



KLEIN INDEPENDENT SCHOOL DISTRICT

**A Public Hearing of the Klein ISD
Board of Trustees to discuss the
Schools FIRST Financial Accountability Rating System**

GUIDELINES FOR THE PUBLIC HEARING

November 8, 2021, 6:00 P.M.

We are very pleased that you have joined us for this Public Hearing to discuss the Schools FIRST financial accountability rating system.

The following rules of procedures will apply to tonight's hearing:

1. The president will announce at the beginning of the meeting that all who desire to speak must register with the Board secretary.
2. The speakers must confine their remarks to the District's rating on the Schools FIRST financial accountability rating system.
3. All speeches are limited to five minutes unless the time is extended by a vote of the Board of Trustees.

FINANCIAL MANAGEMENT PERFORMANCE REPORT

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November 8, 2021

Dr. Jenny McGown
Superintendent of Schools

Dear Dr. McGown,

Klein Independent School District received a rating of "A=Superior" under Texas' Schools FIRST financial accountability rating system based upon an analysis of staff, student, budgetary and actual financial data reported for the fiscal year ending June 30, 2020. The Superior rating is the state's highest, demonstrating the quality of Klein ISD's financial management and reporting system.

The Schools FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest being "A=Superior" followed by "B=Above-Standard," "C=Meets Standard" and "F=Substandard Achievement." Districts that receive the "F=Substandard Achievement" rating under Schools FIRST must file a corrective action plan with the Texas Education Agency.

This is the nineteenth year of Schools FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas school districts, developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools FIRST is to achieve quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

Included in this report are the accountability indicators and required disclosures including a copy of the Superintendent's contract, details of reimbursements to the Superintendent and members of the Board, and additional statements relating to any outside compensation of the Superintendent, any gifts to District officials or Board members, and any business transactions between the District and members of the Board of Trustees. The accountability indicators are explained on pages 11-15 and the required disclosures are on pages 16-26.

The Klein ISD has received the highest rating possible under Texas' Schools FIRST financial accountability rating system for nineteen consecutive years. This rating shows that Klein's schools are accountable not only for student learning, but also for achieving these results cost-effectively and efficiently.

Respectfully submitted,

Daniel A. Schaefer, CPA
Chief Financial Officer

Jason J. Gossett
Executive Director of Business Services

OUR SHARED VISION

IN KLEIN ISD, **EVERY** STUDENT ENTERS WITH A **PROMISE** & EXITS WITH A **PURPOSE**

MISSION

We will achieve our shared vision by focusing on:

PATHWAYS:

Providing every student with a rich, relevant, and clear pathway to success.

CHALLENGE:

Focusing on the whole student so that every one will engage in rigorous learning and build excellent character.

EQUITY:

Closing gaps by personalizing learning by knowing every student by name, strength, and need.

LEADERSHIP:

Retaining, attaining, and growing excellent leaders throughout our system so that every student learns in a quality environment.

CONTINUOUS IMPROVEMENT:

Gathering feedback from every voice in order to eliminate silos, build strategic partnerships, and foster a culture of learning.

ASPIRATIONAL MEASURES AND INDICATORS OF SUCCESS

While there are multiple measures, we will focus on three primary ones:

Every student graduates from high school with a purpose.

Every student makes at least one year's growth every year.

Every indicator in the Whole Student and Community Engagement Indicator System is at the highest level.

STRATEGIC PRIORITIES

As Promise2Purpose Investors, we will focus our resources and relationships on three strategic priorities, while always looking for ways to innovate to improve the system for students.

REIMAGINE LEARNING:

- Personalized Learning
- Flexible and Challenging Curriculum
- Standardized Evaluation

CULTIVATE TALENT:

- Best-in-Class Leadership Pipeline
- Feedback Loops and Self-reflection
- Targeted Professional Learning

BUILD COMMUNITY:

- Relationships, Mentoring, and Partnerships
- Engaging, Educating, and Equipping Families
- Cultural Responsiveness

GUIDING DOCUMENTS

Three Guiding Documents define our culture:

PROFILE OF A LEADER

PROFILE OF A LEARNER

HIGH QUALITY TEACHING

DATE:	August 6, 2021
SUBJECT:	Preliminary 2020–2021 School FIRST Ratings
CATEGORY:	Accreditation Information
NEXT STEPS:	Share with appropriate staff

Your school district's preliminary 2020–2021 School Financial Integrity Rating System of Texas (FIRST) rating is now available online. To access your district's School FIRST rating:

- access the Texas Education Agency (TEA) website by using this link <https://tea.texas.gov/>;
- click the Finance and Grants webpage tab link <https://tea.texas.gov/finance-and-grants/>;
- click the Financial Compliance link <https://tea.texas.gov/finance-and-grants/financial-compliance/>;
- click the [Financial Integrity Rating System of Texas](#) link; and
- click the School District FIRST Ratings link.

Basis for School FIRST Rating

Your district's rating is based on an analysis of the district's financial data for fiscal year 2020 (the fiscal period ended June 30, 2020, or August 31, 2020, depending on the ending date of your district's fiscal year). We determined your district's rating using the financial indicators specified in [19 Texas Administrative Code \(TAC\) §109.1001\(e\)\(5\)](#).

Please carefully review your district's preliminary School FIRST rating and the data associated with each of the 20 indicators.

Opportunity for Appeal

If your district wishes to appeal an adverse issue it identifies in the preliminary rating, your district may submit a written appeal with supporting evidence to the TEA Financial Compliance Division. For the appeal to be considered, it must be received by **September 8, 2021**. Send your appeal and supporting documentation to the following email address: FinancialAccountability@tea.texas.gov.

Please note, all appeal requests, including supporting documentation, must be submitted via email to FinancialAccountability@tea.texas.gov on or before September 8, 2021. Appeals and supporting documentation that are not submitted to the Financial Accountability email address by the required deadline will not be considered or processed.

Please see [19 TAC §109.1001\(n\)](#) for the rules regarding the filing of an appeal. As stated in that section, only an appeal that would result in a change to your district's rating will be considered. **If no appeal is submitted by your district, your district's preliminary rating becomes final on the 31st day after the preliminary ratings are released (September 9, 2021).**

Final School FIRST Rating and Required Reporting

Final ratings will be issued to school districts after all of the appeals submitted by the deadline have been reviewed. Final 2020–2021 School FIRST ratings are anticipated to be released in November 2021.

Within two months of the release of your school district's final School FIRST rating, your district must announce and hold a public meeting to distribute a financial management report that explains the district's rating and its performance under each indicator for the current and previous year's ratings.

The report also must provide the financial information described in [19 TAC §109.1001\(q\)\(3\)](#). We encourage your district to include in the report additional information that will be beneficial to stakeholders, especially information explaining any special circumstances that may have affected the district's performance under one or more of the indicators.

A required newspaper notice, to inform taxpayers of the meeting, must be published no more than 30 days and no fewer than 10 days before the public meeting. Your district may combine the meeting with a regularly scheduled meeting of the board of trustees.

For full requirements related to the financial management report and public meeting, see [19 TAC §109.1001\(q\)](#). For a template that your district can use in developing its financial management report, see the TEA [School FIRST](#) web page.

To access additional rules concerning financial accountability ratings, please see [19 TAC §109.1001](#).

Accreditation Status

Please note that the TEA considers a district's School FIRST rating when assigning an accreditation status, as required by the accreditation status rules in [19 TAC §97.1055](#).

Contact for Further Information

If you have questions about your district's School FIRST rating, please contact Rita Bunton at (512) 936-3712 or by email at Rita.Bunton@tea.texas.gov.

RATING YEAR

2020-2021

DISTRICT NUMBER

district #

Select An Option

Help

Home



Financial Integrity Rating System of Texas

2020-2021 RATINGS BASED ON SCHOOL YEAR 2019-2020 DATA - DISTRICT STATUS DETAIL

Name: **KLEIN ISD(101915)**

Publication Level 1: 8/4/2021 2:00:38 PM

Status: **Passed**

Publication Level 2: 8/6/2021 11:10:55 AM

Rating: A = Superior Achievement

Last Updated: 8/6/2021 11:10:55 AM

District Score: 98

Passing Score: 70

#	Indicator Description	Updated	Score
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</u>	6/8/2021 3:36:25 PM	Yes
2	<u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>	6/8/2021 3:36:25 PM	Yes
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>	6/8/2021 3:36:25 PM	Yes
4	<u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)</u>	7/1/2021 9:05:05 AM	Yes Ceiling Passed
5	This indicator is not being scored.		

			1 Multiplier Sum
6	<u>Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	6/28/2021 11:08:20 AM	Ceiling Passed
7	<u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? See ranges below in the Determination of Points section.</u>	6/8/2021 3:36:26 PM	10
8	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.</u>	6/8/2021 3:36:26 PM	10
9	<u>Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days? See ranges below in the Determination of Points section.</u>	6/8/2021 3:36:26 PM	10
10	<u>Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?</u>	7/2/2021 1:25:47 PM	10
11	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? If the school district's increase of students in membership over 5 years was 7 percent or more, then the school district automatically passes this indicator. See ranges below in the Determination of Points section.</u>	6/8/2021 3:36:27 PM	10
12	<u>Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? See ranges below in the Determination of Points section.</u>	6/8/2021 3:36:28 PM	8
13	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</u>	6/8/2021 3:36:28 PM	10
14	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? If the student enrollment did not decrease, the school district will automatically pass this indicator.</u>	6/8/2021 3:36:28 PM	10
15	<u>Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections? See ranges below in the Determination of Points section.</u>	6/8/2021 3:36:29 PM	5
16	<u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	7/9/2021 9:25:51 AM	Ceiling Passed

17	<u>Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u>	6/8/2021 3:36:29 PM	Ceiling Passed
18	<u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>	6/8/2021 3:36:29 PM	10
19	<u>Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?</u>	6/8/2021 3:36:29 PM	5
20	<u>Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	6/8/2021 3:36:29 PM	Ceiling Passed
			98 Weighted Sum
			1 Multiplier Sum
			(100 Ceiling)
			98 Score

DETERMINATION OF RATING

A.	Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is F for Substandard Achievement regardless of points earned.	
B.	Determine the rating by the applicable number of points.	
	A = Superior Achievement	90-100
	B = Above Standard Achievement	80-89
	C = Meets Standard Achievement	70-79
	F = Substandard Achievement	<70

No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.

The school district receives an **F** if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.

CEILING INDICATORS

Did the school district meet the criteria for any of the following **ceiling indicators** 4, 6, 16, 17, or 20? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.

Determination of rating based on meeting ceiling criteria.	Maximum Points	Maximum Rating
Indicator 4 (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
Indicator 6 (Average Change in Fund Balance) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 16 (PEIMS to AFR) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 17 (Material Weaknesses) - Response to indicator is <i>No</i> .	79	C = Meets Standard Achievement
Indicator 20 (Property Values and Tax Discussion) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement

Home Page: [Financial Accountability](#) | Send comments or suggestions to FinancialAccountability@tea.texas.gov

THE **TEXAS EDUCATION AGENCY**
1701 NORTH CONGRESS AVENUE • AUSTIN, TEXAS, 78701 • (512) 463-9734

FIRST 5.11.6.0

2020-21 FIRST Rating
Based on School Year 2019-20 Data
Explanation of Indicators and Indicator Results

1. **Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?**

Explanation of Indicator: This indicator seeks to make certain the KISD has filed the Annual Financial Report by the required deadline.

Indicator Results/Points: Yes/Passed; The Klein ISD AFR was received by the TEA on November 11, 2020.

2. **Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)**

Explanation of Indicator: A "modified" opinion on a financial report means that the district needs to correct some of our reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its AFR.

Indicator Results/Points: Yes/Passed; The Klein ISD AFR received an unmodified opinion.

3. **Was the school district in compliance with the payment terms of all debt agreements at fiscal year-end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (= person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)**

Explanation of Indicator: This indicator seeks to make certain that the Klein ISD has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, photocopiers, etc.

Indicator Results/Points: Yes/Passed; The Klein ISD AFR did not have any disclosures concerning default on bonded indebtedness obligations and were able to make all bond payments.

4. **Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?**

Explanation of Indicator: This indicator seeks to make sure the district fulfilled its obligation to the TRS, TWC and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the district.

Indicator Results/Points: Yes/Passed; The Klein ISD fulfilled its payroll obligations.

5. **This indicator was not scored for this First Rating.**

6. Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)

Explanation of Indicator: This indicator measures the percentage change in fund balance to see whether the fund balance is declining too quickly, and if it is declining, whether sufficient fund balance remains to operate for at least 75 days.

Indicator Results/Points: Passed both tests, our change in fund balance was less than 25% and our fund balance exceeds 75 days of operating expense.

7. Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? See ranges below in the Determination of Points section.

Explanation of Indicator: This indicator measures how long in days after the end of the fiscal year the school district could have disbursed funds for its operating expenditures without receiving any new revenues.

Indicator Results/Points: 10 points; mathematical breakdown calculated to 192.7728 which is greater than 90.

10 points	8 points	6 points	4 points	2 points	0 points
>90	<90>=75	<75>=60	<60>=45	<45>=30	<30

8. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?

Explanation of Indicator: This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities. Did you meet or exceed the target amount in School FIRST?

Indicator Results/Points: 10 points; the current assets to current liabilities ratio was 3.4831.

10 points	8 points	6 points	4 points	2 points	0 points
≥ 3.00	< 3.00	< 2.50	< 2.00	< 1.50	< 1.00
	≥ 2.50	≥ 2.00	≥ 1.50	≥ 1.00	

9. Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days? See ranges below in the Determination of Points section.

Explanation of Indicator: This indicator simply asks, "Did you spend more than you earned?" This indicator is an automatic 10 points if you have greater than 60 days cash on hand.

Indicator Results/Points: 10 points; 192.7728 ≥ 60

10. Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?

Explanation of Indicator: This indicator measures how accurately the district forecast projected revenue by comparing budgeted revenue submitted through PEIMS in October of the fiscal year to the actual revenue submitted after the close of the fiscal year.

Indicator Results/Points: 10 Points; $0.021 < 0.1$

11. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.) (See ranges below.)

Explanation of Indicator: This question is like asking someone if their mortgage exceeds the market value of their home. Were you below the cap for this ratio in School FIRST? Fortunately, this indicator recognizes that high-growth districts incur additional costs to open new instructional campuses.

Indicator Results/Points: 10 points; the ratio of long-term liabilities to total assets is $0.7065 \leq 1$. The change of student membership over 5 years was 0.071.

10 points	8 points	6 points	4 points	2 points	0 points
≤ 0.60	> 0.60 ≤ 0.70	> 0.70 ≤ 0.80	> 0.80 ≤ 0.90	> 0.90 ≤ 1.00	> 1.00

12. Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? See ranges below in the Determination of Points section.

Explanation of Indicator: This indicator asks about the school district's ability to make debt principal and interest payments. Did you meet or exceed the target amount in School First?

Indicator Results/Points: 8 points; the ratio for this indicator is 5.631.

10 points	8 points	6 points	4 points	2 points	0 points
≤ 4	> 4 ≤ 7	> 7 ≤ 10	> 10 ≤ 11.5	> 11.5 ≤ 13.5	> 13.5

13. Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.

Explanation of Indicator: This indicator measures the percentage of their budget that Texas school districts spent on administration. Did you exceed the cap in School First for districts of your size?

Indicator Results/Points: 10 Points, 0.0506

District ADA Size 10,000 and Above

10 points	8 points	6 points	4 points	2 points	0 points
≤ 0.0855	> 0.0855 ≤ 0.1105	> 0.1105 ≤ 0.1355	> 0.1355 ≤ 0.1605	> 0.1605 ≤ 0.1855	> 0.1855

- 14. Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? If the student enrollment did not decrease, the school district will automatically pass this indicator.**

Explanation of Indicator: If the school district has a decline in students over 3 school years, this indicator asks if the school district decreased the number of the staff on the payroll in proportion to the decline in students.

Indicator Results/Points: 10 points; Automatic pass.

- 15. Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections? See ranges below in the Determination of Points section.**

Explanation of Indicator: This indicator measures how well the district was able to project average daily attendance for the coming biennium for payment purposes. Projected ADA is compared to actual.

Indicator Results/Points: 5 points; -0.002 calculated difference.

Determination of Points

ADA Size – 10,000 and above, 5 points ≤ 0.07 , 0 points if > 0.07

- 16. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)**

Explanation of Indicator: This indicator measures the quality of data reported to PEIMS and in our Annual Financial Report to make certain that the data reported in each case “matches up.” If the difference in numbers reported in any fund type is 3 percent or more, your district “fails” this measure.

Indicator Results/Points: Passed (Forced: Change in Fiscal Year End Date ; Since our AFR only represented 10 months and our PEIMS reporting had to include 12 months, this was an automatic pass for 19-20 data.

- 17. Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)**

Explanation of Indicator: A clean audit of your Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of your District not being able to properly account for its use of public funds and should be immediately addressed.

Indicator Results/Points: 10 points; the external independent auditor reported that the AFR was free of any instances of material noncompliance for grants, contracts, and laws.

- 18. Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)**

Explanation of Indicator: This indicator measures whether the district is complying with laws, rules, and regulations related to the expenditure of grant funds, contracts, and other state and federal funds.

Indicator Results/Points: 10 points; the external independent auditor reported that the District was free of any instances of material noncompliance for grants, contracts, and laws.

- 19. Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?**

Explanation of Indicator: This indicator measures whether the district is complying with legal requirements related to financial transparency by posting all required information.

Indicator Results/Points: 5 points; All required Financial Postings were verified by TEA.

- 20. Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)**

Explanation of Indicator: This indicator measures whether the school board had the opportunity to consider the impact of changes in property value on the finances of the district.

Indicator Results/Points: Passed, TEA confirmed our Board discussed property valuations.

SUPERINTENDENT AND BOARD OF TRUSTEES DISCLOSURE REQUIREMENTS
September 1, 2019 - August 31, 2020

	SUPERINTENDENT			-----BOARD OF TRUSTEES-----						
Reimbursements:	Dr. McGown	Anderson	Arellano	James	Mann	Ellis	Reitmeier	Todd	Benes	Total
Meals	178.62	15.62	15.62	110.61	31.62	-	15.61	9.99	18.40	396.09
Lodging	2,071.73	252.10	768.64	1,071.60	1,219.29	-	927.66	456.20	760.80	7,528.02
Transportation	1,447.88	722.56	257.52	590.84	271.44	-	457.91	621.40	247.08	4,616.63
Registration Fees	1,614.00	195.00	195.00	825.00	-	570.00	695.00	195.00	150.00	4,439.00
Dues	2,130.00	-	-	50.00	-	-	-	-	-	2,180.00
Cell Phone	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
										-
Gifts of \$250 or more:	-	-	-	-	-	-	-	-	-	-
										-
Business Transactions:	-	-	6,995.00	-	-	-	-	-	-	6,995.00
										-
										-
Total	7,442.23	1,185.28	8,231.78	2,648.05	1,522.35	570.00	2,096.18	1,282.59	1,176.28	26,154.74

NOTES:

1. The Superintendent did not receive any outside compensation in exchange for professional consulting and other personal services.
2. Gifts from outside entities receiving payments from the district or from competing vendors not awarded contracts must be disclosed if the value of the gifts exceed \$250 in the aggregate. No gifts from outside entities or competing vendors were received by the Superintendent, Board of Trustee members, or members of their immediate families.
3. The Superintendent's Contract can be found on the Klein ISD Website for the Superintendent.

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<u>TITLE 19</u>	EDUCATION
<u>PART 2</u>	TEXAS EDUCATION AGENCY
<u>CHAPTER 109</u>	BUDGETING, ACCOUNTING, AND AUDITING
<u>SUBCHAPTER AA</u>	COMMISSIONER'S RULES CONCERNING FINANCIAL ACCOUNTABILITY
RULE §109.1001	Financial Accountability Ratings

(a) The following words and terms, when used in this section, have the following meanings, unless the context clearly indicates otherwise.

(1) Annual Financial Report (AFR)--The audited annual report required by the Texas Education Code (TEC), §44.008, that is due to the Texas Education Agency (TEA) by no later than 150 days after the close of a school district's or an open-enrollment charter school's fiscal year.

(2) Ceiling indicator--An upper limit (the maximum score) at which a score from a standard limit of a specific indicator will result regardless of overall points.

(3) Debt--An amount of money owed to a person, bank, company, or other organization.

(4) Electronic submission--The TEA electronic data feed format required for use by school districts, open-enrollment charter schools, and regional education service centers (ESCs).

(5) Financial Integrity Rating System of Texas (FIRST)--The financial accountability rating system administered by the TEA in accordance with the TEC, §39.082 and §39.085. The system provides additional transparency to public education finance and meaningful financial oversight and improvement for school districts (School FIRST) and open-enrollment charter schools and charter schools operated by a public institution of higher education under TEC, Chapter 12, Subchapters D and E (Charter FIRST).

(6) Fiscal year--The fiscal year of a school district or an open-enrollment charter school, which begins on July 1 or September 1 of each year, as determined by the board of trustees of the district or the governing body of the charter holder in accordance with the TEC, §44.0011.

(7) Foundation School Program (FSP)--The program established under the TEC, Chapters 41, 42, and 46, or any successor program of state-appropriated funding for school districts in this state.

(8) Open-enrollment charter school--A charter school authorized by the commissioner of education under TEC, Chapter 12, Subchapter D.

(9) Public institution of higher education (IHE)--A public college or university eligible to operate a school district; an open-enrollment charter school; or a TEC, Chapter 12, Subchapter E, charter school authorized by the commissioner.

(10) Summary of Finances (SOF) report--The document of record for FSP allocations. An SOF report is produced for each school district and open-enrollment charter school by the TEA division responsible for state funding that describes the school district's or open-enrollment charter school's funding elements and FSP state aid.

(11) Texas Student Data System Public Education Information Management System (TSDS PEIMS)--The system that school districts and open-enrollment charter schools use to load, validate, and submit their data to the TEA.

(12) Warrant hold--The process by which state payments issued to payees indebted to the state, or payees with a tax delinquency, are held by the Texas Comptroller of Public Accounts until the debt is satisfied in accordance with the Texas Government Code, §403.055.

(b) The TEA will assign a financial accountability rating to each school district, open-enrollment charter school, and charter school operated by a public IHE under TEC, Chapter 12, Subchapters D and E, as required by the TEC, §39.082.

(c) The commissioner will evaluate the rating system every three years as required by the TEC, §39.082, and may modify the system in order to improve the effectiveness of the rating system. If the rating system has been modified, the TEA will communicate changes to ratings criteria and their effective dates to school districts, open-enrollment charter schools, and charter schools operated by public IHEs.

(d) The TEA will use the following sources of data in calculating the financial accountability indicators for school districts, open-enrollment charter schools, and charter schools operated by public IHEs:

(1) AFR. For each school district, open-enrollment charter school, and charter school operated by a public IHE, the TEA will use audited financial data in the district's or charter's AFR. The AFR, submitted as an electronic submission through the TEA website, must include data required in the Financial Accountability System Resource Guide (FASRG) adopted under §109.41 of this title (relating to Financial Accountability System Resource Guide);

(2) TSDS PEIMS. The TEA will use TSDS PEIMS data submitted by the school district, open-enrollment charter school, or charter school operated by a public IHE in the calculation of the financial accountability indicators.

(3) Warrant holds. The TEA will use warrant holds as reported by the Texas Comptroller of Public Accounts in the calculation of the financial accountability indicators.

(4) FSP. The TEA will use the average daily attendance (ADA) information used for FSP funding purposes for the school district, open-enrollment charter school, or charter school operated by a public IHE in the calculation of the financial accountability indicators.

(e) The TEA will base the financial accountability rating of a school district on its overall performance on the financial measurements, ratios, and other indicators established by the commissioner, as shown in the figures provided in this subsection. Financial accountability ratings for a rating year are based on the data from the immediate prior fiscal year.

(1) The financial accountability rating indicators for rating year 2014-2015 are based on fiscal year 2014 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated August 2015 for rating year 2014-2015."

Attached Graphic

(2) The financial accountability rating indicators for rating year 2015-2016 are based on fiscal year 2015 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated August 2015 for rating year 2015-2016."

Attached Graphic

(3) The financial accountability rating indicators for rating year 2016-2017 are based on fiscal year 2016 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated December 2016 for rating year 2016-2017."

Attached Graphic

(4) The financial accountability rating indicators for rating years 2017-2018, 2018-2019, and 2019-2020 are based on financial data from fiscal years 2017, 2018, and 2019, respectively, and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated April 2020 for rating years 2017-2018 through 2019-2020." The financial accountability rating indicators for rating years 2017-2018, 2018-2019, and 2019-2020 will use the same calculations and scoring method provided in the figure in this paragraph.

Attached Graphic

(5) The financial accountability rating indicators for rating year 2020-2021 are based on fiscal year 2020 financial data and are provided in the figure in this paragraph entitled "School FIRST - Rating Worksheet Dated April 2020 for rating year 2020-2021." The financial accountability rating indicators for rating years after 2020-2021 will use the same calculations and scoring method provided in the figure in this paragraph.

Attached Graphic

(6) The specific calculations and scoring methods used in the financial accountability rating worksheets for school districts for rating years prior to 2014-2015 remain in effect for all purposes with respect to those rating years.

(f) The TEA will base the financial accountability rating of an open-enrollment charter school on its overall performance on the financial measurements, ratios, and other indicators established by the commissioner, as shown in the figures provided in this subsection. Financial accountability ratings for a rating year are based on the data from the immediate prior fiscal year.

(1) The financial accountability rating indicators for rating year 2014-2015 are based on fiscal year 2014 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated August 2015 for rating year 2014-2015."

Attached Graphic

(2) The financial accountability rating indicators for rating year 2015-2016 are based on fiscal year 2015 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated August 2015 for rating year 2015-2016."

Attached Graphic

(3) The financial accountability rating indicators for rating year 2016-2017 are based on fiscal year 2016 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated August 2015 for rating year 2016-2017."

Attached Graphic

(4) The financial accountability rating indicators for rating years 2017-2018, 2018-2019, and 2019-2020 are based on financial data from fiscal years 2017, 2018, and 2019, respectively, and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated April 2020 for rating year 2017-2018." The financial accountability rating indicators for rating years 2017-2018, 2018-2019, and 2019-2020 will use the same calculations and scoring method provided in the figure in this paragraph.

Attached Graphic

(5) The financial accountability rating indicators for rating year 2020-2021 are based on fiscal year 2020 financial data and are provided in the figure in this paragraph entitled "Charter FIRST - Rating Worksheet Dated April 2020 for rating year 2020-2021." The financial accountability rating indicators for rating years after 2020-2021 will use the same calculations and scoring method provided in the figure in this paragraph.

Attached Graphic

(6) The specific calculations and scoring methods used in the financial accountability rating worksheets for open-enrollment charter schools for rating years prior to 2014-2015 remain in effect for all purposes with respect to those rating years.

(g) The TEA will base the financial accountability rating of a charter school operated by a public IHE on its overall performance on the financial measurements, ratios, and other indicators established by the commissioner, as shown in the figures provided in this subsection. Financial accountability ratings for a rating year are based on the data from the immediate prior fiscal year.

(1) The financial accountability rating indicators for rating year 2016-2017 are based on fiscal year 2016 financial data and are provided in the figure in this paragraph entitled "IHE Charter FIRST - Rating Worksheet Dated June 2019 for rating years 2016-2017 through 2019-2020." The financial accountability rating indicators for rating years 2016-2017 through 2019-2020 will use the same calculations and scoring method provided in the figure in this paragraph.

Attached Graphic

(2) The financial accountability rating indicators for rating year 2020-2021 are based on fiscal year 2020 financial data and are provided in the figure in this paragraph entitled "IHE Charter FIRST - Rating Worksheet Dated June 2019 for rating year 2020-2021." The financial accountability rating indicators for rating years after 2020-2021 will use the same calculations and scoring method provided in the figure in this paragraph.

Attached Graphic

(h) The types of financial accountability ratings that school districts or open-enrollment charter schools may receive for the rating year 2014-2015 are as follows.

(1) P for pass. This rating applies only to the financial accountability rating for rating year 2014-2015 based on fiscal year 2014 financial data. In accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive a P rating if it scores within the applicable range established by the commissioner for a P rating.

(2) F for substandard achievement. This rating applies to the financial accountability rating for rating year 2014-2015 based on fiscal year 2014 financial data. In accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive an F rating if it scores within the applicable range established by the commissioner for an F rating.

(i) The types of financial accountability ratings that school districts or open-enrollment charter schools may receive for the rating year 2015-2016 and all subsequent rating years are as follows.

(1) A for superior achievement. Beginning with the financial accountability rating for rating year 2015-2016 and all subsequent rating years, in accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive an A rating if it scores within the applicable range established by the commissioner for an A rating.

(2) B for above standard achievement. Beginning with the financial accountability rating for rating year 2015-2016 and all subsequent rating years, in accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive a B rating if it scores within the applicable range established by the commissioner for a B rating.

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(3) C for standard achievement. Beginning with the financial accountability rating for rating year 2015-2016 and all subsequent rating years, in accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive a C rating if it scores within the applicable range established by the commissioner for a C rating.

(4) F for substandard achievement. Beginning with the financial accountability rating for rating year 2015-2016 and all subsequent rating years, in accordance with the procedures established in this section, a school district or an open-enrollment charter school will receive an F rating if it scores within the applicable range established by the commissioner for an F rating.

(5) No Rating. Beginning with the financial accountability rating for rating year 2016-2017 and all subsequent rating years, in accordance with the procedures established in this section, a school district receiving territory due to an annexation order by the commissioner under the TEC, §13.054, or consolidation under the TEC, Chapter 49, Subchapter H, will not receive a rating for two consecutive rating years beginning with the rating year that is based on financial data from the fiscal year in which the order of annexation becomes effective. After the second rating year, the receiving district will be subject to the financial accountability rating system established by the commissioner in this section.

(j) The types of financial accountability ratings that charter schools operated by public IHEs may receive for the rating year 2016-2017 and all subsequent rating years are as follows.

(1) P for pass. Beginning with the financial accountability rating for rating year 2016-2017 and all subsequent rating years, in accordance with the procedures established in this section, a charter school operated by a public IHE will receive a P rating if it scores within the applicable range established by the commissioner for a P rating.

(2) F for substandard achievement. Beginning with the financial accountability rating for rating year 2016-2017 and all subsequent rating years, in accordance with the procedures established in this section, a charter school operated by a public IHE will receive an F rating if it scores within the applicable range established by the commissioner for an F rating.

(k) The commissioner may lower a financial accountability rating based on the findings of an action conducted under the TEC, Chapter 39 or 39A, or change a financial accountability rating in cases of disaster, flood, extreme weather conditions, fuel curtailment, or another calamity.

(l) A financial accountability rating remains in effect until replaced by a subsequent financial accountability rating.

(m) The TEA will issue a preliminary financial accountability rating to a school district, an open-enrollment charter school, or a charter school operated by a public IHE on or before August 8 of each year. The TEA will base the financial accountability rating for a rating year on the data from the fiscal year preceding the rating year.

(1) The TEA will not delay the issuance of the preliminary or final rating if a school district, an open-enrollment charter school, or a charter school operated by a public IHE fails to meet the statutory deadline under the TEC, §44.008, for submitting the AFR. Instead, the school district, open-enrollment charter school, or charter school operated by a public IHE will receive an F rating for substandard achievement.

(2) If the TEA receives an appeal of a preliminary rating, described by subsection (n) of this section, the TEA will issue a final rating to the school district, open-enrollment charter school, or charter school operated by a public IHE no later than 60 days after the deadline for submitting appeals.

(3) If the TEA does not receive an appeal of a preliminary rating, described by subsection (n) of this section, the preliminary rating automatically becomes a final rating 31 days after issuance of the preliminary rating.

(n) A school district, an open-enrollment charter school, or a charter school operated by a public IHE may appeal its preliminary financial accountability rating through the following appeals process.

(1) The TEA division responsible for financial accountability must receive a written appeal no later than 30 days after the TEA's release of the preliminary rating. The appeal must include adequate evidence and additional information that supports the position of the school district, open-enrollment charter school, or charter school operated by a public IHE. Appeals received 31 days or more after TEA issues a preliminary rating will not be considered.

(2) A data error attributable to the TEA is a basis for an appeal. If a preliminary rating contains a data error attributable to the TEA, a school district or an open-enrollment charter school may submit a written appeal requesting a review of the preliminary rating.

(3) A school district, an open-enrollment charter school, or a charter school operated by a public IHE may appeal any other adverse issue it identifies in the preliminary rating.

(4) The TEA will only consider appeals that would result in a change of the preliminary rating.

(5) The TEA division responsible for financial accountability will select an external review panel to independently oversee the appeals process.

(6) The TEA division responsible for financial accountability will submit the information provided by the school district, open-enrollment charter school, or charter school operated by a public IHE to the external review panel members for review.

(7) Each external review panel member will examine the appeal and supporting documentation and will submit his or her recommendation to the TEA division responsible for financial accountability.

(8) The TEA division responsible for financial accountability will compile the recommendations and forward them to the commissioner.

(9) The commissioner will make a final ratings decision.

(o) A final rating issued by the TEA under this section may not be appealed under the TEC, §7.057, or any other law or rule.

(p) A financial accountability rating by a voluntary association is a local option of the school district, open-enrollment charter school, or charter school operated by a public IHE, but it does not substitute for a financial accountability rating by the TEA.

(q) Each school district, open-enrollment charter school, and charter school operated by a public IHE is required to report information and financial accountability ratings to parents, taxpayers, and other stakeholders by implementing the following reporting procedures.

(1) Each school district, open-enrollment charter school, and charter school operated by a public IHE must prepare and distribute an annual financial management report in accordance with this subsection.

(2) Each school district, open-enrollment charter school, and charter school operated by a public IHE must provide the public with an opportunity to comment on the report at a public hearing.

(3) The annual financial management report for a school district, an open-enrollment charter school, or a charter school operated by a public IHE must include:

(A) a description of its financial management performance based on a comparison, provided by the TEA, of its performance on the indicators established by the commissioner and reflected in this section. The report will contain information that discloses:

(i) state-established standards; and

(ii) the financial management performance of the school district, open-enrollment charter school, or charter school operated by a public IHE under each indicator for the current and previous year's financial accountability ratings;

(B) any descriptive information required by the commissioner, including:

(i) a copy of the superintendent's current employment contract or other written documentation of employment if no contract exists. This must disclose all compensation and benefits paid to the superintendent. The school district, open-enrollment charter school, or charter school operated by a public IHE may publish the superintendent's employment contract on its website instead of publishing it in the annual financial management report;

(ii) a summary schedule for the fiscal year (12-month period) of expenditures paid on behalf of the superintendent and each board member and total reimbursements received by the superintendent and each board member. This includes transactions on the credit card(s), debit card(s), stored-value card(s), and any other similar instrument(s) of the school district, open-enrollment charter school, or charter school operated by a public IHE to cover expenses incurred by the superintendent and each board member. The summary schedule must separately report reimbursements for meals, lodging, transportation, motor fuel, and other items. The summary schedule of total reimbursements should not include reimbursements for supplies and materials that were purchased for the operation of the school district, open-enrollment charter school, or charter school operated by a public IHE;

(iii) a summary schedule for the fiscal year of the dollar amount of compensation and fees received by the superintendent from an outside school district, open-enrollment charter school, charter school operated by a public IHE, or any other outside entity in exchange for professional consulting or other personal services. The schedule must separately report the amount received from each entity;

(iv) a summary schedule for the fiscal year of the total dollar amount of gifts that had a total economic value of \$250 or more received by the executive officers and board members. This reporting requirement applies only to gifts received by the executive officers and board members (and their immediate family as described by Government Code, Chapter 573, Subchapter B, Relationships by Consanguinity or by Affinity) of the school district, open-enrollment charter school (or charter holder), or charter school operated by a public IHE (or charter holder) from an outside entity that received payments from the school district, open-enrollment charter school (or charter holder), or charter school operated by a public IHE (or charter holder) in the prior fiscal year and to gifts from competing vendors that were not awarded contracts in the prior fiscal year. This reporting requirement does not apply to reimbursement by an outside entity for travel-related expenses when the purpose of the travel was to investigate matters directly related to an executive officer's or board member's duties or to investigate matters related to attendance at education-related conferences and seminars with the primary purpose of providing continuing education (this exclusion does not apply to trips for entertainment purposes or pleasure trips). This reporting requirement excludes an individual gift or a series of gifts from a single outside entity that had a total economic value of less than \$250 per executive officer or board member; and

(v) a summary schedule for the fiscal year of the dollar amount received by board members for the total amount of business transactions with the school district, open-enrollment charter school (or charter holder), or charter school operated by a public IHE (or charter holder). This reporting requirement is not to duplicate the items disclosed in the summary schedule of reimbursements received by board members; and

(C) any other information the board of trustees of the school district, open-enrollment charter school, or charter school operated by a public IHE determines to be useful.

(4) The board of trustees of each school district, open-enrollment charter school, or charter school operated by a public IHE must hold a public hearing on the annual financial management report within two months after receiving a final financial accountability rating. The public hearing must be held at a location in the facilities of the school district, open-enrollment charter school, or charter school operated by a public IHE. The board must give notice of the hearing to owners of real estate property in the geographic boundaries of the school district, open-enrollment charter school, or charter school operated by a public IHE and to parents of school district, open-enrollment charter school, or charter school operated by a public IHE students. In addition to other notice required by law, the board must provide notice of the hearing:

(A) to a newspaper of general circulation in the geographic boundaries of the school district, each campus of an open-enrollment charter school, or each campus of a charter school operated by a public IHE in one posting prior to holding the public meeting, providing the time and place of the hearing. The notice in the newspaper may not be earlier than 30 days or later than 10 days before the date of the hearing. If no newspaper is published in the county in which the district's central administration office is located or within the geographic boundaries of an open-enrollment charter school's campus or campus of a charter school operated by a public IHE, then the board must publish the notice in the county nearest to the county seat of the county in which the district's central administration office is located or in which the campus of the open-enrollment charter school or the campus of a charter school operated by a public IHE is located; and

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(B) through electronic mail to the mass communication media serving the school district, open-enrollment charter school, or charter school operated by a public IHE, including, but not limited to, radio and television.

(5) At the hearing, the school district, open-enrollment charter school, or charter school operated by a public IHE must provide the annual financial management report to the attending parents and taxpayers.

(6) The school district, open-enrollment charter school, or charter school operated by a public IHE must retain the annual financial management report for at least three years after the public hearing and make it available to parents and taxpayers upon request.

(7) Each school district, open-enrollment charter school, or charter school operated by a public IHE that received an F rating must file a corrective action plan with the TEA, prepared in accordance with instructions from the commissioner, within one month after the public hearing of the school district, open-enrollment charter school, or charter school operated by a public IHE. The commissioner may require certain information in the corrective action plan to address the factor(s) that may have contributed to the F rating for a school district, open-enrollment charter school, or charter school operated by a public IHE.

Source Note: The provisions of this §109.1001 adopted to be effective August 6, 2015, 40 TexReg 4879; amended to be effective September 11, 2016, 41 TexReg 6685; amended to be effective May 15, 2017, 42 TexReg 2534; amended to be effective August 1, 2018, 43 TexReg 4973; amended to be effective October 6, 2019, 44 TexReg 5761; amended to be effective September 1, 2020, 45 TexReg 6112

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