

**MCLEAN
INDEPENDENT SCHOOL DISTRICT**

EFFICIENCY AUDIT

June 30, 2023



JOHNSON & SHELDON, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

MCLEAN INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

June 30, 2023

	Page
REPORT OF INDEPENDENT AUDITORS ON AN EFFICIENCY AUDIT CONDUCTED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
SECTION I - EXECUTIVE SUMMARY.....	2
SECTION II - KEY INFORMATION ABOUT THE DISTRICT	3
SECTION III - OBJECTIVES AND APPROACH.....	5
SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS	8
SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL AND ACADEMIC INFORMATION.....	16





JOHNSON & SHELDON, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees and Citizens of
McLean Independent School District
McLean, Texas

REPORT OF INDEPENDENT AUDITORS ON AN EFFICIENCY AUDIT CONDUCTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Johnson & Sheldon, PLLC conducted an efficiency audit as prescribed by the State of Texas Legislative Budget Board for **McLean Independent School District** (the District) for the fiscal year ended June 30, 2023. The purpose of this report is to communicate the results of the efficiency audit.

The purpose of our efficiency audit was to assess the District's fiscal management, efficiency and utilization of resources, and whether the District has implemented best practices utilized by Texas school districts before an election to adopt a Maintenance and Operations (M&O) property tax rate.

Our efficiency audit was conducted in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the performance audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our performance audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our performance audit objectives.

The procedures performed did not constitute an audit, a review, or a compilation of the District's financial statements or any part thereof, nor an examination of management's assertions concerning the effectiveness of the District's internal-control systems or compliance with laws, regulations, or other matters. Accordingly, the performance of the procedures did not result in the expression of an opinion or any other form of assurance on the District's financial statements or any part thereof nor an opinion or any other form of assurance on the District's internal-control systems or its compliance with laws, regulations, or other matters.

Johnson & Sheldon, PLLC

Johnson & Sheldon, PLLC
Amarillo, Texas
September 6, 2024

MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION I - EXECUTIVE SUMMARY

Overview of Procedures Performed

In conducting the efficiency audit for the District, we gained an understanding of the District's fiscal management, efficiency and utilization of resources, and whether the District has implemented best practices utilized by Texas school districts. This was accomplished by analyzing data from the fiscal year ended June 30, 2023 and prior, maintained by the Texas Education Agency (TEA) and the District. An overview of the objectives and approach performed during the efficiency audit are provided in Section III of this report. District data on accountability, students, staffing and finances, with peer districts and state comparisons are described in Section IV of this report.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION II - KEY INFORMATION ABOUT THE DISTRICT

McLean Independent School District (the District), is exploring holding an election to increase the District's maintenance and operations property tax rate in tax year 2024 (fiscal year 2025). Maintenance and Operations (M&O) taxes are for the operation of public schools. The District has not held a voter-approved tax ratification election (VATRE) in the past.

The M&O tax rate for fiscal year 2025 is \$0.7692 and the rate will be further compressed for fiscal year 2026. District administration adopted an M&O rate above the voter approval tax rate, which triggered a voter approval tax rate election (VATRE). An efficiency audit, as required by law, is deemed necessary in order to provide full transparency to taxpayers. The District is projecting a pre-VATRE budget shortfall of \$369,507 for fiscal year 2025 and has implemented some cost efficiencies that have been factored into the fiscal year 2025 budget.

The estimated revenue from the proposed increase in tax rate is \$272,860 and represents about 7.78 percent of the total expenditures of the 2024-2025 adopted budget of \$3,509,330.

The average home taxable value of a single-family residential property for tax year 2024 is \$78,697. With the homestead exemption, the average tax bill as a result of the M&O rate change is \$-0-, or a \$-0-increase compared to what the average resident would pay without an M&O tax rate change.

The District expects to adopt a deficit budget for fiscal year 2026 even with the passage of the proposed VATRE; therefore, even with the proposed M&O tax rate change the District administration will be proposing, the District will need to achieve further cost efficiencies and review program cost savings that would allow the District to adopt a balanced budget for fiscal year 2026.

Based on the outcome of the efficiency audit, the District will first address any cost inefficiencies reflected in the efficiency audit. Secondly, the District will determine if any other funds are available to cover General Fund needs in fiscal year 2025.

The District can also determine if budget assumptions such as staffing ratios need adjusting in fiscal year 2025. If a VATRE is successful, the District intends to use the additional tax revenue to continue offering competitive teacher and staff salaries, continue offering quality student programs, and activities, and assist in reducing the budget deficit. The District will continue to identify opportunities for operational efficiencies within the budget in order to create capacity to accommodate future student growth and needs.

If the VATRE were not to pass, the District would offer less or no compensation increases for teachers and staff, consider reducing student programs and activities and not be able to reduce the budget deficit.

The District engaged Johnson & Sheldon, PLLC to conduct the efficiency audit. Efficiency audits focus on informing voters about the District's fiscal management, efficiency, utilization of resources, and whether the District has implemented best practices. The information includes data and tools that the State of Texas currently utilizes to measure school district efficiency.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION II - KEY INFORMATION ABOUT THE DISTRICT (continued)

Some key information about the District:

- The District’s total operating revenue for all funds, for fiscal year 2023 totaled \$16,293 per student, while its peer districts’ average and State average totaled \$19,332 per student and \$12,823 per student, respectively.
- The District’s total operating expenditures for all funds for fiscal year 2023 totaled \$14,349 per student, while its peer districts’ average and State average totaled \$14,877 per student and \$12,382 per student, respectively.
- The District earned a Superior Achievement Rating for the School Financial Integrity Rating System of Texas (FIRST) for 2022-2023. The District also earned a Superior Achievement Rating for the FIRST for 2022, an Above Standard Achievement Rating for 2021 and a Superior Rating for the FIRST for 2020 and 2019.
- The Texas Education Agency reviews and tracks the performance of both school districts and individual schools with the Texas A-F Accountability System. The results are posted year-to-year. The District, as a whole, earned an “A” (100 out of 100 points) in 2023-2024, the last year accountability ratings were issued. The detail by campus for the 2023-2024 accountability rating is shown below:

<u>Rating</u>	<u># of Campuses</u>
A	1
B	-
C	-
Not Rated	-

Additional details and audit results are included in Section IV.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION III - OBJECTIVES AND APPROACH

Objectives

The objective of our efficiency audit was to assess the District's fiscal management, efficiency and utilization of resources, and whether the District has implemented best practices utilized by Texas school districts.

Approach

In order to achieve the objectives, set forth above, Johnson & Sheldon, PLLC performed the following procedures:

1. Developed a simple average and sued the same comparison peer district group selected by Management of the District throughout the audit.
2. Reported on the overall accountability rating (A-to-F and a corresponding scale score of 1 to 100).
3. Compared the District's peer districts' average score and listed the following District's campus information:
 - a. Accountability rating count for each campus level within the district.
 - b. Names of the campuses that received an F accountability rating
 - c. Campuses that are required to implement a campus turnaround plan
4. Reported on the District's School FIRST rating. For a rating of less than A, listed the indicators not met.
5. Reported on student characteristics for the District, its peer districts and the State average including:
 - a. Total Students
 - b. Economically Disadvantaged
 - c. English Learners
 - d. Special Education
 - e. Bilingual/ESL Education
 - f. Career and Technical Education
6. Reported on the attendance rate for the District, its peer districts and the State.
7. Reported on the five-year enrollment for the District for the most recent school year and four (4) years prior, the average annual percentage change based on the previous five years and the projected next school year.
8. Reported on the following indicators related to the District's revenue, its peer districts' average and the State average and explained any significant variances:
 - a. Local M&O Tax (Retained) (without debt service and recapture)
 - b. State
 - c. Federal
 - d. Other local and intermediate
 - e. Total revenue
9. Reported on the following indicators related to the District's expenditures, its peer districts' average, and the State average and explained significant variances from the peer districts' average, if any. In addition, explained the reasons for the District's expenditures exceeding revenue, if applicable:
 - a. Instruction
 - b. Instructional resources and media
 - c. Curriculum and staff development
 - d. Instructional leadership
 - e. School leadership
 - f. Guidance counseling services
 - g. Social work services
 - h. Health services
 - i. Transportation



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION III - OBJECTIVES AND APPROACH (continued)

Approach (continued)

9. Reported on the following indicators related to the District's expenditures, its peer districts' average, and the State average and explained significant variances from the peer districts' average, if any. In addition, explained the reasons for the District's expenditures exceeding revenue, if applicable (continued):
 - j. Food service operation
 - k. Extracurricular
 - l. General administration
 - m. Facilities maintenance and operations
 - n. Security and monitoring services
 - o. Data processing services
 - p. Community services
 - q. Total operating expenditures
10. Reported on the following indicators for payroll and select District salary expenditures compared to its peer districts' average and the State average and explained any significant variances from the peer districts' average in any category:
 - a. Payroll as a percentage of all funds
 - b. Average teacher salary
 - c. Average administrative salary
 - d. Superintendent salary
11. Reported on the General Fund operating fund balance, excluding debt service and capital outlay, for the past five years and per student for the District and its peer districts. Analyzed unassigned fund balance per student and as a percentage of three-month operating expenditures and explained any significant variances.
12. Reported the District's allocation of staff, and student-to-teacher and student-to-total staff ratios for the District, its peer districts and the State average. The following staff categories were used:
 - a. Teaching
 - b. Support
 - c. Administrative
 - d. Paraprofessional
 - e. Auxiliary
 - f. Students per total staff
 - g. Students per teaching staff
13. Reported on the District's teacher turnover rate as well as its peer districts and the State's average.
14. Reported on the following programs offered by the District, including the number of students served, percentage of enrolled students served, program budget, program budget as a percentage of the District's budget, total staff for the program, and student-to-staff ratio for the program:
 - a. Special Education
 - b. Bilingual Education
 - c. Career and Technical Education
 - d. Athletics and Extracurricular Activities
 - e. Alternative Education Program/Disciplinary Alternative Education Program
 - f. Juvenile Justice Alternative Education Program
15. Described how the District maximizes available resources from state sources and regional education service centers to develop or implement programs or deliver services.
16. Report on the District's annual external audit report's independent auditor's opinion as required by Government Auditing Standards.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION III - OBJECTIVES AND APPROACH (continued)

Approach (continued)

17. Explained the basis of the TEA assigning the District a financial-related monitoring/oversight role during the past three years, if applicable.
18. In regards to the District's budget process, provided a response to each of the following questions:
 - a. Does the District's budget planning process include projections for enrollment and staffing?
 - b. Does the District's budget process include monthly and quarterly reviews to determine the status of annual spending?
 - c. Does the District use cost allocation procedures to determine campus budgets and cost centers?
 - d. Does the District analyze educational costs and student needs to determine campus budgets?
19. Provided a description of the District's self-funded program, if any, and analyzed whether program revenues are sufficient to cover program costs.
20. Reported whether the District administrators are evaluated annually and, if so, explained how the results inform District operations.
21. In regards to the District's compensation system, provided a response to the following questions:
 - a. Does the District use salary bonuses or merit pay systems? If yes, explain the performance-based systems and the factors used.
 - b. Do the District's salary ranges include minimum, midpoint, and maximum increments to promote compensation equity based on the employee's education, experience, and other relevant factors?
 - c. Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking, and comparable salary data?
 - d. Has the District made any internal equity and/or market adjustments to salaries within the past two years?
22. In regards to planning, provided a response for each of the following questions:
 - a. Does the District develop a District Improvement Plan (DIP) annually?
 - b. Do all campuses in the District develop a Campus Improvement Plan (CIP) annually?
 - c. Does the District have an active and current facilities master plan? If yes, does the District consider these factors to inform the plan:
 - i. Does the District use enrollment projections?
 - ii. Does the District analyze facility capacity?
 - iii. Does the District evaluate facility condition?
 - iv. Does the District have an active and current energy management plan?
 - v. Does the District maintain a clearly defined staffing formula for staff in maintenance, custodial, food service, and transportation?
23. In regards to District academic information, we provided a response for each of the following questions:
 - a. Does the District have a teacher mentoring program?
 - b. Are decisions to adopt new programs or discontinue existing programs made based on quantifiable data and research?
 - c. When adopting new programs, does the District define expected results?
 - d. Does the District analyze student test results at the district and/or campus level to design, implement and/or monitor the use of curriculum and instructional programs?
24. Provided a response to the question if the District modifies programs, plans staff development opportunities, or evaluates staff based on analyses of student test results.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS

1. Peer Districts

The Texas Education Agency’s (TEA) Snapshot Peer Search identified a total of 407 peer districts based on district size (under 500 students). The District selected 8 out of the 407 peer districts and are shown below.

Figure 1: Peer Districts

<u>District Name</u>	<u>County</u>
Hedley ISD	Donley
Groom ISD	Carson
Motley County ISD	Motley
Spur ISD	Dickens
Aspermont ISD	Stonewall
Union Hill ISD	Upshur
Chester ISD	Tyler
Lefors ISD	Gray

2. Accountability Rating

The Texas Education Agency (TEA) annually assigns an A-to-F rating and a corresponding scaled score (1 to 100) to each district and campus based on student assessment results and other accountability measures. To align with Senate Bill 1365, school districts and campuses received an A, B, or C rating or were assigned a label of Not Rated: Senate Bill 1365. This Not Rated: Senate Bill 1365 label was applied when the domain or overall scaled score for a district or campus was less than 70.

Figure 2: Accountability Rating Comparison 2022-2023

	Peer District		
	District Rating	District Rating	Average Score
	(A-F)	(1-100)	(1-100)
Rating / Score	A	100	95

Figure 3: Accountability Rating by Campus Level 2022-2023

	Elementary School
A	1
B	-
C	-
D	-
F	-
Not Rated	-

Campuses with Required to Implement a Campus Turnaround Plan - None Noted.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

3. Financial Rating

The State of Texas' school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes.

The School Financial Integrity Rating System of Texas (FIRST) holds school districts accountable for the quality of their financial management practices. The rating is based on five (5) critical indicators as well as minimum number of points for an additional ten (10) indicators. Beginning with 2015-2016 Rating (based on the 2014-2015 financial data), the Texas Education Agency moved from "Pass/Fail" system and began assigning a letter rating. The rating and corresponding points are shown below:

<u>Rating</u>	<u>Points</u>
A = Superior Achievement	90 - 100
B = Above Standard Achievement	80 - 89
C = Meets Standard Achievement	70 - 79
F = Substandard Achievement	Less than 70

The District's 2022-2023 rating based on school year 2021-2022 data was an "A" (Superior Achievement). The District also earned an "A" (Superior Achievement) Rating in 2022. The District earned a "B" (Above Standard Achievement) in 2021 and an "A" (Superior Achievement) Rating in 2020 and 2019.

Figure 4: School FIRST Rating

<u>Rating</u>	<u>District Rating (A - F)</u>
	A

There were no FIRST indicators which the District failed to meet.

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

Student Characteristics

Every student is served differently in public schools based on their unique characteristics. Such data is captured by the Texas Education Agency on an annual basis. Figure 5 provides student counts for five (5) select student characteristics, which are described below:

Economically Disadvantage – This term has an identical meaning to educationally disadvantaged, which is defined by the Texas Education Code (TEC) §5.001(4) as a student who is "eligible to participate in the national free or reduced-price lunch program".

English Learners – The TEA defines an English Learner as a student who is in the process of acquiring English and has another language as the primary language; it is synonymous with English Language Learner (ELL) and Limited English Proficient (LEP).



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

4. Student Characteristics, Attendance, and 5-Year Enrollment (continued)

Student Characteristics (continued)

Special Education – These are students with a disability as defined by Federal regulations (34 CFR § 300.304 through 300.311), State of Texas Laws (Texas Education Code §29.003) or the Commissioner’s/State Board of Education Rules (§89.1040).

Bilingual / ESL Education – TEC §29.055 describes students enrolled in a bilingual education program as those students in a full-time program of dual-language instruction that provides for learning basic skills in the primary language of the students and for carefully structured and sequenced mastery of the English language skills. Students enrolled in an English as a Second Language (ESL) program receive intensive instruction in English from teachers trained in recognizing and dealing with language differences.

Career and Technical Education – Students enrolled in State approved Career and Technology Education programs.

Figure 5: Selected Student Characteristics 2022-2023

	Total Student Population Count	Percentage of Student Population	Peer District Average Percentage	State Average Percentage
Total Students	198	100.00%	N/A	N/A
Economically Disadvantaged	128	64.60%	61.79%	62.00%
English Learners	2	1.00%	1.78%	23.00%
Special Education	34	17.20%	17.25%	12.70%
Bilingual/ESL Education	2	1.00%	1.68%	23.20%
Career and Technical Education	53	26.80%	32.14%	26.50%

Source: Texas Education Agency, Texas Academic Performance Reports

There are 5.5 million students served by public schools in the State of Texas. Of those students, 3.4 million or 62.0 percent are economically disadvantaged. The percentage of economically disadvantaged students served by the District compared to its total student population totaled 64.60 percent, which is 2.81 percent and 2.60 percent more than the peer districts’ and State average, respectively. Hedley Independent School had the highest economically disadvantaged student percentage of 85.50 percent, while Groom Independent School District had the lowest percentage of 34.70 percent.

The peer districts’ average total student count was 189. Of the peer districts evaluated, Union Hill Independent School District had the highest total student count of 254, while Hedley Independent School District had the lowest student count of 117.

Attendance

Figure 6: Attendance Rate 2022-2023

	District Total	Peer District Average	State Average
Attendance Rate	93.00%	94.73%	92.20%

Source: Texas Education Agency, Public Education Information Management System District Attendance, Graduation, and Dropout Rates Reports.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

4. Student Characteristics, Attendance, and 5-Year Enrollment (continued)

A school district’s State Funding is a complex calculation with many inputs. One of the primary drivers used in the calculation is student attendance. The District’s attendance rate is 1.73 percent less than its peer districts’ average and 0.80 percent greater than the State average. It should be noted that the District’s 2021 - 2022 attendance rate had decreased slightly from the previous year (2020 - 2021), at which time it was 95.70 percent. The 2019 - 2020 attendance rate was 98.30 percent and 2018 - 2019 attendance rate was 100.00 percent.

Five-Year Enrollment

The attendance rate should be evaluated in conjunction with the number of students enrolled. As shown in Figure 7, the District has experienced an average annual decrease over the last five years of 1.99 percent. When the current enrollment data for 2024 is incorporated, the average decrease in enrollment is 2.50 percent:

Figure 7: 5-Year Enrollment 2019-2023

	<u>Enrollment</u>	<u>% Change</u>
2023	198	5.88%
2022	187	-6.97%
2021	201	-7.80%
2020	218	0.93%
2019	216	
Average annual percentage change based on the previous five years		
		-1.99%
2024 (1)	189	-4.55%
Average annual percentage change based on the previous five years and the 2024 fiscal year		
		-2.50%

Note: (1) Based on fiscal year 2024 PEIMS Data from the District.

5. District Revenue

Figure 8: District Tax Revenue 2022-2023

	<u>District</u>		<u>Peer District</u>		<u>State Average</u>	
	<u>Revenue Per Student</u>	<u>Percentage of Total</u>	<u>Revenue Per Student</u>	<u>Percentage of Total</u>	<u>Revenue Per Student</u>	<u>Percentage of Total</u>
Local M&O Tax (retained) (1)	\$ 6,018	36.94%	\$ 6,120	32.43%	\$ 5,214	40.66%
State (2)	7,275	44.65%	8,293	43.91%	4,310	33.61%
Federal	2,367	14.53%	3,082	15.79%	2,568	20.03%
Other Local and Intermediate	633	3.88%	1,837	7.87%	731	5.70%
Total Revenue	\$ 16,293	100.00%	\$ 19,332	100.00%	\$ 12,823	100.00%

Note (1): Excludes Recapture.

Note (2): Excludes TRS on-behalf.

Source: Texas Education Agency, Public Education Information Management System District Financial Actual Reports



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

5. District Revenue (continued)

The financial data above includes all funds, except for the District’s capital projects fund and debt service fund. Approximately \$100,786 of the Teacher Retirement System (TRS) contributions made by the State of Texas on-behalf of the District were also excluded from the State revenues. In accordance with Governmental Accounting Standards Board, on-behalf contributions must also be recorded as expenditures. However, the source reports used for the analyses did not exclude these on-behalf expenditures. The on-behalf contributions of \$100,786 equates to \$539 per student.

The District received slightly less revenue per student compared to its peer districts’ average. The District received more total revenue per student compared to the State average.

6. District Expenditures

Figure 9: District Actual Operating Expenditures 2022-2023

	District		Peer District		State Average	
	Expenditure Per Student	Percentage of Total	Expenditure Per Student	Percentage of Total	Expenditure Per Student	Percentage of Total
Instruction	\$ 8,013	55.84%	\$ 7,850	52.60%	\$ 6,849	55.29%
Instruction Resources Media	92	0.64%	62	0.40%	121	0.98%
Curriculum & Staff Development	4	0.03%	23	0.16%	308	2.49%
Instructional Leadership	-	-%	2	0.01%	223	1.80%
School Leadership	875	6.10%	804	5.46%	710	5.73%
Guidance Counseling Services	453	3.16%	132	0.85%	497	4.02%
Social Work Services	-	-%	-	-%	46	0.37%
Health Services	3	0.02%	91	0.59%	133	1.07%
Transportation	260	1.81%	459	3.11%	374	3.02%
Food Service Operation	-	-%	4	0.03%	631	5.10%
Extracurricular	887	6.18%	1,047	7.07%	384	3.10%
General Administration	1,375	9.58%	1,616	10.99%	411	3.32%
Facilities Maintenance & Operations	2,013	14.03%	2,202	14.87%	1,277	9.90%
Security & Monitoring Services	15	0.10%	78	0.48%	165	1.33%
Data Processing Services	359	2.50%	509	3.39%	239	1.93%
Community Services	-	-%	-	-%	64	0.52%
Total Operating Expenditures	\$ 14,349	100.00%	\$ 14,877	100.00%	\$ 12,382	100.00%

Source: Texas Education Agency, Public Education Information Management System District Financial Actual Reports

Capital outlay, debt service payments and other intergovernmental expenditures are not considered operating expenditures.

Overall, the District spent slightly less per student than the peer district’s average and spent more per student than the State average. The percentage spent in Instruction is 3.25 percent and 0.55 percent more than the peer districts’ average and the state average, respectively. The percentage spent in Curriculum and Staff Development is 0.13 percent and 2.46 percent less than the peer districts’ average and the state average, respectively. The percentage spent in Guidance Counseling Services is 2.31 percent more than the peer districts’ average and 0.86 percent less than the state average. The percentage spent in Food Service Operations is 0.03 percent and 5.10 percent less than the peer districts’ average and the state average, respectively. The percentage spent in Extracurricular is 0.89 percent less than the peer districts’ average and 3.08 percent more than state average. The percentage spent in General Administration is 1.41 percent less than the peer districts’ average and 6.26 percent more than the state average. The percent spent in Plant Maintenance and Operations is 0.84 percent less than the peer districts average and 4.31 percent more than the state average. In all remaining areas, the district’s percentage of expenditures is 1.80 percent or less than the peer districts’ average.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

7. District Payroll Expenditures Summary

Figure 10: Payroll Expenditure Summary 2022-2023

	<u>District</u>	<u>Peer District Average</u>	<u>State Average</u>
Payroll as a Percentage of All Funds	69.24%	69.68%	77.83%
Average Teacher Salary	\$ 53,010	\$ 51,255	\$ 60,716
Average Administrative Salary	\$ 85,845	\$ 79,792	\$ 92,683
Superintendent Salary	\$ 87,000	\$ 98,765	\$ 165,700

Source: Texas Education Agency, Public Education Information Management System District Financial Actual and Staff Salaries and FTE Counts Reports

The District spent slightly less on payroll costs than its peer district’s average and less than the State average. The District, on average, spent slightly more per teacher than its peer districts’ average and, on average, less per teacher than the State average.

The average administrative salary is lower than the State average and higher than its peer district’s average. The Superintendent’s salary is lower than the peer district’s average and the State average. It is important to note that the data for the State average for the Superintendent is comprised of school districts across the State with enrollments ranging from 9 to 190,000 students.

8. Fund Balance

Figure 11: General Fund Balance School Year Range 2019-2023

<u>Year</u>	<u>General Fund Unassigned Fund Balance per Student</u>	<u>General Fund Unassigned Fund Balance as a Percentage of Operating Expenditures</u>	<u>General Fund Unassigned Fund Balance as a Percentage of 3 Month Operating Expenditures</u>
2023	\$ 21,020	146.49%	585.97%
2022	\$ 24,620	170.70%	682.82%
2021	\$ 24,395	185.54%	742.14%
2020	\$ 15,640	130.15%	520.62%
2019	\$ 14,447	142.57%	570.28%

Source: Texas Education Agency, Public Education Information Management System District Financial Actual Reports

The General Fund is the operating fund in a governmental entity. Fund balance represents the current resources/assets available to the government less any current obligations/liabilities. Within fund balance there are five (5) categories: non-spendable, restricted, committed, assigned and unassigned. The categories are described below:

- Non-spendable fund balance cannot be spent because it is either (a) not in a spendable form, such as inventory or (b) legally or contractually required to be maintained intact.
- Restricted fund balance is net resources that are restricted as to use by an external party, such as a federal grantor.
- Committed fund balance is set aside for a specific purpose as resolved by the Board of Trustees.
- Assigned fund balance is fund balance that has been set aside by management for a specific purpose.
- Unassigned fund balance is the remaining amount that is not restricted, committed, or assigned for a specific purpose.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

8. Fund Balance (continued)

The Texas Education Agency evaluates unassigned fund balance by comparing it to three-months (25 percent) of annual operating expenditures. If the District does not meet the goal of three-months, the percentage is shown as less than 100 percent. Amounts that exceed three (3) months are reflected as a percentage greater than 100 percent. The District did meet the three-month average goal for each of the years presented.

The District's unassigned fund balance as of June 30, 2023 totaled approximately \$4,162,000 and General Fund operating expenditures for the year ended June 30, 2023 totaled approximately \$2,841,000. Three months average operating expenditures would equate to approximately \$710,000, which is approximately \$3,452,000 (or 485.97 percent) less than the District's actual unassigned fund balance. The District had no committed or assigned fund balance as of June 30, 2023.

The following figures reflects the unassigned, assigned, committed and restricted fund balances for the last five years.

	<u>Unassigned</u>	<u>Assigned</u>	<u>Committed</u>	<u>Restricted</u>
2023	\$ 4,161,959	\$ -	\$ -	\$ -
2022	\$ 4,554,652	\$ -	\$ -	\$ -
2021	\$ 4,879,090	\$ -	\$ -	\$ -
2020	\$ 3,378,304	\$ -	\$ 1,637,888	\$ -
2019	\$ 3,409,485	\$ -	\$ 1,961,269	\$ -

In reviewing the District's 2023 annual comprehensive financial report, the General Fund reflected no committed or assigned fund balance. As defined by board policy, fund balance can be committed by the District's Board and assigned by the District's Administration. It should also be noted that unassigned fund balance should be used for one-time expenditures or for emergencies related to an unforeseen event. However, fund balance should not be relied upon for on-going operational expenditures.

9. District Staffing Levels

Figure 12: Staff Ratio Comparison 2022-2023

	<u>District</u>	<u>Peer District Average</u>	<u>State Average</u>
Teaching Staff (Percentage of Total Staff)	49.49%	51.22%	48.58%
Support Staff (Percentage of Total Staff)	1.97%	4.08%	10.96%
Administrative Staff (Percentage of Total Staff)	3.55%	6.14%	4.56%
Paraprofessional Staff (Percentage of Total Staff)	23.61%	15.27%	11.28%
Auxiliary Staff (Percentage of Total Staff)	21.40%	23.30%	24.61%
Students Per Total Staff	4.88	4.51	7.21
Students Per Teaching Staff	9.86	8.83	14.84

Source: Texas Education Agency, Public Education Information Management System District Staff Information Reports

The District's total staff for the year ended June 30, 2023 was 41 compared to that of its peer districts' average of 42. The District has 0.37 more and 2.33 fewer students per total staff than its peer districts' average and the state average, respectively. The District's students per teaching staff ratio is higher than its peer districts' average and lower than the State average by 1.03 students and 4.98 students, respectively.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION IV - DISTRICT DATA ON ACCOUNTABILITY, STUDENTS, STAFFING AND FINANCES, WITH PEER DISTRICTS AND STATE COMPARISONS (continued)

10. Teacher Turnover Rates

Figure 13: Teacher Turnover Rates 2022-2023

	<u>District</u>	<u>Peer District Average</u>	<u>State Average</u>
Teachers	41.60%	25.56%	21.40%

Source: Texas Education Agency, Public Education Information Management System District Staff Information Reports

The District’s turnover rate is 16.04 percent and 20.20 percent higher than the average of its peer districts’ and the State average, respectively. The highest turnover rate within the peer districts was Spur ISD at 33.70 percent while the lowest turnover rate was Union Hill ISD at 18.50 percent.

11. Special Programs

Figure 14: Special Programs Characteristics 2022-2023

	<u>Number of Students Served</u>	<u>Percentage of Enrolled Students Served</u>	<u>Program Budget Per Student Served</u>	<u>Program Budget as a Percentage of District Budget</u>	<u>Total Staff For Program</u>	<u>Number of Students Per Total Staff For Program</u>
Total Students	198	100.00%	\$ 16,627	0.505%	33	6.00
Economically Disadvantaged	128	64.65%	\$ 1,869	0.057%	33	3.88
English Learners	2	1.01%	\$ 9	0.032%	1	2.00
Special Education	34	17.17%	\$ 1,051	-%	4	8.50
Bilingual/ESL Education	2	1.01%	\$ 9	-%	1	2.00
Athletics and Extracurricular Activities	37	18.69%	\$ 653	0.020%	9	4.11
Alternative Education Programs /						
Disciplinary Alternative Education Program	-	-%	\$ -	-%	-	-
Juvenile Justice Alternative Education Program	-	-%	\$ -	-%	-	-
Career and Technical Education	53	26.77%	\$ 891	0.027%	6	8.83

Source: Information provided by the District



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL AND ACADEMIC INFORMATION

1. State and Regional Resources

The District uses the State's Available School Fund allotment to fund state mandated programs. Additionally, the District takes advantage of the Regional Education Service Center's expertise when needed. The District continuously explores all options for funding, including state and federal sources and local grant sources. All funding, state, local or federal, is tied directly to the District Strategic Plan and student performance.

2. Reporting

For the year ended June 30, 2023, Johnson & Sheldon, PLLC issued an unmodified opinion on the audited financial statements. There are three possible opinions: unmodified, modified (e.g. scope limitation or departure from generally accepted accounting principles) or a disclaimer of an opinion. An unmodified opinion is considered a clean opinion.

3. Oversight

Not Applicable

4. Budget Process

Figure 15: Budget Process

<u>Question</u>	<u>Yes / No</u>	<u>Not Applicable</u>
Does the District's budget planning process include projections for enrollment and staffing?	Yes	
Does the District's budget process include monthly and quarterly reviews to determine the status of annual spending?	Yes	
Does the District use cost allocation procedures to determine campus budgets and cost centers:		N/A
Does the District analyze educational costs and student needs to determine campus budgets?	Yes	

5. Self-funded Programs

Not applicable.

6. Staffing

All District administrators are evaluated annually by the end of the District's fiscal year ending, June 30th. Evaluations help to ensure that highly qualified and effective administrators lead campuses and departments and focus on student achievement.



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL AND ACADEMIC INFORMATION (continued)

7. Compensation System

Figure 16: Compensation System

<u>Question</u>	<u>Yes / No</u>	<u>Not Applicable</u>
Does the District use salary bonuses or merit pay systems? If yes, explain the performance-based systems and the factors used.	No	
Do the District's salary ranges include minimum, midpoint and maximum increments to promote compensation equity based on the employee's education, experience and other relevant factors?	Yes	
Does the District periodically adjust its compensation structure using verifiable salary survey information, benchmarking and comparable salary data?	Yes	
Has the District made any internal equity and/or market adjustments to salaries within the past two years?	Yes	

8. Planning

Figure 17: Operational Information

<u>Question</u>	<u>Yes / No</u>	<u>Not Applicable</u>
Does the District develop a District Improvement Plan (DIP) annually?	Yes	
Do all campuses in the District develop a Campus Improvement Plan (CIP) annually? <i>Not applicable because the District is a single-campus district.</i>		N/A
Does the District have an active and current facilities master plan? If yes, does the District consider these factors to inform the plan: Does the District use enrollment projections? Does the District analyze facility capacity? Does the District evaluate facility conditions?	No	N/A N/A N/A
Does the District have an active and current energy management plan?	No	
Does the District maintain a clearly defined staffing formula for staff in maintenance, custodial, food service and transportation?	No	



MCLEAN INDEPENDENT SCHOOL DISTRICT

June 30, 2023

SECTION V - ADDITIONAL FINANCIAL, OPERATIONAL AND ACADEMIC INFORMATION (continued)

9. Programs

Figure 18: Academic Information

<u>Question</u>	<u>Yes / No</u>	<u>Not Applicable</u>
Does the District have a teacher mentoring program?	No	
Are decisions to adopt new programs or discontinue existing programs made based on quantifiable data and research?	Yes	
When adopting new programs, does the District define expected results?	No	
Does the District analyze student test results at the District and/or campus level to design, implement and/or monitor the use of curriculum and instructional programs?	Yes	
Does the District modify programs, plan staff development opportunities or evaluate staff based on analyses of student test results?	Yes	

