



2024 Annual Financial Integrity Rating  
System of Texas  
For the Year Ending August 31, 2023

Presented by:

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Chris Neely, Director of Business Services

to Board of Trustees October 15, 2024

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## Overview

Financial Integrity Rating System of Texas, (FIRST), is a financial accountability system for school districts and open-enrollment charter schools. FIRST was implemented by the Commissioner of Education as required by the Texas Education Code (TEC) section 39.082. The system— FIRST—is set out in 19 Texas Administrative Code (TAC) 109.1001. In addition to prescribing the indicators on which a district’s financial accountability rating is based, the rule imposes reporting and hearing requirements. Those are discussed below. More information is available on TEA’s FIRST website.

Under School FIRST, every Texas school district is required to prepare and distribute an annual financial management report that includes the following:

The district’s financial management performance rating provided by the Texas Education Agency (TEA) based on its comparison with indicators established by the commissioner for the state’s financial accountability rating system.

The district's financial management performance under each indicator for the current and previous years' financial accountability ratings.

Additional information required by the commissioner under 19 TAC 109.1001(q), includes the following:

- the Superintendent’s employment contract,
- outside compensation and/or fees received by the Superintendent for professional consulting and/or other personal services,
- reimbursements received by the Superintendent and Board members,
- gifts received by the executive officer(s) and Board members (and first-degree relatives, if any),
- business transactions between the school district and Board members, and
- additional information deemed useful by the district’s board of trustees.

The District's School FIRST rating is based upon budgetary and actual financial data reported for the 2022-2023 fiscal year. This information is submitted through the District's annual PEIMS, (Public Education Information Management System), submissions.

The Texas Education Agency under the School FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, as evidenced in the following chart:

RATING	POINTS
A- Superior Achievement	90-100
B- Above Standard Achievement	80-89
C- Meets Standard Achievement	70-79
F- Substandard Achievement	<70

On August 8, 2024, the Texas Education Agency released the Preliminary 2023 A-F Accountability Ratings. Absent an appeal, these ratings are considered final on September 10, 2024.

For 2022-2023 College Station Independent School District received a rating of

**A = Superior Achievement**

College Station ISD received a score of 100 out of a possible 100 points.

FIRST for the District is based on its overall performance on certain financial measurements, ratios, and other indicators established by the Commissioner of Education with the financial accountability rating worksheet. This worksheet was developed by representatives of the Texas Education Agency, (TEA), the Texas Business & Education Council, (TBEC), the Comptroller's office and the Texas Association of School Business Officials. (TASBO). The worksheet consists of 21 indicators, each weighted with numeric values except for the Critical Indicators and the Ceiling Indicators. Out of the twenty-one individual performance indicators there are four critical indicators that a district must pass to receive a passing rating. The school district receives a "Substandard Achievement" rating if it fails any of the indicators 1, 2, 3, or 4. These indicators are summarized as follows:

- Indicator 1, Annual Financial Report issued and submitted timely
- Indicator 2, Unmodified Opinion in the Annual Financial Report
- Indicator 3, Debt Payment Compliance
- Indicator 4, Timely Payments to TRS, IRS and other government agencies

Indicators 4, 5, 6, 16, 17, 20 and 21 are all ceiling indicators. If the criteria in any of these are met, the district's applicable maximum points are ratings are as follows:

- Indicator 4, Timely Payments - District was issued a warrant hold – 95 Max
- Indicator 5, Statement of Net position in the governmental activities column – 89 Max
- Indicator 6, Average Change in Fund Balance – 89 Max
- Indicator 16, PEIMS to AFR – 89 Max
- Indicator 17, Material Weaknesses – 79 Max
- Indicator 20, Property Values and Tax Discussion – 89 Max
- Indicator 21, FSP Repayment Plan – 70 Max

Included in this report is the Rating Report received from TEA used in determining the district's score, an explanation of each of the indicators, and the required disclosures.

Within two months of receiving the final financial accountability rating, the Board of Trustees must hold a public hearing on the annual financial management report. The Board must give notice of the hearing to all owners of real estate property and to the parents and guardians of students.

The board of trustees will publish, or cause to be published, an annual report describing the financial management performance of the district. The report must include the information provided by the TEA and must include the district's financial management performance under each indicator for both the current and previous years' financial accountability ratings.

A corrective action plan is to be filed with the TEA by each school district that received a rating of "Substandard Achievement".



# Two Year Comparison

**FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS (FIRST)**

**COLLEGE STATION INDEPENDENT SCHOOL DISTRICT  
FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS (FIRST)**

Based on Data from Fiscal Year Ended August 31, 2023

#	Criteria Description	School Year		2021-2022		2022-2023	
		Yes/No	Score	Yes/No	Score	Yes/No	Score
1	Was the annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the district's fiscal year end date of June 30 or August 31, respectively?	Yes		Yes		Yes	
2	Was there an unmodified opinion in the AFR on the financial statements as a whole?	Yes		Yes		Yes	
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?	Yes		Yes		Yes	
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?	Yes		Yes		Yes	Ceiling Passed
5	Was the total net position in the governmental activities column in the Statement of Net Position greater than zero?	Not Rated					Ceiling Passed
6	Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25% decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures?	Yes	Ceiling Passed	Yes	Ceiling Passed	Yes	Ceiling Passed
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)?	Yes	10	Yes	10	Yes	10
8	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?	Yes	10	Yes	10	Yes	10
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?	Yes	10	Yes	10	Yes	10
10	This indicator is not being evaluated.		10		10		10
11	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?	Yes	8	Yes	10	Yes	10
12	What is the correlation between future debt requirements and the district's assessed property value?	Yes	10	Yes	10	Yes	10
13	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	Yes	10	Yes	10	Yes	10
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.		10	Yes	10	Yes	10
15	This indicator is not being evaluated.		5		5		5
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?	Yes	Ceiling Passed	Yes	Ceiling Passed	Yes	Ceiling Passed
17	Did the external independent auditor report that the AFR was free of any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	Yes	Ceiling Passed	Yes	Ceiling Passed	Yes	Ceiling Passed
18	Did the external independent auditor indicate the AFR was free of any instances of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	Yes	10	Yes	10	Yes	10
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?	Yes	5	Yes	5	Yes	5
20	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?	Yes	Ceiling Passed	Yes	Ceiling Passed	Yes	Ceiling Passed
21	Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?						Ceiling Passed
<b>TOTAL SCORE (Total Possible = 100)</b>			<b>98</b>		<b>100</b>		<b>100</b>

<b>TEA 2021-2022 Rating: 98 Superior Achievement</b>	<b>TEA 2022-2023 Rating: 100 Superior Achievement</b>
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## The TEA Ratings Worksheet

The following pages contain the 2022-2023 School FIRST rating worksheet detailing the District's performance on each of the twenty-one indicators as published by the Texas Education Agency. The worksheet is followed by an explanation of the indicators and information as to how ratings are assessed.

### Financial Integrity Rating System of Texas

#### 2023-2024 RATINGS BASED ON SCHOOL YEAR 2022-2023 DATA - DISTRICT STATUS DETAIL

<b>Name: COLLEGE STATION ISD(021901)</b>		<b>Publication Level 1:</b> 8/8/2024 6:33:40 PM	
<b>Status: Passed</b>		<b>Publication Level 2:</b> 8/8/2024 6:33:40 PM	
<b>Rating:</b> A = Superior Achievement		<b>Last Updated:</b> 8/20/2024 1:31:15 PM	
<b>District Score:</b> 100		<b>Passing Score:</b> 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>	4/19/2024 6:25:52 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>	4/19/2024 6:25:52 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>	4/19/2024 6:25:52 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>	4/19/2024 6:25:52 PM	Yes  Ceiling Passed
			1 Multiplier Sum

5	<u>Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero? (If it is not, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement, unless the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership. If the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	4/19/2024 6:25:52 PM	Ceiling Passed
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>	4/19/2024 6:25:52 PM	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>	4/19/2024 6:25:52 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>	4/19/2024 6:25:52 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>	4/19/2024 6:25:52 PM	10
10	This indicator is not being evaluated.		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 or 1,000 or more students in membership, then the school district passes this indicator.)</u>	4/19/2024 6:25:52 PM	10
12	<u>What is the correlation between future debt requirements and the district's assessed property value?</u>	8/20/2024 1:31:14 PM	10
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>	8/20/2024 1:31:14 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>	4/19/2024 6:25:52 PM	10
15	This indicator is not being evaluated.		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</u>	4/19/2024 6:25:52 PM	Ceiling Passed

	<u>district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>		
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 and free from substantial doubt about the school district's ability to continue as a going concern? (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>	4/19/2024 6:25:52 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>	4/19/2024 6:25:52 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>	4/19/2024 6:25:52 PM	5
20	<u>Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?</u>	4/19/2024 6:25:52 PM	Ceiling Passed
21	<u>Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?</u>	4/19/2024 6:25:52 PM	Ceiling Passed
			100 Weighted Sum
			1 Multiplier Sum
			(100 Ceiling)
			100 Score

## DETERMINATION OF RATING

<b>A.</b>	Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is <b>F for Substandard Achievement</b> regardless of points earned.
<b>B.</b>	Determine the rating by the applicable number of points.
	<b>A = Superior Achievement</b> 90-100
	<b>B = Above Standard Achievement</b> 80-89
	<b>C = Meets Standard Achievement</b> 70-79
	<b>F = Substandard Achievement</b> <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, 20, or 21? 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
<b>Indicator 4</b> (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
<b>Indicator 6</b> (Average Change in Fund Balance) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
<b>Indicator 16</b> (PEIMS to AFR) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
<b>Indicator 17</b> (Material Weaknesses) - Response to indicator is <i>No</i> .	79	C = Meets Standard Achievement
<b>Indicator 20</b> (Property Values and Tax Discussion) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
<b>Indicator 21</b> (FSP Repayment Plan) - Response to indicator is <i>Yes</i> .	70	C = Meets Standard Achievement

Home Page: [Financial Compliance | Texas Education Agency](#)  
 Send comments or suggestions to [FinancialAccountability@tea.texas.gov](mailto:FinancialAccountability@tea.texas.gov)

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

## **Superintendent's Current Employment Contract**

The school district is to provide a copy of the superintendent's employment contract that is effective on the date of the School FIRST hearing in calendar year 2023. In lieu of publication in the School FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's Internet site. If published on the Internet, the contract is to remain accessible for twelve months.

[www.CSISD.ORG](http://www.CSISD.ORG) > [Departments](#) > [Business Services](#) > [Superintendent's Contract](#)

## Disclosures

### Summary Schedule of Total Reimbursements

College Station ISD Superintendent and Board Member Reimbursements for the Twelve-Month Period Ended August 31, 2023

MEMBER	MEALS	LODGING	TRANSPORT	OTHER	TOTAL
Superintendent (Until 6/30/2023) Mr. Mike Martindale	582.85	993.27	212.64	770.00	<b>\$2,558.76</b>
Superintendent (From 7/10/.2023) Dr. Tim Harkrider	220.26				<b>\$ 220.26</b>
Place 1 – Darin Paine	38.47	737.50		325.00	<b>\$1,100.97</b>
Place 2 – Blaine Decker	52.08	1,260.71	212.64	325.00	<b>\$1,850.43</b>
Place 3 – Joshua Benn	43.74	746.50	212.64	325.00	<b>\$1,327.88</b>
Place 4 – Jeffrey Horak	45.48	841.50	212.64	375.00	<b>\$1,474.62</b>
Place 5 – Kimberly McAdams		1,247.84		325.00	<b>\$1,572.84</b>
Place 6 – Thomas Hall	32.98	841.50	212.64	325.00	<b>\$1,412.12</b>
Place 7 – Geralyn Nolan		746.50	272.64	325.00	<b>\$1,344.14</b>

Note – The spirit of the rule is to capture all “reimbursements” for fiscal year 2023, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Reimbursements to be reported per category include:

- Meals – Meals consumed off the school district’s premises, and in-district meals at area restaurants (excludes catered meals for board meetings).
- Lodging - Hotel charges.
- Transportation - Airfare, car rental (can include fuel on rental), taxis, mileage reimbursements, leased cars, parking, and tolls.
- Other - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

## Compensation and/or Fees

Outside Compensation and/or Fees Received by Superintendent Martindale and/or Superintendent Harkrider for Professional Consulting and/or Other Personal Services for the Twelve-Month Period Ended August 31, 2023

Name(s) of Entity(ies)	Amount Received
Dr. Tim Harkrider from Sam Houston State University	\$1,215.00

Note – Compensation does not include business revenues from the superintendent’s livestock or agricultural-based activities on a ranch or farm. Report gross amount received (do not deduct business expenses from gross revenues). Revenues generated from a family business that have no relationship to school district business are not to be disclosed.

**Gifts Received by the Executive Officers and Board Members**

Summary Schedule of Total Dollar Amount by Superintendent and Board Members (and First-Degree Relatives, if any) in Fiscal Year 2023

<b>MEMBER</b>	<b>TOTAL</b>
Superintendent (Until 6/30/2023) Mr. Mike Martindale	<b>\$0.00</b>
Superintendent (From 7/10/2023) Dr. Tim Harkrider	<b>\$0.00</b>
Place 1 – Darin Paine	<b>\$0.00</b>
Place 2 – Blaine Decker	<b>\$0.00</b>
Place 3 – Joshua Benn	<b>\$0.00</b>
Place 4 – Jeffrey Horak	<b>\$0.00</b>
Place 5 – Kimberly McAdams	<b>\$0.00</b>
Place 6 – Thomas Hall	<b>\$0.00</b>
Place 7 – Geralyn Nolan	<b>\$0.00</b>

Note – An executive officer is defined as the superintendent unless the board of trustees or the district administration names additional staff under this classification. Gifts received by first degree relatives, if any, will be reported under the applicable school official.

## Business Transactions with Board Members

Business Transactions Between School District and Board Members for Fiscal Year 2022

<b>MEMBER</b>	<b>TOTAL</b>
Superintendent (Until 6/30/2023) Mr. Mike Martindale	<b>\$0.00</b>
Superintendent (From 7/10/2023) Dr. Tim Harkrider	<b>\$0.00</b>
Place 1 – Darin Paine	<b>\$0.00</b>
Place 2 – Blaine Decker	<b>\$0.00</b>
Place 3 – Joshua Benn	<b>\$0.00</b>
Place 4 – Jeffrey Horak	<b>\$0.00</b>
Place 5 – Kimberly McAdams	<b>\$0.00</b>
Place 6 – Thomas Hall	<b>\$0.00</b>
Place 7 – Geralyn Nolan	<b>\$0.00</b>

Note - The summary amounts reported under this disclosure are not to duplicate the items reported in the summary schedule of reimbursements received by board members.

If you have any questions about the report or need additional financial information about the District, please contact the Chief Financial Officer, College Station ISD, 1812 Welsh Avenue, College Station, Texas, 77840. A copy of this report is available through the District’s website, [www.csisd.org](http://www.csisd.org).

## Glossary of Terms

### Accounting

A standard school fiscal accounting system must be adopted and installed by the board of trustees of each school district. The accounting system must conform to generally accepted accounting principles. This accounting system must also meet at least the minimum requirements prescribed by the state board of education, subject to review and comment by the state auditor.

### Ad Valorem Property Tax

Literally the term means “according to value.” Ad valorem taxes are based on a fixed proportion of the value of the property with respect to which the tax is assessed. They require an appraisal of the taxable subject matter’s worth. General property taxes are almost invariably of this type. Ad valorem property taxes are based on ownership of the property and are payable regardless of whether the property is used or not and whether it generates income for the owner (although these factors may affect the assessed value).

### Adopted Tax Rate

This is the tax rate set by the school district to meet its legally adopted budget for a specific calendar year.

### All Funds

A school district’s accounting system is organized and operated on a fund basis where each fund is a separate fiscal entity in the school district much the same as various corporate subsidiaries are fiscally separate in private enterprise. All Funds refers to the combined total of all the funds listed below:

- The General Fund
- Special Revenue Funds (Federal Programs, Federally Funded Shared Services, State Programs, Shared State/Local Services, Local Programs)
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds for the National School Breakfast and Lunch Program (as appropriate)

### Annual Financial Report (AFR)

The audited annual report required by TEC section 44.008, that is due to TEA by no later than 150 days after the close of a school district's or an open-enrollment charter school's fiscal year.

### Assessed Valuation

This is a valuation set upon real estate or other property by a government as a basis for levying taxes.

### Assigned Fund Balance

The assigned fund balance represents tentative plans for the future use of financial resources. Assignments require executive management (per board policy to assign this responsibility to executive management prior to end of fiscal year) action to earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time. The assignment and dollar amount for the assignment may be determined after the end of the fiscal year when final fund balance is known.

### Auditing

Accounting documents and records must be audited annually by an independent auditor. The Texas Education Agency (TEA) is charged with review of the independent audit of the local education agencies.

**Beginning Fund Balance**

The General Fund balance on the first day of a new school year. This is, typically, equivalent to the fund balance at the end of the previous school year.

**Budget**

The projected financial data for the current school year. Budget data are collected for the general fund, food service fund, and debt service fund.

**Budgeting**

Not later than August 20 of each year, the superintendent (or designee) must prepare a budget for the school district if the fiscal year begins on September 1. (For those districts with fiscal years beginning July 1, this date would be June 20.) The legal requirements for funds to be budgeted are included in the Budgeting module of the TEA Resource Guide. The budget must be adopted before expenditures can be made, and this adoption must be prior to the setting of the tax rate for the budget year. The budget must be itemized in detail according to classification and purpose of expenditure, and must be prepared according to the rules and regulations established by the state board of education. The adopted budget, as necessarily amended, shall be filed with TEA through the Public Education Information Management System (PEIMS) as of the date prescribed by TEA.

**Capital Outlay**

This term is used as both a Function and an Object. Expenditures for land, buildings, and equipment are covered under Object 6600. The amount spent on acquisitions, construction, or major renovation of school district facilities are reported under Function 81.

**Capital Project Funds**

Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds.)

**Cash**

The term, as used in connection with cash flows reporting, includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

**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.

**Chapter 41**

A key “equity” chapter in the Texas Education Code (TEC) is Chapter 41. This chapter is devoted to wealth equalization through the mechanism of recapture, the recovery of financial resources from districts defined by the state as high property wealth. Resources are recovered for the purpose of sharing them with low-wealth districts. Districts that are subject to the provisions of Chapter 41 must make a choice among several options in order to reduce their property wealth and share financial resources.



**Committed Fund Balance**

The committed fund balance represents constraints made by the board of trustees for planned future use of financial resources through a resolution by the board, for various specified purposes including commitments of fund balance earned through campus activity fund activities. Commitments are to be made as to purpose prior to the end of the fiscal year. The dollar amount for the commitment may be determined after the end of the fiscal year when final fund balance is known.

**Comptroller Certified Property Value**

The district's total taxable property value as certified by the Comptroller's Property Tax Division (Comptroller Valuation).

**Days of Cash on Hand**

The number of days the school district can disburse funds for its operating expenditures without receiving any new revenues.

**Debt**

An amount of money owed to a person, bank, company, or other organization.

**Debt Service Fund**

Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Debt Services**

Two function areas (70 and 71) and one Object (6500) are identified using this terminology "debt services." Function 70 is a major functional area that is used for expenditures that are used for the payment of debt principal and interest including Function 71. Expenditures that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest fall under Function 71. Object code series 6500 covers all expenditures for debt service.

Deferred Revenue: Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

**Effective Tax Rate**

Provides the unit with approximately the same amount of revenue it had the year before on properties taxes in both years. A comparison of the effective tax rate to the taxing unit's proposed tax rate shows if there will be a tax increase.

**Electronic submission**

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

**Ending Fund Balance**

The ending fund balance is the amount of unencumbered surplus fund balance reported by the district at the end of the specified school year. For most school districts this will be equivalent to the fund balance at the beginning of the next school year.

**Excess (Deficiency)**

Represents receivables due (excess) or owed (deficiency) at the end of the school year. This amount is recorded as Asset Object 1200.

**Existing Debt Allotment (EDA)**

Is the amount of state funds to be allocated to the district for assistance with existing debt.

**Expenditures**

The cost of goods delivered, or services rendered, whether paid or unpaid including expenses, provisions for debt retirement not reported as a liability of the fund from which retired and capital outlays.

**Federal Revenues**

Revenues paid either directly to the district or indirectly through a local or state government entity for Federally-subsidized programs including the School Breakfast Program, National School Lunch Program, and School Health and Related Services Program. This amount is recorded as Revenue Object 5900.

**Financial Integrity Rating System of Texas (FIRST)**

The financial accountability rating system administered by the TEA in accordance with the TEC sections 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).

**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.

**Foundation School Program (FSP)**

The program established under the TEC, Chapters 46, 48, and 49 or any successor program of state-appropriated funding for school districts in this state.

**FTE**

Full-Time Equivalent measures the extent to which one individual or student occupies a fulltime position or provides instruction, e.g., a person who works four hours a day or a student that attends a half of a day represents a .5 FTE.

**Function**

Function codes identify the expenditures of an operational area or a group of related activities. For example, in order to provide the appropriate atmosphere for learning, school districts transport students to school, teach students, feed students and provide health services. Each of these activities is a function. The major functional areas are:

- Instruction and Instructional-Related Services
- Instructional and School Leadership
- Support Services - Student
- Administrative Support Services
- Support Services; Non-Student Based
- Ancillary Services

- Debt Service
- Capital Outlay
- Intergovernmental Charges

**Fund Balance**

The difference between assets and liabilities reported in a governmental fund.

**General Administration**

The amount spent on managing or governing the school district as an overall entity. Expenditures associated with this functional area are reported under Function 41.

**General Fund**

This fund finances the fundamental operations of the district in partnership with the community. All revenues and expenditures not accounted for by other funds are included. This is a budgeted fund and any fund balances are considered resources available for current operations.

**I&S Tax Rate**

The tax rate calculated to provide the revenues needed to cover Interest and Sinking (I&S) (also referred to as Debt Service). I&S includes the interest and principal on bonds and other debt secured by property tax revenues.

**Incremental Costs**

The amount spent by a school district with excess wealth per WADA on the purchase of attendance credits either from the state or from other school district(s). Expenditures associated with this functional area are reported under Function 92.

**Instruction**

The amount spent on direct classroom instruction and other activities that deliver, enhance, or direct the delivery of learning situations to students regardless of location or medium. Expenditures associated with this functional area are reported under Function 11.

**Instructional Facilities Allotment (IFA):**

(State Aid) Provides assistance to school districts in making debt service payments on qualifying bonds and lease-purchase agreements. Proceeds must be used for the construction or renovation of an instructional facility.

**Intergovernmental Charges**

“Intergovernmental” is a classification used when one governmental unit transfers resources to another. In particular, when a Revenue Sharing District purchases WADA or where one school district pays another school district to educate transfer students. Expenditures associated with this functional area are reported under Function 90.

**Investments in Capital Assets, Net of Related Debt**

One of three components of net assets that must be reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

**Local & Intermediate Revenues**

All revenues from local taxes and other local and intermediate revenues. For specifics, see the definitions for Local Tax and Other Local & Intermediate Revenues. This amount is recorded under Object 5700.

**Local Tax**

This is all revenues from local real and personal property taxes, including recaptured funds from 1) Contracted Instructional Services Between Public Schools (Function 91) and 2) Incremental Costs associated with Chapter 41 of the Texas Education Code (Function 92).

**M&O Tax Rate**

The tax rate calculated to provide the revenues needed to cover Maintenance & Operations (M&O). M&O includes such things as salaries, utilities, and day-to-day operations.

**Nonspendable Fund Balance**

The portion of fund balance that is in non-liquid form, including inventories, prepaid items, deferred expenditures, long-term receivables, and encumbrances (if significant). Non-spendable fund balance may also be in the form of an endowment fund balance that is required to remain intact.

**Object**

An object is the highest level of accounting classification used to identify either the transaction posted or the source to which the associated monies are related. Each object is assigned a code that identifies in which of the following eight major object groupings it belongs:

- 1000 Assets
- 2000 Liabilities
- 3000 Fund Balances
- 5000 Revenue
- 6000 Expenditures/Expenses
- 7000 Other Resources/Non-Operating Revenue/Residual Equity Transfers In
- 8000 Other Uses/Non-Operating Revenue/Residual Equity Transfers Out

**Operating Expenditures**

A wide variety of expenditures necessary to a district's operations fall into this category with the largest portion going to payroll and related employee benefits and the purchase of goods and services.

**Operating Expenditures / Student**

Total Operating Expenditures divided by the total number of enrolled students.

**Operating Revenues and Expenses**

Term used in connection with the proprietary fund statement of revenues, expenses, and changes in net assets. The term is not defined as such in the authoritative accounting and financial reporting standards, although financial statement preparers are advised to consider the definition of operating activities for cash flows reporting in establishing their own definition.

**Other Local & Intermediate Revenues**

All local and intermediate revenues NOT from local real and personal property taxes including:

- Revenues Realized as a Result of Services Rendered to Other School Districts

- Tuition and Fees
- Rental payments, interest, investment income
- Sale of food and revenues from athletic and extra/co-curricular activities
- Revenues from counties, municipalities, utility districts, etc.

### **Other Operating Costs**

Expenditures necessary for the operation of the school district that are NOT covered by Payroll Costs, Professional and Contracted Services, Supplies and Materials, Debt Services, and Capital Outlay fall into this category and include travel, Insurance and bonding costs, election costs, and depreciation. This amount is recorded as Expenditure/Expense Object 6400.

Other Resources: This amount is credited to total actual other resources or non-operating revenues received or residual equity transfers in. This amount is recorded under Object 7020.

### **Payments for Shared Services Arrangements**

Payments made either from a member district to a fiscal agent or payments from a fiscal agent to a member district as part of a Shared Services Arrangement (SSA). The most common types of SSAs relate to special education services, adult education services, and activities funded by the Elementary and Secondary Education Act (ESEA). Expenditures associated with this functional area are reported under Function 93.

### **Payroll**

Payroll costs include the gross salaries or wages and benefit costs for services or tasks performed by employees at the general direction of the school district. This amount is recorded as Expenditure/Expense Object 6100. *(NOTE: Payroll amounts do not include salaries for contract workers. Therefore, this figure will vary significantly between districts and campuses that use contract workers and those that do not.)*

### **PEIMS**

A state-wide data management system for public education information in the State of Texas. One of the basic goals of PEIMS, as adopted by the State Board of Education in 1986, is to improve education practices of local school districts. PEIMS is a major improvement over previous information sources gathered from aggregated data available on paper reports. School districts submit their data via standardized computer files. These are defined in a yearly publication, the PEIMS Data Standards.

### **Plant Maintenance & Operations**

The amount spent on the maintenance and operation of the physical plant and grounds and for warehousing and receiving services. Expenditures associated with this functional area are reported under Function 51.

### **Property / Refined ADA**

The district's Comptroller Certified Property Value divided by its total Refined ADA (Average Daily Attendance).

### **Property / WADA**

The district's Comptroller Certified Property Value divided by its total WADA (Weighted Average Daily Attendance).

### **Qualified Opinion**

Term used in connection with financial auditing. A modification of the independent auditor's report on the fair presentation of the financial statements indicating that there exists one or more specific exceptions to the auditor's general assertion that the financial statements are fairly presented.

### **Refined ADA**

Refined Average Daily Attendance (also called RADA) is based on the number of days of instruction in the school year. The aggregate eligible days attendance is divided by the number of days of instruction to compute the refined average daily attendance.

### **Restricted Fund Balance**

This is that portion of fund balance that has externally enforceable constraints made by outside parties.

### **Revenues**

Any increase in a school district's financial resources from property taxes, foundation fund entitlements, user charges, grants, and other sources. Revenues fall into the three broad sources of revenues: Local & Intermediate; State; and Federal.

### **Robin Hood Funds**

See Wealth Equalization Transfer.

### **Rollback Tax Rate**

Provides governments other than school districts with approximately the same amount of tax revenue it spent the previous year for day-to-day operations plus an extra 8 percent cushion, and sufficient funds to pay its debts in the coming year. For school districts, the M&O portion of the rollback tax rate allows school districts to add four cents (\$0.04) to the lesser of the prior tax year compressed operating tax rate or the effective M&O rate to generate operating funds. School districts will get to add to the compressed operating rate any additional cents approved by voters at a 2006 or subsequent rollback election, not 8 percent. The rollback rate is the highest rate that the taxing unit may adopt before voters can petition for an election to roll back the adopted rate to the rollback rate. For school districts, no petition is required; it's an automatic election if the adopted rate exceeds the rollback rate.

### **School Year**

The twelve months beginning September 1 of one year and ending August 31 of the following year or beginning July 1 and ending June 30. Districts now have two options.

### **Special Revenue Fund**

A governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

### **State Revenues**

Revenues realized from the Texas Education Agency, other state agencies, shared services arrangements, or allocated on the basis of state laws relating to the Foundation School Program Act. This amount is recorded as Revenue Object 5800.

### **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.

**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.

**Unassigned Fund Balance**

Available expendable financial resources in a governmental fund that are not the object of tentative management plans (i.e., committed or assigned). One primary criterion of rating agencies for school bonds is the relative amount of unassigned fund balance. Bond rating agencies view unassigned fund balances as a reflection of the financial strength of school districts and show concern when district fund balances decrease.

**Unqualified Opinion**

An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

**Unrestricted Net Asset Balance**

The term net asset refers to the amount of total assets less total liabilities. Unrestricted net asset balance refers to the portion of total net assets that is neither invested in capital assets nor restricted.

**WADA**

A Weighted Average Daily Attendance (WADA) is used to measure the extent students are participating in special programs. The concept of WADA in effect converts all of a school district's students with their different weights to a calculated number of regular students required to raise the same amount of revenue. The greater the number of students eligible for special entitlements, the greater a school district's WADA will be.

**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 section 403.055

**Wealth Equalization Transfer**

The amount budgeted by districts for the cost of reducing their property wealth to the required equalized wealth level (Function 91). Sometimes referred to as Robin Hood Funds.

DISCLAIMER ON GLOSSARY:

All of the information provided is believed to be accurate and reliable; however, TASBO and TSPRA assume no responsibility for any errors, appearing in this information or otherwise. Further, TASBO and TSPRA assume no responsibility for the use of the information provided.