

Belton Independent School District
Belton, Texas



Annual Financial Management Report
2013 Schools FIRST Rating
(Audit data reported for the fiscal year ending August 31, 2012)

Financial Integrity Rating System of Texas (FIRST) Report

#	Indicator Description	2013	2012
1	Was the total fund balance less nonspendable and restricted fund balance greater than zero in the general fund?	Yes	Yes
2	Was the total unrestricted net asset balance (net of accretion of interest on capital appreciation bonds) in the governmental activities column in the statement of net assets greater than zero (if the district's 5 year % change in students was 10% more)?	Yes	Yes
3	Were there no disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?	Yes	Yes
4	Was the annual financial report filed within one month after November 27 th or January 28 th deadline depending upon the district's fiscal year end date (June 30 th or August 31 st)?	Yes	Yes
5	Was there an unqualified opinion in the Annual Financial Report?	Yes	Yes
6	Did the annual financial report not disclose any instance(s) of material weaknesses in internal controls?	Yes	Yes
7	Was the 3-year average percent of total tax collections (including delinquent) greater than 98%?	5	5
8	Did the comparison of PEIMS data to like information in annual financial report result in an aggregate variance of less than 3 percent of expenditures per fund type (data quality measure)?	5	5
9	Were debt related expenditures (net of IFA and/or EDA allotment) < \$350 per student? (if the district's five-year percent change in students = or > 7%, or if property taxes collected per penny of tax effort > \$200,000 per student)	5	5
10	Was there no disclosure in the annual audit report of material noncompliance?	5	5
11	Did the district have full accreditation status in relation to financial management practices (e.g. no conservator or monitor assigned)?	5	5
12	Was the aggregate of budgeted expenditures and other uses less than the aggregate of total revenues, other resources and fund balance in general fund?	5	5
13	If the district's aggregate fund balance in the general fund and capital projects funds was less than zero, were construction projects adequately financed (to avoid creating or adding to the fund balance deficit situation)?	5	5
14	Was the ratio of cash and investments to deferred revenues (excluding amount equal to net delinquent taxes receivable) in the general fund greater than or equal to 1:1? (if deferred revenues are less than net delinquent taxes receivable)	5	5
15	Was the administrative cost ratio less than the threshold ratio?	5	5
16	Was the ratio of students to teachers within the ranges shown below according to district size?	5	5
17	Was the ratio of students to total staff within the ranges shown below according to district size?	5	5
18	Was the decrease in undesignated unreserved fund balance < 20% over two fiscal years? (if total revenues > operating expenditures in the general fund, then district receives 5 points)?	5	5
19	Was the aggregate total of cash and investments in the general fund more than \$0?	5	5
20	Were investment earnings in all funds (excluding debt service fund and capital projects funds) meet or exceed the 3-month treasury bill rate?	5	5
	TOTAL – Superior Achievement	70 of 70	70 of 70

Superior Achievement 64 – 70
 Above Standard Achievement 58 – 63
 Standard Achievement 52 – 57
 Substandard Achievement less than 52 or NO to indicators 1, 2, 3 or 4 or NO to both indicators 5 and 6

Belton Independent School District
2013 Schools FIRST
Indicators 1-20

1. Was The Total Fund Balance Less Nonspendable and Restricted Fund Balance Greater Than Zero In The General Fund?

School districts must legally have a fund balance to ensure adequate funding for operations. The District had a positive amount of fund balance cash (savings). The unreserved fund balance was **\$13,640,459**.

2. Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) In the Governmental Activities Column in the Statement of Net Assets Greater than Zero? (Or if the District's 5 Year % Change in Students was 10% or more then passed)

This indicator simply asks, "Did the district's total assets exceed the total amount of liabilities (according to the very first financial statement in the annual audit report)?" This indicator recognizes that high-growth districts incur large amounts of debt to fund construction, and that total debt may exceed the total amount of assets under certain circumstances. The district's net asset balance was **\$14,843,206**.

3. Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?

This indicator seeks to make certain that the District has paid its obligations on bonds issued to pay for school construction, etc. There were no such disclosures.

4. Was The Annual Financial Report Filed Within One Month After November 27th or January 28th Deadline Depending Upon The District's Fiscal Year End Date (June 30th or August 31st)?

The paper and electronic copy of the annual audit were submitted within the deadline.

5. Was There An Unqualified Opinion in Annual Financial Report?

The district received an unqualified opinion. This represents a clean audit. A "qualification" on the financial audit means that something needs to be corrected in the District's reporting or financial controls.

6. Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?

No material weaknesses in internal controls were disclosed. An internal weakness in internal controls would create a risk of the District not being able to properly account for its use of public funds.

7. Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?

This indicator measures your district's success in collecting the taxes, including delinquent taxes, owed to you by your community's businesses and homeowners, placing a 98 percent minimum collections standard. A district earns up to five points under this indicator based upon its relative performance. The district's three year average total tax collections (including delinquent) was **99.32%**.

8. Did The Comparisons Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 3 Percent Of Expenditures Per Fund Type (Data Quality Measure)?

The variance of the District's data reported through the PEIMS system to the actual audit was less than three percent. This indicator measures the quality a data reported to PEIMS.

9. Were Debt Related Expenditures (Net Of Instructional Facilities Allotment And/Or Existing Debt Allotment) < \$350.00 Per Student? (If The District's Five-Year Percent Change In Students = Or > 7%, Or If Property Taxes Collected Per Penny Of Tax Effort > \$200,000, Then the district receives five points.

The District's calculated five-year percent change in students of **14.68%** passed the indicator. The Districts debt related expenditures (Net Of IFA And/Or EDA Allotment) per pupil were **\$523.68**. A district earns up to five points under this indicator based upon its relative performance.

10. Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?

There were no disclosures of material noncompliance. The District did not fail to comply with the laws, rules and regulations for a government entity. A district earns five points under this indicator.

11. Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)

No Conservator or Monitor was assigned to the District by the Texas Education Agency due to financial issues. A district earns five points under this indicator.

12. Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In the General Fund?

The district's expenditures and other uses for the fiscal year were less than the total funds available. A district earns five points under this indicator. This indicator is also considered passed since the District adopted a balanced budget.

13. If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating Or Adding To The Fund Balance Deficit Situation)

Major construction projects were financed with general obligation bonds, the proceeds of which are accounted for and reported in the Capital Projects fund. A district earns five points under this indicator.

14. Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent Taxes Receivables) In The General Fund = Or > 1:1? (If Deferred Revenues are Less Than Net Delinquent Taxes Receivable)

The ratio of cash and investments to deferred revenues was **97:1** indicating that the district has sufficient fund balances and does not rely on funds that represent resources of future periods. The ratio was high since the amount of deferred revenue used for the calculation is \$131,447 compared to the cash in the General Fund of \$12,689,298. A district earns five points under this indicator.

15. Was The Administrative Cost Ratio Less Than The Threshold Ratio.

The Texas Education Agency sets a cap of 12.5% on the percentage of budget Texas school districts can spend on administrative costs for a district our size. The District's administrative cost ratio was **9.33%**. A district earns five points under this indicator.

16. Was The Ratio Of Students To Teachers Within the Ranges According To District Size?

The District's student to teacher ratio was **14.99**, within the range of 13 to 22. A district earns five points under this indicator based upon its relative performance.

17. Was The Ratio Of Students To Total Staff Within the Ranges According To District Size?

The District's student to total staff ratio was **6.96**, inside of the range of 6.8 to 14 for five out of five available points.

18. Was The Decrease In Undesignated Unreserved Fund Balance Less Than 20% Over Two Fiscal Years?(If Total Revenues Is Greater Than Operating Expenditures In The General Fund, Then The District Receives 5 Points)

The District earned five points under this indicator based upon its relative performance.

19. Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?

The District's General Fund audited cash investments balance at 2012 fiscal year-end was **\$12,689,298**.

20. Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) Meet or Exceed the 3-Month Treasury Bill Rate?

Investment earnings were **\$45,351**, or 0.213 compared to the treasury bill rate used of 0.059.



Financial Integrity Rating System of Texas

2011-2012 DISTRICT STATUS DETAIL

Name: BELTON ISD(014903)		Publication Level 1: 6/21/2013 3:05:18 PM	
Status: Passed		Publication Level 2: 9/12/2013 6:29:59 PM	
Rating: Superior Achievement		Last Updated: 9/12/2013 6:29:59 PM	
District Score: 70		Passing Score: 52	
#	Indicator Description	Updated	Score
1	<u>Was The Total Fund Balance Less Nonspendable and Restricted Fund Balance Greater Than Zero In The General Fund?</u>	4/26/2013 4:24:16 PM	Yes
2	<u>Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest on Capital Appreciation Bonds) In the Governmental Activities Column in the Statement of Net Assets Greater than Zero? (If the District's 5 Year % Change in Students was 10% more)</u>	4/26/2013 4:24:16 PM	Yes
3	<u>Were There No Disclosures In The Annual Financial Report And/OR Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?</u>	4/26/2013 4:24:16 PM	Yes
4	<u>Was The Annual Financial Report Filed Within One Month After November 27th or January 28th Deadline Depending Upon The District's Fiscal Year End Date (June 30th or August 31st)?</u>	4/26/2013 4:24:17 PM	Yes
5	<u>Was There An Unqualified Opinion in Annual Financial Report?</u>	4/26/2013 4:24:17 PM	Yes
6	<u>Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?</u>	4/26/2013 4:24:17 PM	Yes
			1 Multiplier Sum
7	<u>Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?</u>	4/26/2013 4:24:17 PM	5
8	<u>Did The Comparison Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 3 Percent Of Expenditures Per Fund Type (Data Quality Measure)?</u>	4/26/2013 4:24:18 PM	5
9	<u>Were Debt Related Expenditures (Net Of IFA And/OR EDA Allotment) < \$350.00 Per Student? (If The District's Five-Year Percent Change In</u>	4/26/2013 4:24:18 PM	5

	<u>Students = Or > 7%, Or If Property Taxes Collected Per Penny Of Tax Effort > \$200,000 Per Student)</u>		
10	<u>Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?</u>	4/26/2013 4:24:19 PM	5
11	<u>Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)</u>	4/26/2013 4:24:19 PM	5
12	<u>Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?</u>	4/26/2013 4:24:19 PM	5
13	<u>If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating Or Adding To The Fund Balance Deficit Situation)</u>	4/26/2013 4:24:20 PM	5
14	<u>Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent Taxes Receivable) In The General Fund Greater Than Or Equal To 1:1? (If Deferred Revenues Are Less Than Net Delinquent Taxes Receivable)</u>	4/26/2013 4:24:20 PM	5
15	<u>Was The Administrative Cost Ratio Less Than The Threshold Ratio?</u>	4/26/2013 4:24:20 PM	5
16	<u>Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?</u>	4/26/2013 4:24:21 PM	5
17	<u>Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?</u>	4/26/2013 4:24:21 PM	5
18	<u>Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years?(If Total Revenues > Operating Expenditures In The General Fund,Then District Receives 5 Points)</u>	4/26/2013 4:24:21 PM	5
19	<u>Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?</u>	4/26/2013 4:24:22 PM	5
20	<u>Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) Meet or Exceed the 3-Month Treasury Bill Rate?</u>	4/26/2013 4:24:22 PM	5
			70 Weighted Sum
			1 Multiplier Sum
			70 Score

DETERMINATION OF RATING

A. Did The District Answer 'No' To Indicators 1, 2, 3 Or 4? **OR** Did The District Answer 'No' To Both 5 and 6? If So, The District's Rating Is **Substandard Achievement**.

B. Determine Rating By Applicable Range For summation of the indicator scores (Indicators 7-20)

Superior Achievement	64-70
Above Standard Achievement	58-63
Standard Achievement	52-57
Substandard Achievement	<52

INDICATOR 16 & 17 RATIOS

Indicator 16	Ranges for Ratios		Indicator 17	Ranges for Ratios	
	Low	High		Low	High
District Size - Number of Students Between			District Size - Number of Students Between		
< 500	7	22	< 500	5	14
500-999	10	22	500-999	5.8	14
1000-4999	11.5	22	1000-4999	6.3	14
5000-9999	13	22	5000-9999	6.8	14
=> 10000	13.5	22	=> 10000	7.0	14



Financial Integrity Rating System of Texas

**OVERALL STATISTICS
2011-2012 STATUS COUNTS**

Status	Count	% Total	Enrollment	% Total Enrollment
Passed	1,015	98.64 %	4,806,432	99.64 %
Failed	14	1.36 %	17,410	0.36 %
Total	1,029	100.00 %	4,823,842	100.00 %

2011-2012 RATING COUNTS

Ratings	Count	% Total	Enrollment	% Total Enrollment
Superior Achievement	909	88.34 %	4,627,929	95.94 %
Above Standard Achievement	87	8.45 %	163,708	3.39 %
Standard Achievement	19	1.85 %	14,795	0.31 %
Substandard Achievement	14	1.36 %	17,410	0.36 %
Total	1,029	100.00 %	4,823,842	100.00 %

2011-2012 ANSWERS BY INDICATOR

Indicator	Yes	No	5	4	3	2	1	0	Total
1	1025	4	x	x	x	x	x	x	1029
2	1026	3	x	x	x	x	x	x	1029

3	1029	x	x	x	x	x	x	x	1029
4	1024	5	x	x	x	x	x	x	1029
5	1028	1	x	x	x	x	x	x	1029
6	998	31	x	x	x	x	x	x	1029
7	x	x	889	122	14	2	1	1	1029
8	x	x	1017	x	x	x	x	12	1029
9	x	x	620	136	90	66	40	77	1029
10	x	x	995	x	x	x	x	34	1029
11	x	x	1025	x	x	x	x	4	1029
12	x	x	1021	x	x	x	x	8	1029
13	x	x	1029	x	x	x	x	x	1029
14	x	x	1027	x	x	x	x	2	1029
15	x	x	954	x	x	x	x	75	1029
16	x	x	985	22	4	6	4	8	1029
17	x	x	819	82	53	23	20	32	1029
18	x	x	1007	x	1	x	x	21	1029
19	x	x	1025	x	x	x	x	4	1029
20	x	x	1008	x	x	x	x	21	1029

Last Updated: Thursday, September 12, 2013 6:27:59 PM

Annual Disclosures - 2012-2013 School Year

Reimbursements for District Officers

<u>Officer</u>	<u>Title</u>	<u>Lodging</u>	<u>Meals</u>	<u>Transportation</u>	<u>Fuel</u>	<u>Registration</u>	<u>Other</u>
Dr. Susan Kincannon	Superintendent	\$ 2,653.06	\$ 400.05	\$ 1,071.22	\$ -	\$ 1,205.00	\$ 623.20
Randy Pittenger	Board Member	\$ 1,199.00	\$ 52.00	\$ 611.96	\$ -	\$ 325.00	\$ 24.50
Penny Digby	Board Member	\$ 1,171.35	\$ 67.00	\$ 198.09	\$ -	\$ 395.00	\$ -
Connie Demerson	Board Member	\$ 784.23	\$ 48.00	\$ 60.35	\$ -	\$ -	\$ -
Mike Cowan	Board Member	\$ 1,171.35	\$ 89.00	\$ 350.86	\$ -	\$ 395.00	\$ 28.15
Rosie Montgomery	Board Member	\$ 659.38	\$ 25.00	\$ 191.65	\$ -	\$ 325.00	\$ -
Jason Carothers	Board Member	\$ 676.68	\$ 25.00	\$ 127.48	\$ -	\$ 325.00	\$ -
Amanda Winkler	Board Member	\$ 1,206.00	\$ 77.00	\$ 196.22	\$ -	\$ 325.00	\$ -
Sue M. Jordan	Board Member	\$ 626.68	\$ 10.00	\$ 168.88	\$ -	\$ 395.00	\$ 30.00

Compensation From Other Schools or Entities - Superintendent

None

Gifts to Officers of \$250 or More in Aggregate

None

Board Member Business Transactions with the District

None

2012-2013 Financial Solvency - School District Survey

1. GENERAL FUND - First-Quarter Expenditures by Object Code

Report first-quarter (first three months of fiscal year) GENERAL FUND expenditures by object code using whole numbers.

This online survey does not have an option to print your submission. However, your district should create a copy of its responses for its records by printing the [survey preview](#) and recording its responses manually. Your district will need a record of its survey responses for Financial Integrity Rating System of Texas (FIRST) reporting purposes.

*** 1. Select your school district from the drop-down list.**

Belton ISD

*** 2. Payroll - Payroll expenditures are expenditures for payroll costs (object codes 6110-6149).**

\$13 798 393

*** 3. Contract Costs - Contract costs are expenditures for services rendered by firms, individuals, and other organizations (object code series 6200).**

\$1 168 533

*** 4. Supplies and Materials - Supplies and materials expenditures are expenditures for supplies and materials necessary to maintain and/or operate furniture, computers, equipment, vehicles, grounds, and facilities (object code series 6300).**

\$1 188 654

*** 5. Other Operating - Other operating expenditures are expenditures for items other than payroll, professional and contracted services, supplies and materials, debt service, and capital outlay (object code series 6400).**

\$520 248

*** 6. Debt Service - Debt service expenditures are expenditures for debt service (object code series 6500).**

\$522 230

*** 7. Capital Outlay - Capital outlay expenditures are expenditures for land, buildings, and equipment (object code series 6600).**

\$0

2. Additional Financial Solvency Questions

2012–2013 Financial Solvency - School District Survey

*** 1. Districts with a September 1–August 31 fiscal year:**

Within the last two years, did the school district 1) draw funds from a short-term financing note (term less than 12 months) between the months of September and December, inclusive, and 2) for the prior fiscal year, have a total General Fund balance of less than 2 percent of total expenditures for General Fund function codes 11–61?

Districts with a July 1–June 30 fiscal year:

Within the last two years, did the school district 1) draw funds from a short-term financing note (term less than 12 months) between the months of July and October, inclusive, and 2) for the prior fiscal year, have a total General Fund balance of less than 2 percent of total expenditures for General Fund function codes 11–61?

Yes

No

If the answer is yes, what is the current balance?

*** 2. Does the district have major construction projects underway or planned?**

Yes

No

If answer is yes, how does your district plan to pay for the construction project(s)?

*** 3. Has the district defaulted on any debts within the past two years?**

Yes

No

Provide comments or a description if applicable.

*** 4. How many business managers has your school district had in the last five years?**

2012–2013 Financial Solvency - School District Survey

***5. Provide comments or explanations for student-to-teacher ratios significantly (more than 15 percent) below the norm, rapid depletion of General Fund balances, or any significant discrepancies between actual budget figures and projected revenues and expenditures, or any other information that may be helpful in evaluating the school district's financial solvency.**

Please enter "n/a" if this item does not apply to your district.

Table: Enrollment-to-Teacher Ratio Information by District Size

The first value is the average enrolled-student-to-teacher ratio.

The second value is 85 percent of the average enrolled-student-to-teacher ratio.

The third value is the school district size based on number of enrolled students.

***Excludes Shared Service Arrangement (SSA) positions and volunteers**

08.04 | 06.84 | Under 100

09.79 | 08.32 | 100 to 249

11.25 | 09.56 | 250 to 499

12.10 | 10.28 | 500 to 999

13.25 | 11.27 | 1,000 to 1,599

14.33 | 12.18 | 1,600 to 2,999

14.98 | 12.74 | 3,000 to 4,999

15.59 | 13.25 | 5,000 to 9,999

15.84 | 13.47 | 10,000 to 24,999

15.84 | 13.47 | 25,000 to 49,999

16.04 | 13.64 | 50,000 and Over

NA

The survey is complete. Thank you.



GLOSSARY

Academic Excellence Indicator

System (AEIS): The Texas Education Agency pulls together a wide range of information on the performance of students in each school and district in Texas every year. This information is put into the annual AEIS reports, which are available each year in November. The performance indicators include:

- TAKS passing rate by grade, by subject, student subpopulation, and by all grades tested;
- SDAA performance
- Attendance rate for the full year;
- Dropout rate (by year);
- Completion and dropout rates (4-year longitudinal);
- Percent of high school students completing an advanced course;
- Percent of graduates completing the Recommended High School Program;
- AP and IB examination results;
- TAAS / TASP equivalency rate; and
- SAT and ACT examination -- participation and results.

Accountability Rating: The rating assigned by the Academic Rating System to a school district or campus. The four indicators used to determine the accountability rating for a campus or district are their performance on (1) TAKS, (2) SDAA, (3) Completion rate and (4) Annual dropout rate. Based on these indicators every campus and district is assigned one of the following: District and Campus Ratings: Exemplary, Recognized, Academically Acceptable, Academically Unacceptable, Not Rated: Alternative Education, Not Rated: Other, and Not Rated: Data Integrity Issues. Although registered alternative education campuses and charters will not be rated in 2004 based on academic performance, the commissioner of education has the authority to assign an *Academically Unacceptable* rating to address problems identified through Accountability System Safeguards, Performance-Based Monitoring, or other monitoring and compliance investigations.

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: 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

Assessed Valuation: A valuation set upon real estate or other property by a government as a basis for levying taxes.

Auditing: Accounting documents and records must be audited annually by an independent auditor. 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.



GLOSSARY

For most school districts this is 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 80.

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.

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.

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

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 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.

Designated Fund Balance: The designated fund balance represents tentative plans for the future use of financial resources. Designations require Board action to earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time.

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



GLOSSARY

the taxing unit's proposed tax rate shows if there will be a tax increase.

Ending Fund Balance: 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 reported as in the Annual Financial and Compliance Report.

Existing Debt Allotment (EDA): Is the amount of state funds to be allocated to the district for assistance with existing debt.

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 59XX.

Fiscal Year: A period of 12 consecutive months legislatively selected as a basis for annual financial reporting, planning, and budgeting. The fiscal year may run September 1 through August 31 or July 1 through June 30.

Foundation School Program (FSP) Status: The Foundation School Program (FSP) is the shared financial arrangement between the state and the school district, where property taxes are blended with revenues from the state to cover the cost of basic and mandated programs. The nature of this arrangement falls in one of the following status categories: Regular, Special Statutory, State Administered, Education Service Center, or Open Enrollment Charter School District.

FTE: Full-Time Equivalent measures the extent to which one individual or student occupies a full-time 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.



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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 57XX.

Local Tax: This is all revenues from local real and personal property taxes, including recaptured funds under Chapter 41, Texas Education Code.

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.

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/NonOperating Revenue
- 8000 Other Uses/NonOperating Expense

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 64XX.

Other Resources: This amount is credited to total actual other resources or non-operating



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revenues received or residual equity transfers in. This amount is recorded under Object 79XX.

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 61XX. *(NOTE: Payroll amounts do not include salaries for contract workers, e.g., for food service and maintenance. 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.

Property/WADA: The district's Comptroller Certified Property Value divided by its total WADA.

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.

Reserve Fund Balance: This is that portion of fund equity which is not available for appropriation or has been legally separated for a specific purpose.

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 the unit 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 cushion is six cents per \$100 of property value, not 8 percent. School districts calculate the rollback rate necessary to generate the same amount of state and local funds per weighted average daily attendance (WADA) as was available to the districts in the preceding school year, using estimated WADA for the upcoming year, plus six cents, plus the current year's debt rate. 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.



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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 58XX.

Undesignated Unreserved Fund Balances: Available expendable financial resources in a governmental fund that are not the object of tentative management plans (i.e., designations). One primary criterion of rating agencies for school bonds is the relative amount of undesignated unreserved fund balance. Bond rating agencies view undesignated unreserved 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.

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.

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

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.