

Accounting System A board must adopt and install a standard school fiscal accounting system that conforms with generally accepted accounting principles. The accounting system must meet the minimum requirements prescribed by the commissioner of education, subject to review and comment of the state auditor. *Education Code 44.007(a), (b)*

The rules for financial accounting are described in the official TEA publication, *Financial Accountability System Resource Guide. 19 TAC 109.1, .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 in a format prescribed by the State Board and in a manner sufficient to enable the State Board to monitor the funding process and determine educational system 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; and
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(c), (d)*

Report of Debt Information A district shall annually compile and report the following financial information:

1. As of the last day of the preceding fiscal year, debt obligation information for the district that must state:

- a. The amount of all authorized debt obligations;
 - b. The principal of all outstanding debt obligations;
 - c. The principal of each outstanding debt obligation;
 - d. The combined principal and interest required to pay all outstanding debt obligations on time and in full;
 - e. The combined principal and interest required to pay each outstanding debt obligation on time and in full;
 - f. The amounts required by items a–e, limited to authorized and outstanding debt obligations secured by ad valorem taxation, expressed as a total amount and as a per capita amount; and
 - g. For each debt obligation:
 - (1) The issued and unissued amount;
 - (2) The spent and unspent amount;
 - (3) The maturity date; and
 - (4) The stated purpose for which the debt obligation was authorized.
2. The current credit rating given by any nationally recognized credit rating organization to debt obligations of the district;
 3. Any other information that the district considers relevant or necessary to explain the values required by items 1a–f, above, including:
 - a. An explanation of the payment sources for the different types of debt; and
 - b. A projected per capita amount of an amount required by item 1f as of the last day of the maximum term of the most recent debt obligation issued by the district.

Instead of replicating in the annual report information that is posted separately on a district's Internet website, the district may provide in the report a direct link to, or a clear statement describing the location of, the separately posted information.

Alternative to
Report

As an alternative to providing an annual report, a district may provide to the comptroller the information described above and any other related information required by the comptroller in the form and in the manner prescribed by the comptroller. The comptroller shall post the information on the comptroller's Internet website. If the district maintains an Internet website, the district shall provide a

link from the website to the location on the comptroller's website where the district's financial information may be viewed.

Posting
Requirements

Except as provided at Alternative to Report, above, a district's board of trustees shall take action to ensure that:

1. The district's annual report is made available for inspection by any person and is posted continuously on the district's Internet website until the district posts the next annual report; and
2. The contact information for the main office of the district is continuously posted on the website, including the physical address, the mailing address, the main telephone number, and an e-mail address.

Local Gov't Code 140.008

**Financial
Management Report**

Each district must prepare and distribute an annual financial management report. The district's annual financial management report 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 109.1001. [See CFC]

Each district must provide the public with an opportunity to comment on the report at a hearing.

Report
Requirements

The report shall contain information that discloses state-established standards and a 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 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 the district's website instead of publishing it in the annual financial management report;
2. 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 a 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;

3. 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;
4. 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. 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.

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; however, this exclusion does not apply to trips for entertainment purposes or pleasure trips. 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;

5. 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
6. Any other information the board of a district determines to be useful.

Public Hearing

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

The board must 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, the board must provide notice of the hearing 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 of the hearing. The first notice in the newspaper may not be more than 30 days prior to the public meeting or less than 14 days prior to the public meeting. If no newspaper is published in the county in which a 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.

The board must also provide notice of the hearing through electronic mail to mass communication media serving a district, including, but not limited to, radio and television.

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

Dissemination

After the hearing, the report shall be disseminated in the district in the manner prescribed by the commissioner.

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 a district's public hearing.

Education Code 39.083; 19 TAC 109.1001(o)

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

Union Hill ISD
230904

ACCOUNTING
FINANCIAL REPORTS AND STATEMENTS

CFA
(LEGAL)

the district to acquire professional services under Education Code
39A.902 [see AIC].

Education Code 39.0823