ACCOUNTING SYSTEM

The Board must adopt and install a standard school fiscal accounting system that meets the minimum requirements prescribed by the State Board of Education; is consistent with state financial laws; does not misrepresent the nature, scope, or duration of the financial activities of the state or the District; may follow the statutory standards in Government Code Chapter 2264 when other accounting bases conflict with state law; and conforms with generally accepted accounting principles. *Education Code 44.007(a), (b); Gov't Code 2266.002; 19 TAC 109.1, 109.41*

REPORT OF REVENUES AND EXPENDITURES

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. The report shall include management, cost accounting, and financial information that will enable the State Board to monitor the funding process and determine educational costs by district, campus, and program. *Education Code 44.007(c), (d)*

FINANCIAL STATEMENT

The Board shall prepare an annual financial statement that shows the following for each fund subject to its authority during the fiscal year:

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.
2. The total disbursements of the fund, itemized by the nature of the expenditure.
3. The balance in the fund at the close of the fiscal year.

Local Gov't Code 140.005

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. 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 FINANCIAL MANAGEMENT REPORT

The District is required to prepare and distribute an annual financial management report. The annual financial management report prepared by the District must include a description of the District's financial management performance based on a comparison, provided by TEA, of the District's performance on the indicators in 19 Administrative Code 109.1002.

The public shall be given an opportunity to comment on the report at a hearing.

REPORT REQUIREMENTS

The report shall contain information on state-established standards and the District's financial management performance under each indicator for the current and previous year's financial accountability ratings and any descriptive information required by the Commissioner, including:

1. A copy of the Superintendent's current employment contract or other written documentation of employment where no contract exists. The purpose of this disclosure is to report all compensation and benefits paid to the Superintendent. The District may publish the Superintendent's employment contract on the District's Internet site in lieu of publication in the annual financial management report;

2. A summary schedule for the fiscal year (12-month period) of expenditures paid on behalf of and/or total reimbursements received by the Superintendent and each Board member, including transactions resulting from use of the District's credit card(s) to cover expenses incurred by the Superintendent and each Board member. The summary schedule shall separately report reimbursements for meals, lodging, transportation, motor fuel, and other items, but the summary schedule of total reimbursements is not to include reimbursements for supplies and materials that were purchased for the operation of the District;

3. A summary schedule for the fiscal year of the dollar amount of compensation and/or fees received by the Superintendent from another school district or any other outside entity in exchange for professional consulting and/or other personal services. The schedule shall separately report the amount received from each entity;

4. A summary schedule for the fiscal year of the total dollar amount received by the executive officers and Board members of gifts that had an economic value of $250 or more in the aggregate in the fiscal year. This reporting requirement only applies 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, as a person related to another person within the first degree by consanguinity or 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.

This reporting requirement does not apply to reimbursement of travel-related expenses by an outside entity when the purpose of the travel is to investigate or explore matters directly related to the duties of an executive officer or Board member, or matters related to attendance at education-related conferences and seminars whose primary purpose is to provide continuing education; however, this exclusion does not apply to trips for entertainment-related purposes or pleasure trips. This reporting requirement excludes an individual gift or a series of gifts from a single outside entity that had an aggregate economic value of less than $250 per executive officer or Board member;

5. A summary schedule for the fiscal year of the dollar amount by Board member for the aggregate 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;

6. A summary schedule of the data submitted using the electronic-based program developed under the financial solvency provisions of Education Code 39.0822; and

7. Any other information the Board of trustees of the District determines to be useful.

PUBLIC HEARING

The Board shall hold a public hearing on the report. The public hearing shall be held in the District's facilities within two months of receipt of a final financial accountability rating.

The Board shall give notice of the hearing to property owners in the geographic boundaries of the District and to parents of District students.

In addition to other notice required by law, notice of the hearing must be provided to a newspaper of general circulation in the geographic boundaries of the District once a week for two weeks prior to holding the public meeting, providing the time and place where the hearing is to be held. The first notice in the newspaper may not be more than 30 days prior to or less than 14 days prior to the public meeting. If there is not a newspaper published in the county in which the District's central administration office is located, then the notice is to be published in the county nearest the county seat of the county in which the District's central administration office is located.

Notice of the hearing must also be provided through electronic mail to media serving the District.

At the hearing, the annual financial management report shall be disseminated to parents and taxpayers in attendance. The annual financial management report shall be retained in the District for at least a three-year period after the public hearing and shall be made available to parents and taxpayers upon request.

CORRECTIVE ACTION PLAN

A corrective action plan shall be filed with TEA by each school district that received a rating of Substandard Achievement or Suspended—Data Quality. The corrective action plan, prepared in accordance with the instructions from the Commissioner, is to be filed within one month after the District's public hearing.

DISSEMINATION

After the hearing, the report shall be disseminated in the District in the manner prescribed by the Commissioner.

Education Code 39.083; 19 TAC 109.1005

PROJECTED DEFICIT

If the review process under Education Code 39.0822 [see CFC] indicates a projected deficit for the District general fund within the following three school years, the District shall provide TEA interim financial reports, supplemented by staff and student count data, as needed, to evaluate the District's current budget status.

FINANCIAL PLAN

If the interim financial data substantiates the projected deficit, the District shall develop a financial plan and submit the plan to TEA for approval. TEA may approve the plan only if it determines the plan will permit the District to avoid the projected insolvency.

The Commissioner shall assign the District an accredited-warned status if:

1. The District fails to submit a financial plan;
2. The District fails to obtain approval from the agency for a financial plan;
3. The District fails to comply with a financial plan approved by TEA; or
4. TEA determines in a subsequent school year, based on financial data submitted by the District, that the approved plan for the District is no longer sufficient or is not appropriately implemented.

Education Code 39.0823