

**LUBBOCK INDEPENDENT SCHOOL DISTRICT**

**Annual Financial Management Report**

**For the year ended August 31, 2008**

**Financial Integrity Rating System of Texas****2007-2008 DISTRICT STATUS DETAIL**

<b>Name:</b> LUBBOCK ISD(152901)	<b>Publication Level 1:</b> 6/8/2009 4:39:05 PM
<b>Status:</b> Passed	<b>Publication Level 2:</b> 8/25/2009 1:41:58 PM
<b>Rating:</b> Superior Achievement	<b>Last Updated:</b> 8/25/2009 1:41:58 PM
<b>District Score:</b> 79	<b>Passing Score:</b> 55

#	Indicator Description	Updated	Score
1	Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?	5/13/2009 3:19:34 PM	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)	5/13/2009 3:19:34 PM	Yes
3	Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?	5/13/2009 3:19:35 PM	Yes
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)?	5/13/2009 3:19:35 PM	Yes
5	Was There An Unqualified Opinion in Annual Financial Report?	5/13/2009 3:19:35 PM	Yes
6	Did The Annual Financial Report Not Disclose Any	5/13/2009	No

	Instance(s) Of Material Weaknesses In Internal Controls?	3:19:35 PM	
			1 Multiplier Sum
7	Did the Districts Academic Rating Exceed Academically Unacceptable?	5/13/2009 3:19:35 PM	5
8	Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?	5/13/2009 3:19:36 PM	5
9	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)?	5/13/2009 3:19:37 PM	5
10	Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < \$250.00 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 Per Student)	5/13/2009 3:19:37 PM	5
11	Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?	5/13/2009 3:19:37 PM	0
12	Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)	5/13/2009 3:19:37 PM	5
13	Was The Percent Of Operating Expenditures Expended For Instruction More Than 65%? (Functions 11, 36, 93, 95) (Phased in over three years, 55% for 2006-2007; 60% for 2007-2008; and 65% for 2008-2009)	5/13/2009 3:19:38 PM	2
14	Was The Percent Of Operating Expenditures Expended For Instruction More Than or equal to 65%? (Functions 11, 12, 31, 33, 36, 93, 95)	5/13/2009 3:19:38 PM	3
15	Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In	5/13/2009 3:19:39 PM	5

General Fund?

16	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)	5/13/2009 3:19:39 PM	5
17	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)	5/13/2009 3:19:39 PM	5
18	Was The Administrative Cost Ratio Less Than The Threshold Ratio?	5/13/2009 3:19:40 PM	5
19	Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?	5/13/2009 3:19:40 PM	5
20	Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?	5/13/2009 3:19:40 PM	5
21	Was The Total Fund Balance In The General Fund More Than 50% And Less Than 150% Of Optimum According To The Fund Balance And Cash Flow Calculation Worksheet In The Annual Financial Report?	5/13/2009 3:19:41 PM	5
22	Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years?(If 1.5 Times Optimum Fund Balance < Total Fund Balance In General Fund Or If Total Revenues > Operating Expenditures In The General Fund,Then District Receives 5 Points)	5/13/2009 3:19:41 PM	5
23	Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?	5/13/2009 3:19:41 PM	5
24	Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than \$20 Per Student?	5/13/2009 3:19:42 PM	4

Weighted  
Sum

1  
Multiplier  
Sum

79 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 7-24)

<b>Superior Achievement</b>	75-85 and Yes to indicator 7
<b>Above Standard Achievement</b>	65-74 or $\geq 75$ and No to indicator 7
<b>Standard Achievement</b>	55-64
<b>Substandard Achievement</b>	$< 55$ or No to one default indicator

## INDICATOR 19 & 20 RATIOS

<b>Indicator 19</b>	Ranges for Ratios		<b>Indicator 20</b>	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
$\geq 10000$	13.5	22	$\geq 10000$	7.0	14

**OPTIONS**

**Update Unpassed**   **Update All**   **Lower Publication Level**   **Suspend**

Suspension Reason.

**Audit Home Page: School Financial Audits | Send comments or suggestions to [schoolaudits@tea.state.tx.us](mailto:schoolaudits@tea.state.tx.us)**

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


**Financial Integrity Rating System of Texas**
**2006-2007 DISTRICT STATUS DETAIL**

<b>Name: LUBBOCK ISD(152901)</b>		<b>Publication Level 1:</b> 6/9/2008 1:55:51 PM	
<b>Status: Passed</b>		<b>Publication Level 2:</b> 8/21/2008 1:46:21 PM	
<b>Rating:</b> Superior Achievement		<b>Last Updated:</b> 8/21/2008 1:46:21 PM	
<b>District Score:</b> 85		<b>Passing Score:</b> 55	
#	Indicator Description	Updated	Score
1	Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?	4/18/2008 12:34:40 PM	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)	4/18/2008 12:34:40 PM	Yes
3	Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?	4/18/2008 12:34:40 PM	Yes
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)?	4/18/2008 12:34:40 PM	Yes
5	Was There An Unqualified Opinion in Annual Financial Report?	4/18/2008 12:34:40 PM	Yes

6	Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?	4/18/2008 12:34:40 PM	Yes
			1 Multiplier Sum
7	Did the Districts Academic Rating Exceed Academically Unacceptable?	4/18/2008 12:34:40 PM	5
8	Was The Three-Year Average Percent Of Total Tax Collections (Including Delinquent) Greater Than 98%?	4/18/2008 12:34:41 PM	5
9	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)?	4/18/2008 12:34:41 PM	5
10	Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < \$250.00 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 Per Student)	4/18/2008 12:34:41 PM	5
11	Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?	4/18/2008 12:34:42 PM	5
12	Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Conservator Or Monitor Assigned)	4/18/2008 12:34:42 PM	5
13	Was The Percent Of Operating Expenditures Expended For Instruction More Than 65%? (Functions 11, 36, 93, 95) (Phased in over three years, 55% for 2006-2007; 60% for 2007-2008; and 65% for 2008-2009)	4/25/2008 1:02:49 PM	3
14	Was The Percent Of Operating Expenditures Expended For Instruction More Than or equal to 65%? (Functions 11, 12, 31, 33, 36, 93, 95)	4/18/2008 12:34:43 PM	3



15	Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?	4/18/2008 12:34:43 PM	5
16	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)	4/18/2008 12:34:43 PM	5
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18	Was The Administrative Cost Ratio Less Than The Threshold Ratio?	4/18/2008 12:34:44 PM	5
19	Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?	4/18/2008 12:34:44 PM	5
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22	Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years?(If 1.5 Times Optimum Fund Balance < Total Fund Balance In General Fund Or If Total Revenues > Operating Expenditures In The General Fund,Then District Receives 5 Points)	4/18/2008 12:34:45 PM	5
23	Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?	4/18/2008 12:34:45	5

		PM	
24	Were Investment Earnings In All Funds (Excluding Debt Service Fund and Capital Projects Fund) More Than \$20 Per Student?	4/18/2008 12:34:45 PM	4
			85 Weighted Sum
			1 Multiplier Sum
			85 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 7-24)

<b>Superior Achievement</b>	75-85 and Yes to indicator 7
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5000-9999	13	22	5000-9999	6.8	14
=> 10000	13.5	22	=> 10000	7.0	14

**OPTIONS**

Suspension Reason.

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## How Ratings are Assessed

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### Rating Worksheet

The questions a school district must address in completing the worksheet used to assess its financial management system can be confusing to non-accountants. The following is a layman's explanation of what the questions mean—and what your district's answers can mean to its rating.

#### **1. Was total Fund Balance less Reserved Fund Balance greater than Zero in the General Fund?**

School districts must legally have a fund balance to ensure adequate funding for operations. This indicator is designed to ensure that your district has a positive amount of fund balance cash (savings) that is not designated or "reserved" for a specific purpose. In other words, "Does your district have funds set aside for a rainy day?"

#### **2. Was the Total Unrestricted Net Asset Balance (Net of Accretion of Interest for Capital Appreciation Bonds) in the Governmental Activities Column in the Statement of Net Assets Greater than Zero? (If the District's Five-Year Percent Change in Students was a 10% Increase or More then Answer Yes)**

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)?" Fortunately 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 scenarios.

#### **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 your district has paid your bills/obligations on bonds issued to pay for school construction, etc.

#### **4. Was the Annual Financial Report filed within one month after the November 27 or January 28 deadline depending upon the district's Fiscal Year end date (June 30 or August 31)?**

A simple indicator. Was your Annual Financial Report filed by the deadline?

#### **5. Was there an Unqualified Opinion in the Annual Financial Report?**

A "qualification" on your financial report means that you need to correct some of your reporting or financial controls. A district's goal, therefore, is to receive an "unqualified opinion" on its Annual Financial Report. This is a simple "Yes" or "No" indicator.

#### **6. Did the Annual Financial Report NOT disclose any instance(s) of material weakness in internal controls?**



## ***How Ratings are Assessed***

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

### **7. Did the district's academic rating exceed academically unacceptable?**

This indicator simply asks whether the district's accreditation status is in good standing.

### **8. Was the percent of total tax collections (including delinquent) greater than 98 percent?**

This indicator measures your district's success in collecting the taxes owed to you by your community's businesses and homeowners, placing a 98 percent minimum collections standard. You must collect more than 98% of your taxes, including any delinquent taxes owed from past years. A district earns up to five points under this indicator based upon its relative performance.

### **9. Did the comparison of PEIMS data to like information in the Annual Financial Report result in an aggregate variance of less than 3 percent of expenditures per fund type (Data Quality Measure)?**

This indicator measures the quality of

data reported to PEIMS and in your Annual Financial Report to make certain that the data reported in each case "matches up." If the difference in numbers reported in any fund type is 3 percent or more, your district "fails" this measure.

### **10. Were Debt-Related Expenditures (net of IFA and/or EDA allotment) less than \$250 per student? (If the district's five-year percent change in students was a 7 percent increase or more, or if property taxes collected per penny of tax effort were more than \$200,000, then the district receives 5 points.)**

This indicator shows the Legislature's intent for school districts to spend money on education, rather than fancy buildings, by limiting the amount of money district's can spend on debt to \$250 per student. Fortunately, the Legislature did allow for fast-growth schools to exceed this cap. A district earns up to five points under this indicator based upon its relative performance.

### **11. Was there NO disclosure in the Annual Audit Report of Material Noncompliance?**

NO disclosure means the Annual Audit Report includes no disclosure indicating that the school district failed to comply with laws, rules and regulations for a government entity.

### **12. Did the district have full**



## How Ratings are Assessed

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**accreditation status in relation to financial management practices? (e.g. no conservator or monitor assigned)**

Did TEA take over control of your district due to financial issues such as fraud or having a negative fund balance? If not, you pass this indicator.

**13. Was the percent of operating expenditures expended for instruction more than or equal to 65%? (Functions 11, 36, 93 and 95) (Phased in over five years: 55% for 2006-2007, 60% for 2007-2008, 65% for 2008-2009)**

This indicator shows your district's ability to focus the majority of its funding so that it directly pays for student instruction. Student instructional costs only include expenditure categories in the reporting format followed by the NCES (National Center for Educational Statistics), which include function code 11, instruction; function code 36, extracurricular activities; function code 93, payments to cooperatives; and function code 95, payments to juvenile justice alternative education programs. A district earns up to three points under this indicator based upon its relative performance. The district may post its check register and aggregate payroll amount if its performance on Indicator 13 prevents attaining the three points.

**14. Was the percent of operating expenditures expended for instruction more than or equal to 65%? (Functions 11, 12, 31, 33, 36, 93 and**

**95)**

This indicator provides another perspective on your district's ability to focus the majority of its funding so that it directly pays for student instruction. Student instructional costs include expenditure categories in the reporting format followed by the NCES (National Center for Educational Statistics) plus costs reported under function code 12, libraries and media services; function code 31, guidance, counseling and evaluation services; and function code 33, medical services. A district earns up to three points under this indicator based upon its relative performance.

**15. Was the aggregate of Budgeted Expenditures and Other Uses LESS THAN the aggregate of Total Revenues, Other Resources and Fund Balance in General Fund?**

Did you overspend your budget? Your district will receive a negative rating on this measure if your total expenditures and other uses for the fiscal year exceeded your total funds available.

**16. If the district's Aggregate Fund Balance in the General Fund and Capital Projects Fund was LESS THAN zero, were construction projects adequately financed? (Were construction projects adequately financed or adjusted by change orders or other legal means to avoid creating or adding to the fund balance deficit situation?)**

Did you over-spend on school buildings



## How Ratings are Assessed

or other capital projects? This indicator measures your district's ability to construct facilities without damaging your Fund Balance.

**17. 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, then the district receives 5 points)**

This indicator measures whether or not your district has sufficient cash and investments to balance Fund Balance monies such as TEA overpayments (deferred revenues). In other words, your District should have fund balance monies of its own that are at least equal to those dollars that are there due to overpayments from TEA, and you should not be spending "next year's" monies this year. A district earns up to five points under this indicator based upon its relative performance.

**18. Was the Administrative Cost Ratio less than the standard in State Law?**

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

**19. Was the Ratio of Students to Teachers within the ranges shown**

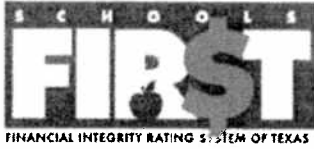
**below according to district size?**

This indicator measures your pupil-teacher ratio to ensure that it is within TEA recommended ranges for district's of your student population range. For example, districts with a student population between 500 and 999 should have no more than 22 students per teacher and no fewer that 10 students per teacher. A district earns up to five points under this indicator based upon its relative performance.

Indicator 19		
District Size – No. of Students	Ranges for Ratios	
	Low	High
<500	7	22
500 – 999	10	22
1,000 – 4,999	11.5	22
5,000 – 9,999	13	22
=> 10,000	13.5	22

**20. Was the Ratio of Students to Total Staff within the ranges shown below according to district size?**

This indicator measures your pupil-staff ratio to ensure that it is within TEA-recommended ranges for district's of your student population range. For example, districts with a student population between 500 and 1,000 should have no more than 14 students per staff member and no fewer that 5.8 students per district employee. A district earns up to five points under this indicator based upon its relative performance.



## How Ratings are Assessed

### Indicator 20

District Size – No. of Students	Ranges for Ratios	
	Low	High
<500	5	14
500 – 999	5.8	14
1,000 – 4,999	6.3	14
5,000 – 9,999	6.8	14
=> 10,000	7.0	14

**21. Was the Total Fund Balance in the General Fund more than 50 percent and less than 150 percent of Optimum according to the Fund Balance and Cash Flow Calculation Worksheet in the Annual Financial Report?**

Your district’s audit provides an optimum General Fund “Fund Balance” for your district. Your district should have no less than one-half and no more than one and one-half times this amount in your Fund Balance, counting both reserved and unreserved fund balances. A district earns up to five points under this indicator based upon its relative performance.

**22. Was the decrease in Undesignated Unreserved Fund Balance less than 20 percent over two Fiscal Years? (If 1.5 times Optimum Fund balance is less than total Fund Balance in General Fund or if Total Revenues the General exceeded Operating Expenditures in Fund, then the district receives 5 points)**

Are you “feeding off of your Fund Balance” to pay for salaries or other district operating expenses? This indicator notes rapid decreases in your undesignated Fund Balance (those

dollars not designated as a “land fund” or “construction fund”) or emergency fund. A district earns up to five points under this indicator based upon its relative performance.

**23. Was the Aggregate Total of Cash and Investments in the General Fund more than \$0?**

Does your district have cash in the bank, and/or investments?

**24. Were Investment Earnings in all funds (excluding Debt Service Fund and Capital Projects Fund) more than \$20 per student?**

Are you using your cash or reserve fund (Fund Balance) monies wisely? A district earns up to five points under this indicator based upon its relative performance.



**Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2008**

For the Twelve-month Period Ended August 31, 2008		5	AL	2	3	4	1	AL
Description of Reimbursements	Superintendent	Dan Pope	Gordon Wilkerson	Vernita Woods-Holmes	Chris Comer	James Arnold	Mario Ybarra	Steve Massengale
Meals	\$ -	\$ -	\$ 31.60	\$ 209.57	\$ -	\$ 176.43	\$ 325.34	\$ 114.83
Lodging	658.00	-	470.01	3,579.06	968.40	1,216.06	2,145.40	1,678.62
Transportation	1,071.56	195.30	503.81	2,593.11	341.00	833.30	1,264.41	1,063.62
Motor Fuel	-	-	9.50	14.40	-	-	26.00	24.87
Other	2,109.25	820.00	1,134.00	2,079.00	820.00	1,201.46	1,455.75	1,135.00
<b>Total</b>	<b>\$ 3,838.81</b>	<b>\$ 1,015.30</b>	<b>\$ 2,148.92</b>	<b>\$ 8,475.14</b>	<b>\$ 2,129.40</b>	<b>\$ 3,427.25</b>	<b>\$ 5,216.90</b>	<b>\$ 4,016.94</b>

**Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2008**

For the Twelve-Month Period Ended August 31, 2008	
Name(s) of Entity(ies)	
	\$ -
Total	\$ -

**Gifts Received by the Executive Officer(s) and Board Members (and First Degree Relatives, if any) in Fiscal Year 2008**

For the Twelve-month Period Ended August 31, 2008		5	AL	2	3	4	1	AL
	Superintendent	Dan Pope	Gordon Wilkerson	Vernita Woods-Holmes	Chris Comer	James Arnold	Mario Ybarra	Steve Massengale
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Summary Amounts</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Business Transactions Between School District and Board Members for Fiscal Year 2008**

For the Twelve-month Period Ended August 31, 2008	5	AL	2	3	4	1	AL
	Dan Pope	Gordon Wilkerson	Vernita Woods-Holmes	Chris Comer	James Arnold	Mario Ybarra	Steve Massengale
Summary Amounts	\$ 6,269.81	\$ 14,440.20	\$ -	\$ -	\$ -	\$ -	\$ 18,777.59



## Glossary

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### **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:

- TAAS passing rate by grade, by subject, and by all grades tested;
- End-of-Course examination -- participation and results;
- 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 Excellence Indicator System (AEIS) to a school district or campus. The three indicators used to determine the accountability rating for a campus or district are their (1) performance on the TAAS reading, mathematics, and writing exams; (2) Dropout Rate; and (3) Attendance Rate. Based on these indicators every campus and district is assigned one of the following: **District Ratings:** Exemplary, Recognized, Academically Acceptable, Academically Unacceptable, Unacceptable (Special Accreditation Investigation) or Charter. **Campus Ratings:** Exemplary, Recognized, Acceptable, Low Performing, or Not Rated. Alternative Schools are rated differently.

**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.



## Glossary

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**Beginning Fund Balance:** The General Fund balance on the first day of a new school year. 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



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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 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 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.

**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.

**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
- 90 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



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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.

**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/Residual Equity Transfers In
- 8000 Other Uses/NonOperating 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





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- 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, 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.



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**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.

**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.

**Undesignated Fund Balance:** This is that portion of fund equity that is currently available to finance expenditures not already approved by the Board of Trustees.

**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.

**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.

**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.

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