staff and the board provide input into facility planning.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
46.	The architect and construction managers are selected objectively and impersonally.	0.0%	20.0%	80.0%	0.0%	0.0%	0.0%
47.	The quality of new construction is excellent.	0.0%	20.0%	80.0%	0.0%	0.0%	0.0%
48.	Schools are clean.	80.0%	0.0%	20.0%	0.0%	0.0%	0.0%
49.	Buildings are properly maintained in a timely manner.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
50.	Repairs are made in a timely manner.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
51.	Emergency maintenance is handled promptly.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

F. Financial Management

Survey Questions	Strongly	Agree	No	Disagree	Strongly	No

		Agree		Opinion		Disagree	Response
52.	Site-based budgeting is used effectively to extend the involvement of principals and teachers.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
53.	Campus administrators are well trained in fiscal management techniques.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%
54.	Financial reports are allocated fairly and equitably at my school.	60.0%	40.0%	0.0%	0.0%	0.0%	0.0%

G. Purchasing and Warehousing

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
55.	Purchasing gets me what I need when I need it.	40.0%	0.0%	60.0%	0.0%	0.0%	0.0%
56.	Purchasing acquires the highest quality materials and equipment at the lowest cost.	0.0%	40.0%	60.0%	0.0%	0.0%	0.0%
57.	Purchasing processes are not cumbersome	20.0%	0.0%	80.0%	0.0%	0.0%	0.0%

		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
	for the requestor.						
58.	Vendors are selected competitively.	0.0%	20.0%	80.0%	0.0%	0.0%	0.0%
59.	The district provides teachers and administrators an easy-to-use standard list of supplies and equipment.	0.0%	20.0%	80.0%	0.0%	0.0%	0.0%
60.	Students are issued textbooks in a timely manner.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
61.	Textbooks are in good shape.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
62.	The school library meets students' needs for books and other resources.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

H. Food Services

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
63. The cafeteria's food looks and tastes good.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
64. Food is served warm.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
65.	Students eat lunch at the appropriate time of day.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
66.	Students wait in food lines no longer than 10 minutes	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
67.	Discipline and order are maintained in the school cafeteria.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
68.	Cafeteria staff is helpful and friendly.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
69.	Cafeteria facilities are sanitary and neat.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

I. Safety and Security

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
70.	School disturbances are infrequent.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
71.	Gangs are not a problem in this district.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
72.	Drugs are not a problem in this district.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
73.	Vandalism is not a problem in	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%

		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
	this district.						
74.	Security personnel have a good working relationship with principals and teachers.	80.0%	0.0%	20.0%	0.0%	0.0%	0.0%
75.	Security personnel are respected and liked by the students they serve.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
76.	A good working arrangement exists between the local law enforcement and the district.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
77.	Students receive fair and equitable discipline for misconduct.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
78.	Safety hazards do not exist on school grounds.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

J. Computers and Technology

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
79. Students regularly use computers.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

80.	Students have regular access to computer equipment and software in the classroom.	0.0%	80.0%	20.0%	0.0%	0.0%	0.0%
81.	Teachers know how to use computers in the classroom.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
82.	Computers are new enough to be useful for student instruction.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
83.	The district meets students' needs in classes in computer fundamentals.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
84.	The district meets students' needs in classes in advanced computer skills.	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
85	Teachers and students have easy access to the Internet.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

NARRATIVE COMMENTS

The narrative comments below reflect the perceptions and opinions of teacher survey respondents and do not reflect the findings or opinion of the Texas Comptroller of Public Accounts or the review team.

- I was on the school board before working for Divide, so I have seen the inner workings of Divide ISD. It is a great district where everybody matters. We are like a big family. I hope it continues to grow and lasts for many years. The school is what holds this community together. Everything revolves around this school and its community.
- The students respect their teachers and their peers. The small class size offers a unique and individualized learning experience for the students. The students are well adjusted, excited to be at school and seldom absent. DISD is a special place with a family atmosphere.

Appendix B
PARENT SURVEY RESULTS

Demographics

The Texas School Performance Review (TSPR) distributed its survey of parents to a sample that consisted of parents of students in Divide Independent School District (DISD). Out of the 11 questionnaires mailed, TSPR obtained responses from 5 parents; 80 percent were female, and 20 percent were male.

Eighty percent of the respondents were Anglo, 20 percent were Hispanic. Forty percent of the parents have lived in DISD for five years or less, 60 percent have lived there for five years or more. TSPR included parents of children in grade levels Pre-K through 6 in the survey.

The survey questionnaire contained two sections: a multiple-choice section and a comment section. The multiple-choice section asked employees their opinions about 11 of the 12 areas under review. The 11 areas covered in the survey were:

- District Organization & Management
- Educational Service Delivery and Performance Measurement
- Community Involvement
- Facilities Use and Management
- Asset and Risk Management
- Financial Management
- Purchasing and Warehousing
- Food Services
- Transportation
- Safety and Security
- Computers and Technology

The comment section asked parents their opinions on the overall educational performance of the district. Responses for the multiple-choice questions are shown below.

Management Review of the Divide Independent School District
Parent Survey Results
(n=5)

Demographic Data

1.	Gender (Optional)	Male	Female	No response

		20.0%	80.0%	0.0%		

2.	Ethnicity (Optional)	Anglo	African American	Hispanic	Asian	Other
		80.0%	0.0%	20.0%	0.0%	0.0%

3. How long have you lived in Divide ISD?

0-5 years	6-10 years	11 or more	No Answer	Total	Total Responses
40.0%	0.0%	60.0%	0.0%	100.0%	5

4. What grade level(s) does your child(ren) attend?

Pre-Kindergarten	Kindergarten	First	Second	Third
20.0%	0.0%	40.0%	20.0%	0.0%
Fourth	**Fifth**	**Sixth**	**Seventh**	**Eighth**
20.0%	50.0%	0.0%	0.0%	0.0%
Ninth	**Tenth**	**Eleventh**	**Twelfth**	
0.0%	0.0%	0.0%	0.0%	

A. District Organization and Management

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
1.	The school board allows sufficient time for public input at meetings.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
2.	School board members listen to the opinions and desires of others.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
3.	The superintendent is a respected and effective instructional leader.	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
4.	The superintendent is a respected and effective business manager.	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%

B. Educational Service Delivery and Performance Measurement

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
5.	The district provides a high quality of services.	80.0%	0.0%	20.0%	0.0%	0.0%	0.0%
6.	Teachers are given an opportunity to suggest programs and materials that they believe	80.0%	0.0%	20.0%	0.0%	0.0%	0.0%

	are most effective.						
7.	The needs of the college-bound student are being met.	0.0%	20.0%	80.0%	0.0%	0.0%	0.0%
8.	The needs of the work-bound student are being met.	0.0%	20.0%	80.0%	0.0%	0.0%	0.0%
9.	The district has effective educational programs for the following:						
	a. Reading	0.0%	60.0%	0.0%	0.0%	0.0%	40.0%
	b. Writing	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
	c. Mathematics	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
	d. Science	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
	e. English or Language Arts	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
	f. Computer Instruction	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
	g. Social Studies (history or geography)	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
	h. Fine Arts	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
	i. Physical Education	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
	j. Business Education	0.0%	0.0%	80.0%	0.0%	0.0%	20.0%
	k. Vocational (Career and Technology) Education	0.0%	0.0%	40.0%	0.0%	0.0%	60.0%
	l. Foreign Language	0.0%	20.0%	0.0%	0.0%	0.0%	80.0%

10.	The district has effective special programs for the following:						
	a. Library Service	0.0%	60.0%	0.0%	0.0%	0.0%	40.0%
	b. Honors/Gifted and Talented Education	0.0%	0.0%	20.0%	0.0%	0.0%	80.0%
	c. Special Education	0.0%	0.0%	80.0%	0.0%	0.0%	20.0%
	d. Head Start and Even Start programs	0.0%	0.0%	20.0%	0.0%	0.0%	80.0%
	e. Dyslexia program	0.0%	20.0%	0.0%	0.0%	0.0%	80.0%
	f. Student mentoring program	0.0%	0.0%	80.0%	0.0%	0.0%	20.0%
	g. Advanced placement program	0.0%	0.0%	20.0%	0.0%	0.0%	80.0%
	h. Literacy program	0.0%	0.0%	80.0%	0.0%	0.0%	20.0%
	i. Programs for students at risk of dropping out of school	0.0%	0.0%	60.0%	0.0%	0.0%	40.0%
	j. Summer school programs	0.0%	20.0%	0.0%	0.0%	0.0%	80.0%
	k. Alternative education programs	0.0%	0.0%	40.0%	0.0%	0.0%	60.0%
	l. "English as a second language"	0.0%	20.0%	60.0%	0.0%	0.0%	20.0%

	program						
	m. Career counseling program	0.0%	0.0%	20.0%	0.0%	0.0%	80.0%
	n. College counseling program	0.0%	0.0%	20.0%	0.0%	0.0%	80.0%
	o. Counseling the parents of students	80.0%	0.0%	0.0%	0.0%	0.0%	20.0%
	p. Drop out prevention program	60.0%	0.0%	0.0%	0.0%	0.0%	40.0%
11.	Parents are immediately notified if a child is absent from school.	60.0%	0.0%	0.0%	0.0%	0.0%	40.0%
12.	Teacher turnover is low.	80.0%	0.0%	0.0%	0.0%	0.0%	20.0%
13.	Highly qualified teachers fill job openings.	80.0%	0.0%	0.0%	0.0%	0.0%	20.0%
14.	A substitute teacher rarely teaches my child.	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
15.	Teachers are knowledgeable in the subject areas they teach.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
16.	All schools have equal access to educational materials such as computers.	0.0%	80.0%	20.0%	0.0%	0.0%	0.0%

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
television monitors, science labs and art classes.						
17. Students have access, when needed, to a school nurse.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
18. Classrooms are seldom left unattended.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
19. The district provides a high quality education.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
20. The district has a high quality of teachers.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%

C. Community Involvement

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
21. The district regularly communicates with parents.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
22. District facilities are open for community use.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
23. Schools have plenty of volunteers to help students and school programs.	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%

D. Facilities Use and Management

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
24. Parents, citizens, students, faculty, staff, and the board provide input into facility planning.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
25. Schools are clean.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
26. Buildings are properly maintained in a timely manner.	0.0%	40.0%	60.0%	0.0%	0.0%	0.0%
27. Repairs are made in a timely manner.	0.0%	40.0%	60.0%	0.0%	0.0%	0.0%
28. The district uses very few portable buildings.	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
29. Emergency maintenance is handled expeditiously.	0.0%	80.0%	20.0%	0.0%	0.0%	0.0%

E. Asset and Risk Management

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
30. My property tax bill is reasonable for the educational services delivered.	0.0%	80.0%	20.0%	0.0%	0.0%	0.0%

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
31. Board members and administrators do a good job explaining the use of tax dollars.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

F. Financial Management

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
32. Site-based budgeting is used effectively to extend the involvement of principals and teachers.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
33. Campus administrators are well trained in fiscal management techniques.	0.0%	80.0%	20.0%	0.0%	0.0%	0.0%
34. The district's financial reports are easy to understand and read.	0.0%	40.0%	60.0%	0.0%	0.0%	0.0%
35. Financial reports are made available to community members when asked.	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%

G. Purchasing and Warehousing

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
36. Students are issued textbooks in a timely manner.	80.0%	0.0%	20.0%	0.0%	0.0%	0.0%
37. Textbooks are in good shape.	80.0%	0.0%	20.0%	0.0%	0.0%	0.0%
38. The school library meets student needs for books and other resources.	0.0%	80.0%	20.0%	0.0%	0.0%	0.0%

H. Food Services

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
39. My child regularly purchases his/her meal from the cafeteria.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
40. The school breakfast program is available to all children.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
41. The cafeteria's food looks and tastes good.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
42. Food is served warm.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
43. Students have enough time	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%

		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
	to eat.						
44.	Students eat lunch at the appropriate time of day.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
45.	Students wait in food lines no longer than 10 minutes.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
46.	Discipline and order are maintained in the school cafeteria.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
47.	Cafeteria staff is helpful and friendly.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
48.	Cafeteria facilities are sanitary and neat.	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%

I. Transportation

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
49.	My child regularly rides the bus.	0.0%	60.0%	40.0%	0.0%	0.0%	0.0%
50.	The bus driver maintains discipline on the bus.	0.0%	60.0%	0.0%	0.0%	0.0%	40.0%
51.	The length of the student's bus ride is reasonable.	0.0%	60.0%	0.0%	0.0%	0.0%	40.0%

	Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
52.	The drop-off zone at the school is safe.	0.0%	60.0%	0.0%	0.0%	0.0%	40.0%
53.	The bus stop near my house is safe.	0.0%	60.0%	0.0%	0.0%	0.0%	40.0%
54.	The bus stop is within walking distance from our home.	0.0%	0.0%	0.0%	60.0%	0.0%	40.0%
55.	Buses arrive and depart on time.	60.0%	0.0%	0.0%	0.0%	0.0%	40.0%
56.	Buses arrive early enough for students to eat breakfast at school.	0.0%	0.0%	60.0%	0.0%	0.0%	40.0%
57.	Buses seldom break down.	0.0%	60.0%	0.0%	0.0%	0.0%	40.0%
58.	Buses are clean.	0.0%	60.0%	0.0%	0.0%	0.0%	40.0%
59.	Bus drivers allow students to sit down before taking off.	0.0%	60.0%	0.0%	0.0%	0.0%	40.0%
60.	The district has a simple method to request buses for special events.	0.0%	60.0%	0.0%	0.0%	0.0%	40.0%

J. Safety and Security

Survey Questions	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response

61.	Students feel safe and secure at school.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
62.	School disturbances are infrequent.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
63.	Gangs are not a problem in this district.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
64.	Drugs are not a problem in this district.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
65.	Vandalism is not a problem in this district.	80.0%	20.0%	0.0%	0.0%	0.0%	0.0%
66.	Security personnel have a good working relationship with principals and teachers.	0.0%	0.0%	60.0%	0.0%	0.0%	40.0%
67.	Security personnel are respected and liked by the students they serve.	0.0%	0.0%	60.0%	0.0%	0.0%	40.0%
68.	A good working arrangement exists between the local law enforcement and the district.	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
69.	Students receive fair and equitable	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
	discipline for misconduct.						
70.	Safety hazards do not exist on school grounds.	80.0%	0.0%	0.0%	0.0%	0.0%	20.0%

K. Computers and Technology

Survey Questions		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	No Response
71.	Teachers know how to use computers in the classroom.	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
72.	Computers are new enough to be useful to teach students.	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
73.	The district meets student needs in computer fundamentals.	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%
74.	The district meets student needs in advanced computer skills.	20.0%	20.0%	40.0%	0.0%	0.0%	20.0%
75.	Students have easy access to the Internet.	0.0%	80.0%	0.0%	0.0%	0.0%	20.0%

NARRATIVE COMMENTS

The narrative comments below reflect the perceptions and opinions of parent survey respondents and do not reflect the findings or opinion of the Texas Comptroller of Public Accounts or the review team.

- My oldest son graduated from Divide last year and began the 7th grade in Ingram this year. He is amazed how much easier he considers Ingram to be. I really appreciate that Divide challenged him and prepared him so well for a "big" school. One thing in Ingram's defense, he has not been able to get into gifted and talented classes as a new student. The staff at Divide is like an extension of our family, it is such a family atmosphere. It is so nice to never have to worry about your kids and never even give that a thought at Divide. My son gets on the bus at 6:00 a.m. and gets off of it at 5:00 p.m. (the Ingram student). I'm so thankful for Divide so little ones don't have that long, grueling day.
- The student to teacher ratio is great. The kids get the attention they need to be successful. There are very few discipline problems because the kids respect their teachers and there is good communication between the school and the parents.
- It will still be a couple of years before my child transfers over to Ingram but Divide is preparing him well for that transfer. My other children have graduated from Divide and moved on to Ingram and have all done well. As a taxpayer, I think my taxes are being well spent at Divide because the education being provided at Divide is great.