

ACCOUNTING  
FINANCIAL REPORTS AND STATEMENTS

CFA  
(LEGAL)

<b>Accounting System</b>	A board must adopt and install a standard school fiscal accounting system that conforms with generally accepted accounting principles. The accounting system must meet at least the minimum requirements prescribed by the commissioner of education, subject to review and comment by the state auditor. <i>Education Code 44.007(a), (b)</i>
Financial Accountability System Resource Guide	The rules for financial accounting are described in the official Texas Education Agency (TEA) publication, <i>Financial Accountability System Resource Guide</i> , Version 18.0, which is adopted by reference as TEA's official rule. A copy is available on the TEA website with information related to financial compliance. <i>19 TAC 109.1, .41, .5001</i>
<b>Report of Revenues and Expenditures</b>	A record must be kept of all revenues realized and of all expenditures made during the fiscal year for which a budget is adopted. A report of the revenues and expenditures for the preceding fiscal year shall be filed with TEA on or before the date set by the State Board of Education. <i>Education Code 44.007(c), (d)</i>
<b>Financial Statement</b>	<p>The board shall prepare an annual financial statement showing for each fund subject to the board's authority during the fiscal year:</p> <ol style="list-style-type: none"><li>1. The total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;</li><li>2. The total disbursements of the fund, itemized by the nature of the expenditure; and</li><li>3. The balance in the fund at the close of the fiscal year.</li></ol> <p><i>Local Gov't Code 140.005</i></p>
Publication	The board president shall submit the annual financial statement to a daily, weekly, or biweekly newspaper published within the boundaries of the district. If a daily, weekly, or biweekly newspaper is not published within the boundaries of the district, the financial statement shall be published in a newspaper in each county in which the district or any part of the district is located. If a district is located in more than one county, the financial statement may be published in a newspaper that has general circulation in the district. If a newspaper is not published in the county, the financial statement may be published in a newspaper in an adjoining county.

The statement shall be published in accordance with the accounting method required by TEA not later than the 150th day after the date the fiscal year ends.

*Local Gov't Code 140.006*

**Annual Local Debt Report**

A district shall annually compile and report certain financial information ("Annual Local Debt Report") in the manner prescribed by Local Government Code 140.008 and 34 Administrative Code 10.1–.6. *Local Gov't Code 140.008(b); 34 TAC 10.2(a)*

The Annual Local Debt Report must include the following financial information:

1. Regarding total authorized debt obligations:
  - a. The amount of all authorized debt obligations;
  - b. The principal of all outstanding debt obligations;
  - c. The combined principal and interest required to pay all outstanding debt obligations on time and in full;
  - d. The amount of all authorized debt obligations secured by property taxes;
  - e. The principal of all outstanding debt obligations secured by property taxes;
  - f. The combined principal and interest required to pay all outstanding debt obligations secured by property taxes on time and in full;
  - g. The amount of all authorized debt obligations secured by property taxes expressed as a per capita amount;
  - h. The principal of all outstanding debt obligations secured by property taxes expressed as a per capita amount;
  - i. The combined principal and interest required to pay all outstanding debt obligations on time and in full for all obligations secured by property taxes expressed as a per capita amount; and
  - j. The current credit rating on total debt obligations given by any nationally recognized credit rating organization.
2. Regarding each authorized debt obligation:
  - a. The principal of each outstanding debt;

- b. The principal of each outstanding debt obligation secured by property taxes expressed as a per capita amount;
  - c. The combined principal and interest required to pay each outstanding debt obligation on time and in full;
  - d. The combined principal and interest required to pay each outstanding debt obligation on time and in full expressed as a per capita amount;
  - e. The issued and unissued amounts, the spent and unspent amounts, the maturity date and the stated purpose for which each debt obligation was authorized; and
  - f. The current credit rating on each debt obligation given by any nationally recognized credit rating organization.
3. Any other information considered relevant or necessary to explain the above required data elements, such as explanations of payment sources for different kinds of debt or projections of per capita amounts of ad valorem taxation-secured obligations as of the last day of the maximum term of the most recent debt obligation issued by the district.

*34 TAC 10.2; Local Gov't Code 140.008(b)*

Submission to  
Comptroller

The comptroller shall provide a location on the comptroller's internet website where a district may submit the financial information described above and any other related information required or requested by the comptroller for the Annual Local Debt Report.

The comptroller shall prescribe the form and manner in which financial information, financial documents, and related information must be submitted under these provisions. These instructions and other information related to local government debt reporting will be provided on the comptroller's internet website.

*34 TAC 10.3*

Reporting  
Requirement

On an annual basis and within 180 days of the end of the most recently completed fiscal year, a district shall, in accordance with the reporting requirements set forth under Local Government Code 140.008, either:

1. Submit an Annual Local Debt Report to the comptroller as described at Submission to Comptroller, above, in the form and in the manner prescribed by the comptroller and, if the district maintains an internet website, continually maintain a link from its website to the location on the comptroller's website where the district's financial information may be viewed; or

2. Post its contact information and the information required in an Annual Local Debt Report on the district's own internet website and make the report available for inspection by any person in accordance with other law.

A district that elects to post a report of its financial information on its own internet website as described in item 2 above shall provide upon request an electronic link to the location on the district's website where the information can be viewed to facilitate compliance with the requirements of this provision and to enable the comptroller to maintain a searchable database of local debt information that is comprehensive, accurate, and complete.

*34 TAC 10.4; Local Gov't Code 140.008(c), (d), (f)*

Definitions

The phrases, words, and terms used in the foregoing provisions shall have the meanings set out in 34 Administrative Code 10.1, unless the context clearly indicates otherwise. *34 TAC 10.1*

**School FIRST  
Annual Financial  
Management Report**

Each district is required to report information and financial accountability ratings to parents, taxpayers, and other stakeholders by implementing the reporting procedures below. *19 TAC 109.1001(q)*

Report  
Requirements

Each district must prepare and distribute an annual financial management report in accordance with 19 Administrative Code 109.1001(q). *19 TAC 109.1001(q)(1)*

The annual financial management report for a district must include:

1. A description of its financial management performance based on a comparison, provided by TEA, of its performance on the indicators established by the commissioner and reflected in 19 Administrative Code 109.1001. The report will contain information that discloses:
  - a. State-established standards; and
  - b. The district's financial management performance under each indicator for the current and previous year's financial accountability ratings [see CFC];
2. Any descriptive information required by the commissioner, including:
  - a. A copy of the superintendent's current employment contract or other written documentation of employment if no contract exists. This must disclose all compensation and benefits paid to the superintendent. The district may publish the superintendent's employment contract on its website instead of publishing it in the annual financial management report;

- b. A summary schedule for the fiscal year (12-month period) of expenditures paid on behalf of the superintendent and each board member and total reimbursements received by the superintendent and each board member. This includes transactions on the district's credit card(s), debit card(s), stored-value card(s), and any other similar instrument(s) to cover expenses incurred by the superintendent and each board member. The summary schedule must separately report reimbursements for meals, lodging, transportation, motor fuel, and other items. The summary schedule of total reimbursements should not include reimbursements for supplies and materials that were purchased for the operation of the district;
- c. A summary schedule for the fiscal year of the dollar amount of compensation and fees received by the superintendent from an outside school district or any other outside entity in exchange for professional consulting or other personal services. The schedule must separately report the amount received from each entity;
- d. A summary schedule for the fiscal year of the total dollar amount of gifts that had a total economic value of \$250 or more received by the executive officers and board members.

(1) This reporting requirement applies only to:

- (a) Gifts received by the district's executive officers and board members (and their immediate family as described by Government Code Chapter 573, Subchapter B, Relationships by Consanguinity or by Affinity) from an outside entity that received payments from the district in the prior fiscal year, and
- (b) Gifts from competing vendors that were not awarded contracts in the prior fiscal year;

(2) This reporting requirement does not apply to reimbursement by an outside entity for travel-related expenses when the purpose of the travel was to investigate matters directly related to an executive officer's or board member's duties or to investigate matters related to attendance at education-related conferences and seminars with the primary purpose of providing continuing education (this exclusion does not apply to trips for entertainment purposes or pleasure trips);

- (3) This reporting requirement excludes an individual gift or a series of gifts from a single outside entity that had a total economic value of less than \$250 per executive officer or board member; and
  - e. A summary schedule for the fiscal year of the dollar amount received by board members for the total amount of business transactions with the district. This reporting requirement is not to duplicate the items disclosed in the summary schedule of reimbursements received by board members; and
- 3. Any other information the board of the district determines to be useful.

*19 TAC 109.1001(q)(3)*

Public Hearing

Each district must provide the public with an opportunity to comment on the report at a public hearing. *19 TAC 109.1001(q)(2)*

The board must hold a public hearing on the report within two months after receiving a final financial accountability rating. The public hearing must be held at a location in the district's facilities.

At the hearing, the district must provide the annual financial management report to the attending parents and taxpayers.

*19 TAC 109.1001(q)(4), (5); Education Code 39.083(d)*

Notice

The board must give notice of the hearing to owners of real property in the geographic boundaries of the district and to parents of district students.

In addition to other notice required by law, the board must provide notice of the hearing:

- 1. To a newspaper of general circulation in the geographic boundaries of the district in one posting prior to holding the public meeting, providing the time and place of the hearing. The notice in the newspaper may not be earlier than 30 days or later than ten days before the date of the hearing. If no newspaper is published in the county in which the district's central administration office is located, then the board must publish the notice in the county nearest to the county seat of the county in which the district's central administration office is located; and

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2. Through electronic mail to the mass communication media serving the district, including, but not limited to, radio and television.

*19 TAC 109.1001(q)(4); Education Code 39.083(d)*

Dissemination After the hearing, the report shall be disseminated in the district in the manner prescribed by the commissioner. *Education Code 39.083(e)*

Records Retention The district must retain the annual financial management report for at least three years after the public hearing and make it available to parents and taxpayers upon request. *19 TAC 109.1001(q)(6)*

Corrective Action Plan Each district that received an F rating must file a corrective action plan with TEA, prepared in accordance with instructions from the commissioner, within one month after the district's public hearing. *19 TAC 109.1001(q)(7); Education Code 39.0824*

**Projected Deficit** If the commissioner, based on the indicators adopted under Education Code 39.082 [see CFC], projects a deficit for a district general fund within the following three school years, TEA shall provide the district interim financial reports, including projected revenues and expenditures, to evaluate the district's current budget status.

TEA may require a district to submit additional information needed to produce a financial report. If a district fails to provide information requested or if the commissioner determines that the information submitted by a district is unreliable, the commissioner may order the district to acquire professional services under Education Code 39A.902 [see AIC].

*Education Code 39.0823*