



PRELIMINARY BUDGET

EFFECTIVE: JULY 1, 2016 TO JUNE 30, 2017

June 30, 2016

PRESENTED BY: DR. DAN POWELL, SUPERINTENDENT
PREPARED BY: STACEY ADRIAN, DIRECTOR OF ACCOUNTING

CROWLEY INDEPENDENT SCHOOL DISTRICT
512 Peach Street, Crowley, TX • Tarrant County • www.crowley.k12.tx.us

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Introductory Section

Crowley Independent School District

Principal Officials

BOARD OF TRUSTEES

<u>Trustee Name</u>	<u>Length of Service</u>	<u>Term Expires</u>
Mrs. June Davis, President	13 Years	2018
Mr. Ryan Ray, Vice-President	4 Years	2019
Mr. Gary Grassia, Secretary	1 Year	2019
Mr. Thedrick Franklin	4 Years	2017
Mr. Jay Hinton	2 Years	2017
Mrs. Mia Hall	1 Year	2018
Mrs. Lyndsae Benton	Newly elected	2019

ADMINISTRATIVE OFFICIALS

<u>Name of Official</u>	<u>Position</u>	<u>Years at CISD</u>
Dr. Dan Powell	Superintendent	6.5
Mr. Bill Johnson	Deputy Superintendent	23
Dr. Trent Lovette	Deputy Superintendent	16
Dr. Theresa Kohler	Chief Employee Services Officer	20
Dr. Ed Hernandez	Chief Instruction Officer	3
Mr. Stan Swann	Chief Administrative Support Officer	9
Mr. Dwayne Jones	Executive Director of Business	12
Mr. Randy Reaves	Exec. Director of Non-Instructional Svcs.	19

ADMINISTRATOR ISSUING REPORT

<u>Name of Official</u>	<u>Position</u>	<u>Years at CISD</u>
Mrs. Stacey Adrian	Director of Accounting	3.5

Crowley Independent School District

Consultants and Advisors

AUDITORS

Weaver
2821 W Seventh Street, Suite 700
Fort Worth, Texas 76107

BOND COUNSEL

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717 North Harwood, Suite 900
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DEPOSITORY BANK

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420 Throckmorton, Floor 4
Fort Worth, Texas 76102

FINANCIAL ADVISOR

First Southwest
325 N. St. Paul Street, Suite 800
Dallas, Texas 75201

GENERAL COUNSEL

Brackett & Ellis
100 Main Street
Fort Worth, Texas 76102-3090

Crowley Independent School District

May 6, 2016

To Crowley ISD Parents and Taxpayers:

The 2016-17 budget, presented to the Crowley ISD Board of Trustees provides the available resources necessary for the delivery of services to the CISD students. This is the third year of the District's five-year Strategic Plan. The budget documents the administration's recommended allocation of available resources to educational programs, support functions, and student activities necessary to achieve the goals of the CISD Strategic Plan. Many people have been involved in recommending the elements of the proposed budget. The Board will now review and discuss the proposed budget and adopt a variation of the proposed budget that best supports their vision for the CISD community.

The following Executive Summary presents comprehensive information about services, programs, demographics, tax base, student performance, and other factors that impact the District's finances.

The 2016-17 CISD budget was prepared by the Director of Accounting and Finance with extensive input of staff. I would like to express special appreciation to Stacey Adrian, Dwayne Jones, Cindy Hankey and other Business Office staff members who shepherded the original recommendations through the budgeting process, resulting in a budget that meets the needs of the District and is responsible to taxpayer interests.

This budget represents the District staff's recommended financial plan for the 2016-17 fiscal year that will help us achieve the goals of the CISD Strategic Plan.

Between the numbers reflected in this budget lie a host of innovative programs for children, including the **MyChoice** programs, for which more the 700 families from our community applied for student admissions to 10 choice alternatives. An ever-increasing list of career and technical program possibilities and certifications, as well as academic interventions and staff professional growth opportunities are supported by the budget recommendations herein, and are proudly presented for School Board consideration.

Respectfully submitted,

Dan Powell, Ed.D.

Superintendent

Crowley Independent School District

Executive Summary

Mission Statement

Crowley ISD provides our students with excellence in education so that all students achieve their full potential.

Vision Statement

Crowley ISD will provide all students with a world-class, high-quality education where students are inspired and empowered to succeed in the global community.

Budget Document Purpose and Basis for Presentation

This document, as a whole, and the year-end Annual Financial Report are the primary vehicles used to present the financial plan and the results of operations of the District.

This budget is intended to serve as a policy document, as an operations guide, as a financial plan, and as a communications device.

The primary purpose of this document is to provide timely and useful information concerning the past, current, and projected financial status of the Crowley Independent School District (CISD) in order to facilitate financial decisions that support the education of our students.

Budget Document Sections

The District's budget is organized into four major sections: *Introductory*, *Organizational*, *Financial*, and *Informational*. All sections include sub-sections that assist the reader in understanding all areas that drive the annual budget of Crowley Independent School District.

The *Introductory Section* provides a complete overview of the entire budget document. The *Introductory Section* is the budget in narrative form (charts, tables and graphs are used to assist the reader in this section as well as all other sections and sub-sections).

Crowley Independent School District

Budget Document Sections (continued)

The *Organizational Section* describes CISD –how our financial system functions and the budgets thereto, and the significant areas that impact the finances of the District. This section informs the reader on the District’s budget policies and development process, and the budget calendars used to adequately prepare and review the budget document. This section of the budget document includes the following sub-sections: *district information, accounting information and significant budget and financial information.*

The *Financial Section* is typically what we consider to be “the budget.” This section is organized in a hierarchal order starting with the general fund. Charts, tables and graphs explain significant budget data. Included in this section are schedules for the General Fund, School Nutrition Fund and Debt Service Fund. Schedules are also provided that focus on key financial trends and the direct impact on the District’s fund balance. This section includes the following sub-sections: *budget information, general fund information, food service information, debt service information, and construction fund information.*

The *Informational Section* is the final section of the budget document. This final section includes the following sub-sections: *enrollment information, staff information, tax information, financial accountability information and additional information.*

Crowley Independent School District

A public hearing on the budget will be held on June 30, 2016 at 6:00 P.M. in the Crowley ISD board room as required by State law – the public hearing on the proposed tax rate is planned for June 30, 2016 as well. Notice shall be provided as required by Section 44.003 of the Texas Education Code (TEC). In addition, the District will concurrently post a summary of the proposed budgets on the CISD website as required by Section 44.0041 of the TEC.

Major Goals and Objectives of Budget Process

The following major goals and objectives have driven the budget process so that the focus remains on the education of our students:

- Provide programs and opportunities for all students to exceed their educational goals;
- Provide resources necessary to reach the goals established in all campus improvement plans as well as the District improvement plan; and
- Provide a compensation package that recruits, attracts, and retains highly qualified staff.

Budget Highlights

The annually adopted budget includes the general, food service, and debt service funds (which also serve as the highest area of public interest). Total updated expenditures for these funds are \$162,148,194. The total *proposed* tax rate for 2016/17 is \$1.65 per \$100 of valuation.

Tax Rate



The annual budget serves as the foundation for the District’s financial planning and control. CISD maintains budgetary controls throughout all of its financial systems in order to ensure compliance with legal provisions embodied in the appropriations approved by the Board. The current anticipated budget is as follow:

	General Fund	Food Service Fund	Debt Service Fund
Total Revenues	\$ 130,181,469	\$ 8,127,220	\$ 25,360,940
Total Expenses	\$ 130,181,469	\$ 7,827,220	\$ 24,139,505
Net Surplus (Deficit)	\$ 0	\$ 300,000	\$ 1,221,435

Crowley Independent School District

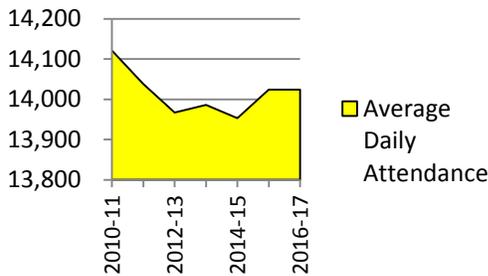
General Fund Summary

The general fund serves as the District’s primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

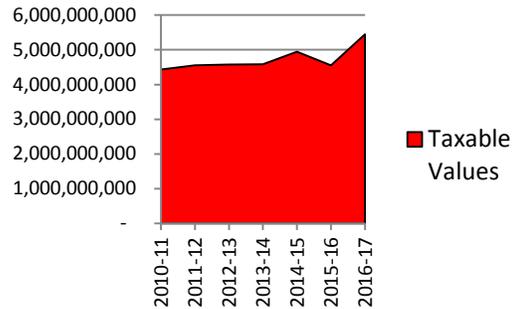
The tax rate for the general fund is \$1.17 which is the maximum tax rate allowable for CISD due to the successful completion of the tax ratification election (TRE).

The District’s average daily attendance has experienced some decline over the last few school years with taxable values recovering quicker in the same period of time. With historical as well as projected information, the District is anticipating moderate growth in ADA and anticipating an increase in Taxable Values for the 2016-17 school year. The charts below identify these trends accordingly.

Average Daily Attendance Trend

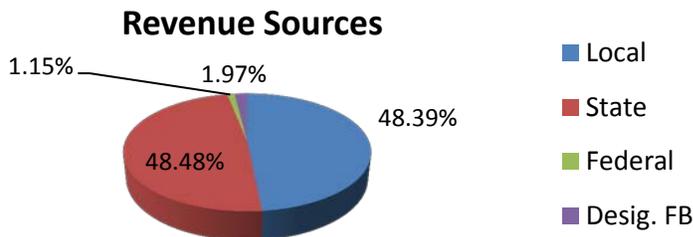


Taxable Values Trend



The general fund budget was prepared based on trends and drivers such as enrollment growth, providing high quality education programs to students, and attention given to the continuously growing diverse populations.

Local property taxes continue to be a significant revenue source for the District. The graph below shows that slightly less than 50 cents of every dollar collected at the District is from the local property taxpayers.



Crowley Independent School District

General Fund Summary (continued)

The State Foundation School Program (FSP) has gone through major changes since House Bill 1 (HB1) was enacted as part of the 3rd Special Session of the 79th Legislature. During the 81st Regular Legislative Session a strong push was made to return to a formula driven system (from target revenue per student) but the consensus was made to make a small adjustment to each district's target revenue amount and close the inequity gap among the 1,000 plus Texas school districts (c/o HB3646 in the 2009 Session).

House Bill 3646 mandated a couple of expenditure requirements as well and these are as follow:

- Salary increases for full-time teachers, counselors, nurses, librarians, and speech pathologists
- New monies must be spent in accordance with federal rules and regulations

The 2011 Legislative Session was the first time since 1949 (Gilmer-Aiken Act) that Public Education saw a decrease in available funding. The following details summarize the financial impact for Public Education due to Senate Bill 1:

- A 6% across the board cut to all districts in year one
- A target revenue phase out formula in year two

During the regular session of the 83rd Legislature (2013), more than \$3.5 billion of the 2011 \$5.3 billion cut was restored to Texas Public Education. This resulted in a projected \$5 million increase in funding for CISD for the 2013-14 school year. Additionally, the 83rd Legislature reduced student accountability testing and added some flexibility and variety to types of high school diplomas.

The 84th Legislature ended in June 2015. During this time the total state budget for 2016-17 biennium increased 3.56% over 2014-15. It includes an increase of approximately \$1.5 billion to the Foundation School Program above \$2.5 billion for enrollment growth.

The general fund budget currently includes the following financial highlights:

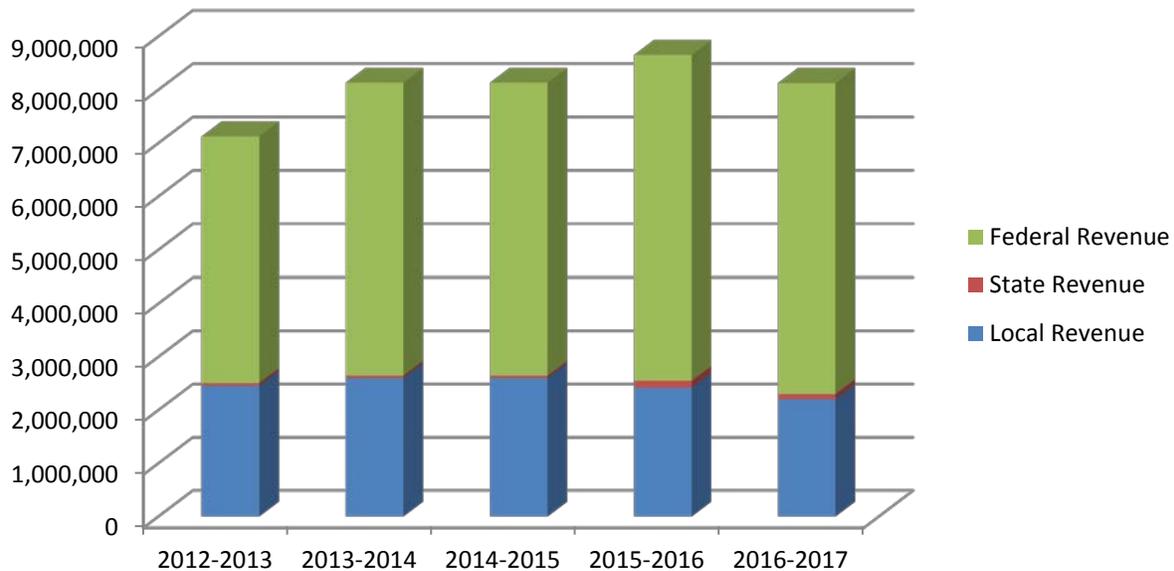
✓ Total Revenues	\$ 130,181,469
✓ Total Expenditures	\$ 130,181,469
✓ Budget Surplus	\$ -0-
✓ Starting Teacher Salary	\$ 51,400
✓ M&O Tax Rate	\$ 1.17

Crowley Independent School District

Food Service Fund Summary

The food service budget was prepared based on enrollment growth, similar breakfast and lunch schedules (as compared to the 2015/16 school year). The District continually works with Aramark to provide nutritional choices for our students at reasonable costs.

The trend for revenues by major category for the last four years and next year is as follows:



The budget currently includes the following financial highlights:

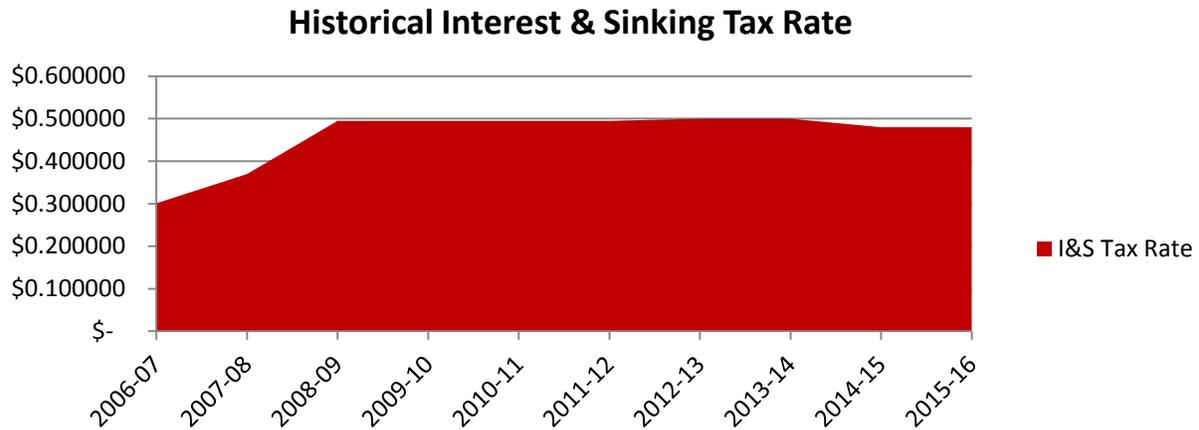
✓ Total Revenues	\$ 8,127,220
✓ Total Expenditures	\$ 7,827,220
✓ Budget Surplus	\$ 300,000

Crowley Independent School District

Debt Service Fund Summary

The debt service fund (commonly referred to as the ‘Interest and Sinking Fund’ or the ‘I&S fund’) is primarily funded by local property tax collections.

The graph below identifies the adopted tax rates from 2006-07 to 2015-16.



The following bond series are outstanding as of June 15, 2016:

<u>Series</u>	<u>Amount Outstanding (Inc. Interest)</u>
Unl Tax Ref 2016-B	\$ 147,164,956
Unl Tax Ref 2016-A	\$ 42,251,761
Unl Tax Ref 2015-B	\$ 50,742,126
Unl Tax Ref 2015-A	\$ 42,846,694
Unl Tax Sch Bld 2015	\$ 63,415,025
Unl Tax Ref 2014-B	\$ 22,715,225
Unl Tax Ref 2014-A	\$ 2,465,500
Unl Tax Ref 2014	\$ 26,636,200
Unl Tax Sch Bld 2013	\$ 40,686,475
Unl Tax Ref 2013	\$ 32,081,094
Unl Tax Ref 2012	\$ 13,497,200
Unl Tax Ref 2011	\$ 11,077,550
Unl Tax Ref 2010	\$ 22,426,675
Unl Tax Sch Bld 2010	\$ 6,966,425
Unl Tax Sch Bld 2008	\$ 1,130,000
Unl Tax Sch Bld 2007	\$ 6,477,144
Unl Tax Sch Bld 2006	\$ 8,140,488
Unl Tax Sch Bld & Ref 2002	\$ 36,495,000
Unl Tax Ref & Sch Bld 1993	\$ 27,580,000
Unl Tax Ref & Sch Bld 1991	\$ 3,690,000

Crowley Independent School District

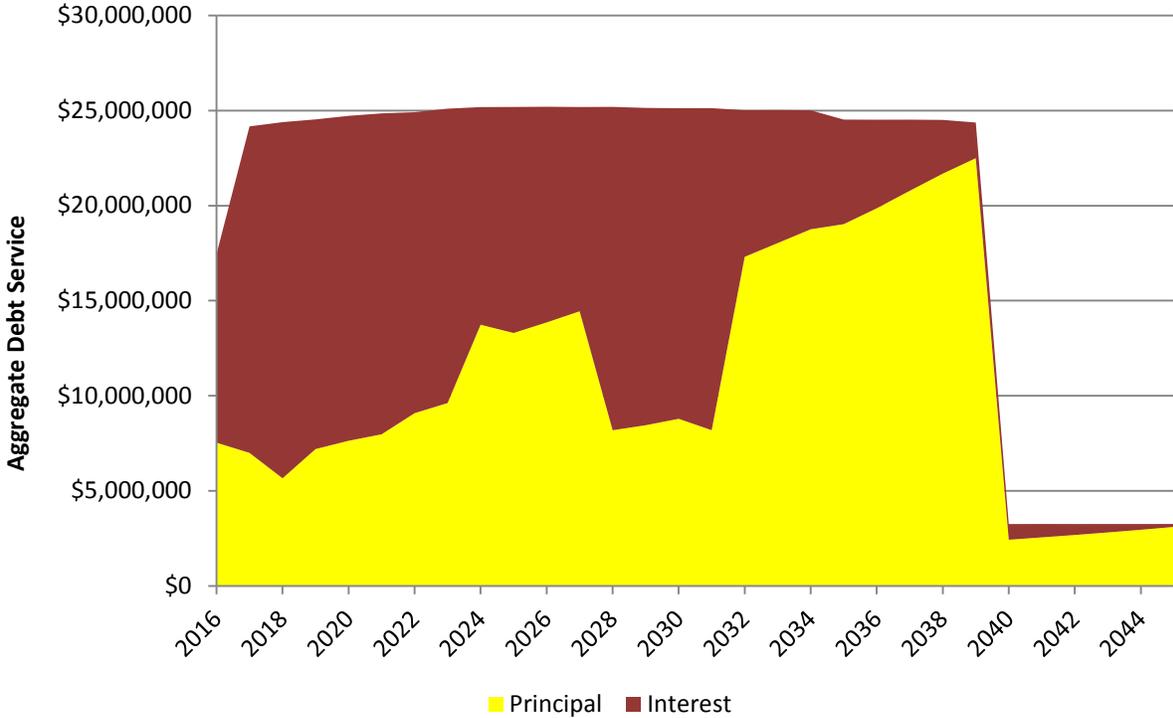
Debt Service Fund Summary (continued)

The total amount of principal and interest owed on outstanding bonds as of June 15, 2016 is identified below.



The total amount of principal and interest owed on outstanding bonds as of June 15, 2016 is identified below in chronological order.

Crowley Independent School District All Outstanding Unlimited Tax Bonds As of June 15, 2016



Crowley Independent School District

Debt Service Fund Summary (continued)

The budget currently includes the following financial highlights:

✓ Total Revenues	\$ 25,360,940
✓ Total Expenditures	\$ 24,139,505
✓ Budget Surplus (Deficit)	\$ 1,221,435
✓ I&S Tax Rate	\$ 0.48

Future Budget Years

The District's budgeting process is more than just funding the next fiscal year's operations. The Board of Trustees and the District's administrative team will constantly monitor legislative sessions which impact future budgeting issues.

There are several factors that have to be considered when forecasting the financial impact of a particular fund and they are as follow:

- ✓ Student enrollment growth rate
- ✓ Student attendance rate
- ✓ Special population changes
- ✓ New unfunded mandates
- ✓ Changes in assessed valuations
- ✓ Delinquent tax collection rate
- ✓ Salary schedule considerations
- ✓ Programs and course offerings
- ✓ Potential for catastrophic events
- ✓ Fuel rate volatility
- ✓ Electricity rate changes (based on executed contracts)
- ✓ Market rate on investments
- ✓ Inflationary considerations for insurance and other fixed costs each year
- ✓ Staff counts
- ✓ Grant funding reductions

Crowley Independent School District

Allocation of Human and Financial Resources

The budget for Crowley ISD is people intensive. Approximately 77% of the budget is comprised of salaries and benefits so it is imperative to the continued financial health of the District to monitor staff levels during the staff allocation process. Student to teacher ratios are reviewed systematically during the year and all support services are analyzed regularly to ensure ratios are acceptable to State averages.

Financial resources are distributed to each campus based upon average daily attendance (ADA) and special population and program needs. Student needs, such as instructional supplies, come from these budget allocations. Other costs, such as fuel and utilities, are based upon historical trends, special requests and relative information.

Other Considerations

Tables, charts, and graphs have been prepared to provide a user-friendly approach to those who gain more insight visually. Other key factors which are included as part of the budget process are:

- No significant non-routine capital expenditures are included in the 2016/17 General budget
- Future capital expenditure purchases are planned through contingency bond funds
- 2016/17 budget allows for the purchase of property, casualty, worker's compensation, unemployment
- ADA is calculated based on historical data as well as the demographer's reports

Financial Approach

It is the intent of the Crowley Independent School District administrative staff to conservatively estimate the resources anticipated under law along with accurate assumptions and values.

Crowley Independent School District

Conclusion

Each budget cycle the Board works diligently with the District's administration to maximize limited resources in an effort to meet the many needs of our educational system and there is never enough to satisfy all needs. We do believe that this budget document exhibits a strong effort to satisfy the needs of the students, families and members of our community. It is our goal to provide the best possible education for our students while still being efficient, effective and transparent with the taxpayer funds of the Crowley ISD.

We appreciate the support provided by the Board Members for the development, implementation, and maintenance of a 'world class' educational opportunity for the children of our District.



ORGANIZATIONAL SECTION

Crowley Independent School District

District Information

Facts about Crowley

About 1848 pioneers began to farm the area near present day Deer Creek. The settlement moved a mile or so west to the site of present day downtown Crowley when the Gulf, Colorado and Santa Fe Railway built pens and laid tracks there. The first station depot was constructed in 1885. The community was named for S. H. Crowley, master of transportation for the railroad. A post office was established in 1882. Crowley is shown as a town on the 1885 *Railroad and County Map of Texas*. Dairy farming, the railroad, ranching, and related businesses were the principal economic activities in this area. A Presbyterian church was established in 1895. The Crowley post office was moved to the Hayes brothers' general store in 1896. Door-to-door delivery of mail did not begin until April 1972. A two-story concrete building served as the first school (1905). In 1907–08 the school had 120 students. The Continental Bank and Trust Company opened in 1907. Crowley set a per capita record during [World War II](#) for purchasing United States Defense Bonds. The Crowley volunteer fire department was formed in 1950. An election for the incorporation of Crowley was held on February 3, 1951. The first elected mayor was "Chick" Race, who held office from 1953 to 1957. Incorporation helped the town to obtain a water system, natural gas, and a sewage system in the 1960s. On September 3, 1972, the town council moved to change the designation of Crowley from town to city. A park board was established in 1971 to take care of ten acres of land donated to the city. Crowley had a population of 275 in the late 1920s and 1930s, 500 by the end of World War II, and 2,583 in 1970. In 1980 the population had doubled to 5,852. In 1990 Crowley had a population of 8,301, a student enrollment of 4,971, and 134 businesses. In 2000 the town had a population of 7,467 with 292 businesses. ¹

Description of Entity

The Crowley Independent School District is one of 1,225 public and charter school districts in the State of Texas. Crowley ISD covers approximately 54 square miles in the south central portion of Tarrant County and approximately 4 square miles in the north central portion of Johnson County. The District's boundaries encompass the City of Crowley and portions of the cities of Fort Worth and Edgecliff Village along with many acres of ranch and farmland. The 2015 population estimate for the District is 75,772.

The District has a vibrant, diversified student population, an excellent array of programs, strong curriculum, access to an array of intellectual resources and taxpayers who support both growth and innovation. A dedicated School Board, a skilled administration and a professional, dedicated and resourceful staff, as well as an involved community, make Crowley ISD an educational district of choice. In 2015-2016 the District employed more than 1,713 professional and support personnel.

Crowley ISD is committed to being a recognized district, constantly improving and refining both instructional programs and managerial operations in the interest of effectiveness, productivity, transparency, and economy. Our standards for students and staff members are high, and we strive constantly to raise them higher. Our intent is to play a decisive role in ensuring the future success of the dynamic community we service.

¹ Source: Texas State Historical Association

Crowley Independent School District

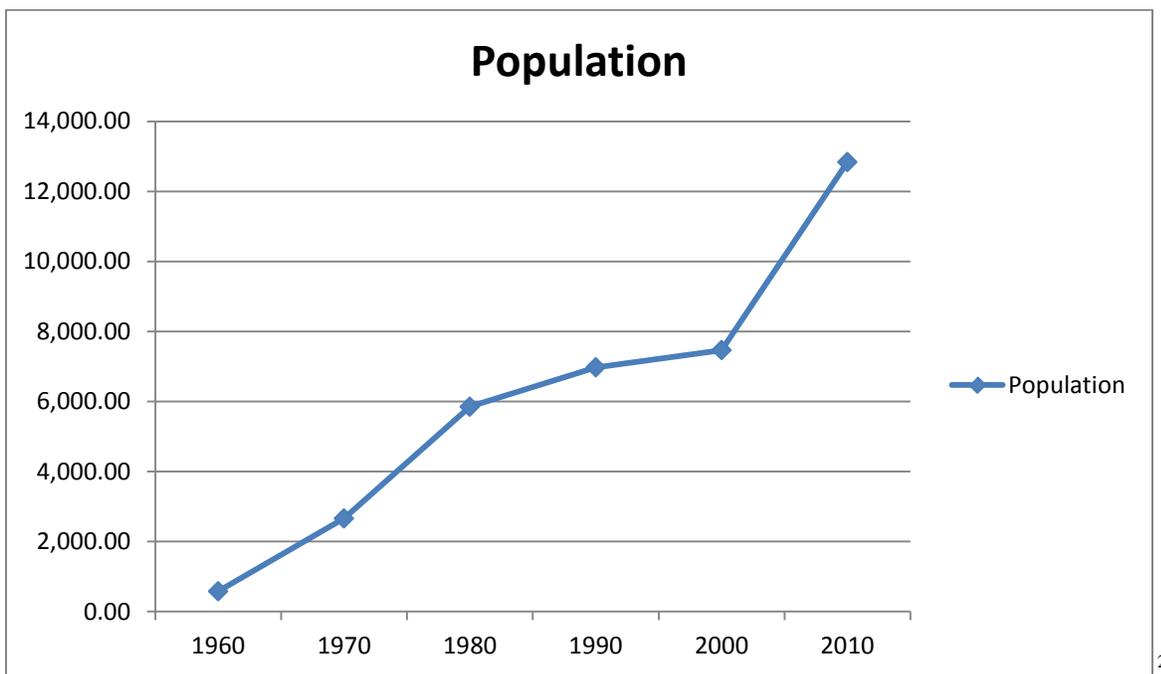
Location of Entity

Crowley is at the crossroads of Farm roads 1187 and 731, two miles west of Interstate Highway 35 and fifteen miles south of downtown Fort Worth in Tarrant County. Located in the southern Tarrant County Highway 121 growth corridor, the District is experiencing relatively flat enrollment growth and has yet to see gains in assessed valuations due to the new construction. The District is located over the Barnett Shale gas reserves.

Population of Crowley

As of the census of 2010, 12,838 people, 4,408 households, and 3,424 families resided in Crowley.

The graph below depicts the historical population of Crowley, TX.



Plan on a Page for Crowley ISD

The following page illustrates the direction of Crowley ISD on a one page document approved by the Board of Trustees, June 26, 2014.

² Source: Wikipedia

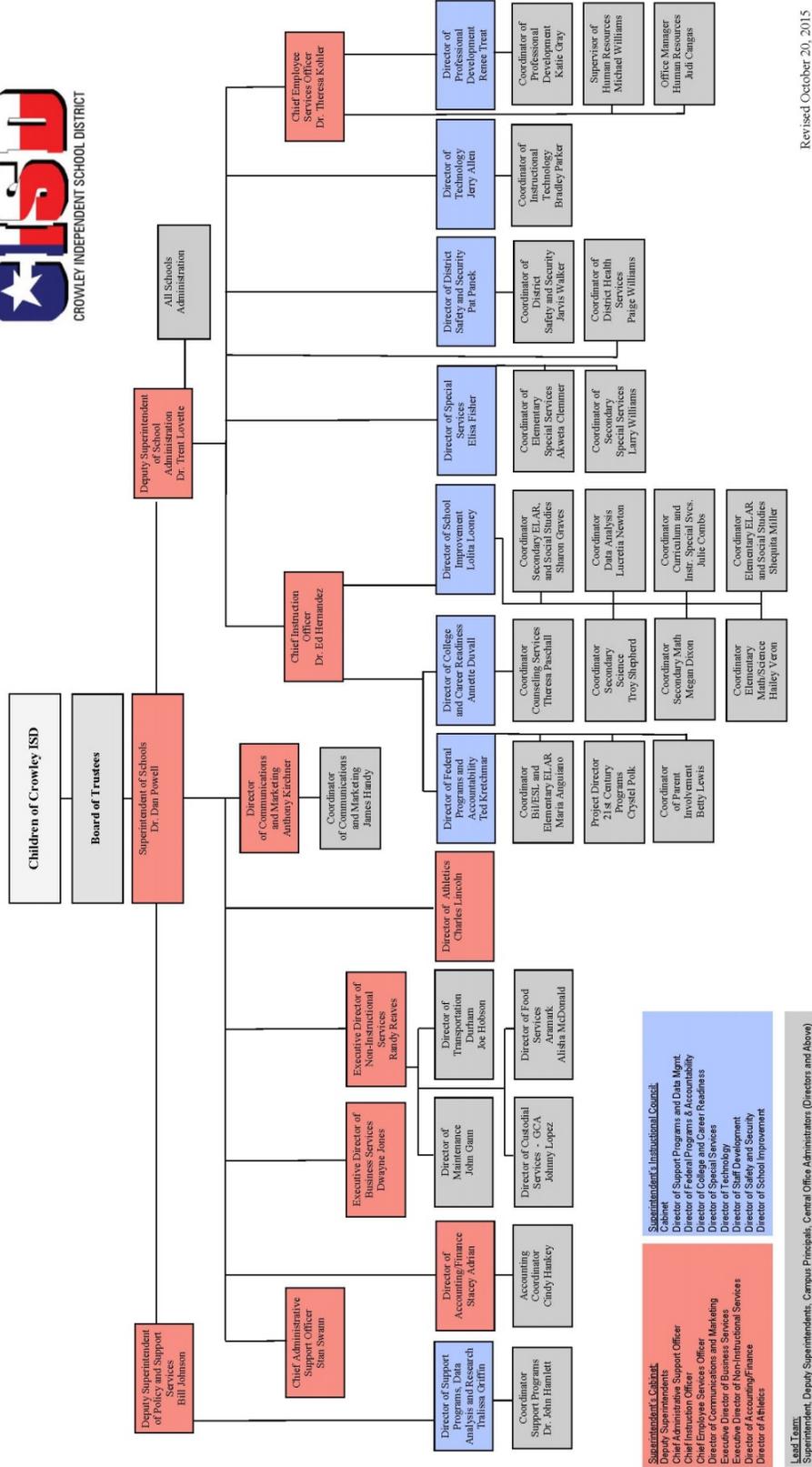


CROWLEY INDEPENDENT SCHOOL DISTRICT STRATEGIC PLAN 2014-2019

Mission/ Vision/Values	Strategic Objectives	Strategic Measures and Evidence of Progress	Key Strategies
<p>Mission Statement: Crowley ISD provides our students with excellence in education so that all students achieve their full potential.</p> <p>Vision Statement: Crowley ISD will provide all students with a world-class, high-quality education where students are inspired to succeed in the global community.</p> <p>District Values:</p> <ul style="list-style-type: none"> • We value high academic achievement. • All students can learn through a variety of instructional methods and opportunities that meet their individual needs. • Learning is enhanced through social interaction in a diverse setting. • We value a safe and secure learning environment. • We value a positive work place in which each employee is appreciated and is provided opportunities for professional growth. • We respect and value the opinions of all students, employees and community members. • We encourage open, effective and timely communication with district stakeholders. • We support effective stewardship of public resources. 	<p style="text-align: center;">Strategic Objectives</p> <p>1.1. Provide an aligned, relevant and rigorous curriculum and courses of study in order to prepare students to meet or exceed college and workforce ready standards.</p> <p>1.2. Graduate college and workforce ready students who demonstrate the skills necessary for post-secondary success in a global community.</p> <p>1.3. Increase the integration of technology resources and systems in order to produce 21st Century learners.</p>	<p style="text-align: center;">GOAL 1 - IMPROVE STUDENT ACHIEVEMENT FOR ALL</p> <p>1.1. Improved local student performance on state testing.</p> <p>1.2. Increased percentage of Advanced Placement students passing the AP exam.</p> <p>1.3. Increased percentage of CISD graduating students having completed one or more courses in high school eligible for college credit including dual credit/coursecross credit and Advanced Placement courses, as well as CTE courses leading to post-secondary.</p> <p>1.4. Improved local 4-year graduation rates.</p> <p>1.5. Increased percentage of students graduating on the "Distinguished" high school plan.</p> <p>1.6. Improved local college and career readiness rates.</p> <p>1.7. Increased percentage of student accessibility to relevant and reliable technology.</p> <p>1.8. Increased technology staff development.</p>	<p>1.1. Monitor curriculum delivery and student learning utilizing both formative and summative assessment data and reports of performance.</p> <p>1.2. Address the diverse instructional needs of students through a variety of innovative, engaging and rigorous instructional strategies.</p> <p>1.3. Provide opportunities for students to earn college credit, industry certification and licensures in high demand career areas while in high school with a variety of advanced academic opportunities.</p> <p>1.4. Provide annual course planning and review for all secondary students and families to ensure students are enrolled in courses that meet state "Distinguished" graduation requirements as well as their personal college and career aspirations.</p> <p>1.5. Identify and implement current and emerging technology skills appropriately into the curriculum.</p>
	<p>2.1. Provide a safe, secure and nurturing learning environment for all students and staff.</p> <p>2.2. Provide effective communication for all stakeholders regarding safety/security.</p>	<p style="text-align: center;">GOAL 2 - PROVIDE SAFE, SECURE, AND NURTURING SCHOOLS</p> <p>2.1. Increased school safety as measured by composite scores derived from data:</p> <ul style="list-style-type: none"> a. Improved compliance with all safety standards. b. Improved student attendance rates. c. Improved dropout rates. d. Increased student participation in extra-curricular activities and co-curricular. e. Reduced number of students missing instructional time due to disciplinary reasons. <p>2.2. Increased knowledge of safety and security procedures and processes for all stakeholders.</p> <p>2.3. Increased secondary students' satisfaction with safety and security as measured in surveys.</p>	<p>2.1. Monitor, support, provide, and maintain safety and security districtwide.</p> <p>2.2. Conduct comprehensive audits, safety drills and trainings.</p> <p>2.3. Implement Emergency Response (ER) and anti-bullying programs.</p> <p>2.4. Implement Social and Emotional Learning (SEL) and Restorative Justice programs.</p> <p>2.5. Encourage and promote student participation in extra-curricular activities.</p> <p>2.6. Support wellness programs for students and staff.</p> <p>2.7. Monitor student engagement utilizing teacher observations and classroom visits.</p> <p>2.8. Monitor dropout prevention and intervention programs.</p> <p>2.9. Provide, evaluate, communicate and update safety and security equipment, procedures and programs.</p> <p>2.10. Conduct safety satisfaction surveys.</p>
<p>3.1. Provide continuous opportunities for parents and community members to partner with community schools.</p> <p>3.2. Ensure channels for frequent communication and open dialogue continue between schools, parents and community members.</p> <p>3.3. Collect feedback and input from parents and community members on a regular basis.</p>	<p style="text-align: center;">GOAL 3 - SUPPORT PARENT AND COMMUNITY PARTNERSHIPS</p> <p>3.1. Increased number of parent and family volunteers in schools and school activities.</p> <p>3.2. Increased number of outside individuals and organizations having direct involvement with the schools.</p> <p>3.3. Improved stakeholder satisfaction by analyzing and evaluating surveys.</p>	<p style="text-align: center;">GOAL 4 - PROVIDE A QUALITY WORKFORCE IN A POSITIVE WORK ENVIRONMENT</p> <p>4.1. 100% of teaching staff meet Highly Qualified status.</p> <p>4.2. Improved employee satisfaction.</p>	<p>3.1. Offer targeted events, programs, meetings, committees and volunteer opportunities at all levels.</p> <p>3.2. Utilize changing technology to increase communication.</p> <p>3.3. Conduct comprehensive surveys of parents, community members, staff and students.</p>
<p>4.1. Recruit, employ, develop and retain a quality teaching, administrative and support staff to attain excellence in student performance.</p> <p>4.2. Provide high-quality, job embedded professional development.</p>	<p style="text-align: center;">GOAL 5 - ENSURE EFFECTIVE AND EFFICIENT USE OF RESOURCES</p> <p>5.1. Continue excellence in financial planning, management and stewardship.</p> <p>5.2. Effectively utilize available funds to maintain or upgrade existing facilities and equipment and/or construct new facilities.</p>	<p>4.1. Ensure all instructional staff are Highly Qualified and fully certified according to state and federal guidelines.</p> <p>4.2. Monitor customer service standards.</p> <p>4.3. Monitor employee satisfaction survey data.</p> <p>4.4. Provide quality and relevant staff development aligned to district needs.</p> <p>4.5. Develop emerging leaders for future positions within the district.</p>	<p>4.1. Ensure all instructional staff are Highly Qualified and fully certified according to state and federal guidelines.</p> <p>4.2. Monitor customer service standards.</p> <p>4.3. Monitor employee satisfaction survey data.</p> <p>4.4. Provide quality and relevant staff development aligned to district needs.</p> <p>4.5. Develop emerging leaders for future positions within the district.</p>

Crowley Independent School District

2015-16 CISD Central Administration Organization



Revised October 20, 2015

Crowley Independent School District

Organizational Structure

Board of Trustees – The Board adopts policies, sets direction for curriculum, employs the Superintendent and oversees the operations of the District and its schools.

Superintendent - The Superintendent is responsible for providing leadership and direction for the District and reports to the District Board of Trustees.

Superintendent's Cabinet members – The Cabinet consists of the Superintendent, the Deputy Superintendent of Policy and Support Services, Deputy Superintendent of School Administration, Chief Administrative Support Officer, Chief Instruction Officer, Chief Employee Services Officer, Executive Director of Business Services, Executive Director of Non-Instructional Services, Director of Accounting, Director of Athletics.

Policy & Support – Steered by the Deputy Superintendent and he reports to the Superintendent.

School Administration – All school administration is supervised by the Deputy Superintendent and he reports to the Superintendent.

Administrative Support – Lead by Chief Administrative Support Officer and he reports to the Superintendent.

Curriculum & Instruction – The Chief Instruction Officer heads up the Curriculum and Instruction department and answers to the Deputy Superintendent of School Administration.

Employee Services – The Chief Employee Services Officer heads up the Employee Services department and answers to the Deputy Superintendent of School Administration.

Finance Department – The Executive Director of Business Services and the Director of Accounting supervise the Finance Department and report directly to the Superintendent.

Non-Instructional Services – The Executive Director of Non-Instructional Services leads the Maintenance Department; Custodial, Transportation and Child Nutrition Departments and reports to the Superintendent.

Athletics – The Athletics department is directed by the Director of Athletics.

Campus Administration – All campus principals report to the Deputy Superintendent of School Administration. They administer all 23 campuses in the district.

Crowley Independent School District

Department/Function Relationship

The following chart illustrates the connection between budget functions and the departments that expend those budgets to complete the responsibilities of Crowley ISD.

<u>Departments/Organizational units</u>												
Directed by:		Constituants	Board of Trustees	Deputy Superintendent	Deputy Superintendent	Chief Admin. Support	Chief Instructional Officer	Chief Employee Services	Executive Director	Executive Director	Athletic Director	Principals
Functions	Purpose	Board of Trustees	Superintendent's Office	Policy & Support	School Administration	Administrative Support	Curriculum & Instruction	Employee Services	Finance Department	Non-Instructional Services	Athletics	Each Campus
11	Interaction between teachers and students											11
12	Resource centers				12							12
13	Aid the development of instructional staff				13			13				13
21	Providing leadership for instructional services staff				21		21					
23	Direct and manage a school campus				23							23
31	Assessing and testing, and counseling				31		31					31
33	Providing physical health services				33							33
34	Transporting students									34		
35	Food service operations									35		
36	School-sponsored activities outside of the school day					36					36	36
41	Managing or governing the district as an overall entity	41	41	41	41	41		41	41			
51	Maintenance and operation of the physical facilities and grounds									51		
52	Keep student and staff surroundings safe				52							
53	Data processing services				53							
61	Services or activities relating to the community		61			61						
71	Retirement of debt; principal, interest, and fees								71			
81	Acquiring, equipping, and/or making additions to real property and sites								81	81		

Crowley Independent School District

Accounting Information

Fund Structure

The funds and accounts of the District have been established in accordance with the rules prescribed in the Financial Accounting and Reporting Model of the Texas Education Agency Financial Accountability System Resource Guide (FASRG). The accounting policies of Crowley ISD comply with the rules prescribed in Governmental Accounting Standards Board (GASB) pronouncements and in the FASRG.

Government-wide and Fund Accounting

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of its assets, liabilities, fund balance or net position, revenues, and expenditures as appropriate. Following is a description of the various funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is considered a major fund for reporting purposes. This fund is used to account for the day-to-day operations of the district. The major revenue sources include local property taxes and state funding from the Foundation School Program. The General Fund is a budgeted fund and approved by the Board of Trustees each fiscal year.

Special Revenue Funds - are used to account for the proceeds of specific program grants. These grants are awarded to the District with the purpose of accomplishing specific educational objectives as defined in the grant award.

Debt Service Fund –The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. This fund is considered a major fund for reporting purposes. The Debt Service Fund is a budgeted fund and approved by the Board of Trustees each fiscal year.

Capital Projects Fund – The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is considered a major fund for reporting purposes.

Proprietary Funds

The proprietary funds account for services that are generally fully supported by user fees. The District has the following types of proprietary funds:

Enterprise Fund – The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are reported as “Business Type Activities” in the government-wide financial statements. The District uses this fund to account for its community education programs because the community education programs are self-supporting and do not require subsidies from the general fund.

Internal Service Fund –The internal service funds are used to account for revenues and expenses related to services provided to parties inside the District. The costs of the activities are allocated to the other funds of the District on a cost reimbursement basis. The District has internal service funds for its worker’s compensation.

Crowley Independent School District

Fiduciary Fund – The fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government’s own programs.

Agency Fund – The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for the District’s student activity funds and donations.

Private Purpose Trust Fund – The District uses these funds to account for donations received from private individuals and foundations which have the stipulation that the funds be used for a specific purpose. These funds are not budgeted.

Basis of Accounting

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board on governmental accounting in its 1998 Codification of Government Accounting and Financial Reporting Standards, and subsequent statements and interpretations. The District's accounting records for general governmental operations are maintained on a modified accrual basis as prescribed by the Texas Education Agency Financial Accountability System Resource Guide. The basis of budgeting is modified accrual as well to coincide with the financial statements in the annual financial report.

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting structure. The internal accounting structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. All internal control evaluations occur within the above framework. We believe that the District's internal accounting structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Budgetary control is initiated at the onset when the Board of Trustees adopts the annual appropriated budget. To ensure budgetary compliance, the Texas Education Agency (TEA) and the District have established spending regulations and policies. For all administrators with line item or program responsibility, TEA regulations set the level of budgetary control at the major functional expenditure level. Budgetary control is more restrictive at the District level where administrators are held responsible for maintaining and managing their budgets at the detail line item level. All revisions at the function level are approved by the Board of Trustees.

Crowley Independent School District

Classifications of Revenues and Expenditures

Overview of Account Codes

Section 44.007 of the Texas Education Code (Code or TEC) requires that a standard school district fiscal accounting system be adopted by each school district. The system must meet at least the minimum requirements prescribed by the State Board of Education and also be subject to review and comment by the state auditor. Additionally, the accounting system must conform to Generally Accepted Accounting Principles (GAAP). This section further requires that a report be provided at the time that the school district budget is filed, showing financial information sufficient to enable the state board of education to monitor the funding process and to determine educational system costs by school district, campus and program.

The Texas Education Code, Section 44.008, requires each school district to have an annual independent audit conducted that meets the minimum requirements of the state board of education, subject to review and comment by the state auditor. The annual audit must include the performance of certain audit procedures for the purpose of reviewing the accuracy of the fiscal information provided by the district through the Public Education Information Management System (PEIMS). The audit procedures are to be adequate to detect material errors in the school district's fiscal data to be reported through the PEIMS system for the fiscal period under audit.

A major purpose of the following accounting code structure is to establish the standard school district fiscal accounting system required by law. Although certain codes within the overview may be used at local option, the sequence of the codes within the structure, and the funds and chart of accounts, are to be uniformly used by all school districts in accordance with generally accepted accounting principles.

The Code Structure

Fund Code

A mandatory 3 digit code is to be used for all financial transactions to identify the fund group and specific fund. The first digit refers to the fund group, and the second and third digit specifies the fund.

Example:

A Special Revenue Fund could be coded 211. The 2 indicates the Special Revenue Fund, the 11 specifies ESEA, Title I, Part A - Improving Basic Programs.

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Function Code

A mandatory 2 digit code applied to expenditures/expenses that identify the purpose of the transaction. The first digit identifies the major class and the second digit refers to the specific function within the area.

Example:

The function "Health Service" is coded 33. The first 3 specifies Support Services - Student (Pupil) and the second 3 is Health Services.

Object Code

A mandatory 4 digit code that identifies the nature and object of an account, a transaction or a source. The first of the four digits identifies the type of account or transaction, the second digit identifies the major area, and the third and fourth digits provide further sub-classifications.

Example:

Money received for current year taxes is classified in account 5711. The 5 denotes revenue, the 7 shows Local and Intermediate Sources, the 1 denotes local real and personal property taxes revenue and the final 1 specifies current year levy.

Optional Codes 1 and 2

A 2 digit code for optional use to provide special accountability at the local level.

Organization Code

A mandatory 3 digit code that identifies the organization, i.e., High School, Middle School, Elementary School, Superintendent's office, etc. An organization code does not necessarily correspond with a physical location. The activity, not the location, defines the organization. Campuses are examples of organization codes and are specified for each school district in the Texas School Directory.

Example:

Expenditures for a high school might be classified as 001. This is a campus organization code that is defined in the Texas School Directory for that high school.

Crowley Independent School District

Fiscal Year Code

A mandatory single digit code that identifies the fiscal year of the transaction or the project year of inception of a grant project.

Examples:

For the 2005-06 fiscal year of the school district, a 6 would denote the fiscal year.

An ESEA, Title I, Part A - Improving Basic Programs grant for the project year from July 1, 2005 through June 30, 2006 would be indicated by a 6. A grant for the project year from July 1, 2006 through June 30, 2007 would be indicated by a 7. Therefore, 10 months of the ESEA, Title I, Part A - Improving Basic Programs grant expenditures would be accounted for under project year 6 and 2 months would be accounted for under project year 7.

Program Intent Code

A mandatory 2 digit code used to designate the intent of a program provided to students. These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not the demographic makeup of the students served.

Example:

An entire class of physics is taught at the basic level. Program intent code 11 would designate Basic Educational Services.

Optional Code 3

A single code that is used at the local option.

Optional Codes 4 and 5

An optional 2 digit code that may be used by the district to further describe the transaction.

Fund Codes

School district accounting systems are organized and operated on a fund basis. A fund is an accounting entity with a self-balancing set of accounts recording financial resources and liabilities. A school district designates the fund's financial resources for a distinct purpose. The fund's purpose can be established by the state or federal government as well as the school district. **The \mathcal{R} by a fund indicates that the fund is required for reporting purposes (PEIMS and/or Annual Financial and Compliance Report) if such funds are applicable to the school district.**

Crowley Independent School District

School districts should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established since unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration.

100 - 600 GOVERNMENTAL FUND TYPES

Governmental fund types for Texas school districts consist of four governmental fund groups (General, Special Revenue, Capital Projects and Debt Service) that account for the acquisition, use and balances of expendable financial resources and related liabilities as required by law or rule.

100 GENERAL FUND

The general fund is a governmental fund with budgetary control which is used to show transactions resulting from operations of on-going organizations and activities from a variety of revenue sources for which fund balance is controlled by and retained for the use of the local education agency. The general fund utilizes the modified accrual basis of accounting. To maintain separate revenue and expenditure accounts to assure the integrity of specific revenue purposes when required by law or rule, the general fund is to employ the classifications defined below.

***R*101 Food Service**

This classification is to be used by the school district for a food service program, under certain circumstances.

The Food Service Fund is considered a part of the General Fund if it meets the following criteria:

- No user fees are charged; i.e., students are not charged for meals, and
- Participation in the National School Lunch Program (NSLP) is not a factor. Whether the school district participates or not, the General Fund subsidizes the Food Service Fund for all amounts required in excess of the NSLP reimbursements

The fund balance of the Food Service Fund may not exceed three months of food service operations, and such balances are to be used exclusively for allowable child nutrition program purposes. (10.553, breakfast; 10.555, lunch) (Note: See Fund Codes 240 and 701 which are alternative methods of accounting for Food Service Funds, depending on the guidelines established by the school district.)

The Summer Feeding Program funded by the Department of Human Services (DHS) is not to be classified in this fund, but rather in the Special Revenue Fund Code 242.

CISD does not use fund 101 to record Food Service. See Fund 240 below.

Crowley Independent School District

℞199 General Fund

This classification must be used to account for funds in which the local governing board designates. The local governing board has wide discretion in their use as provided by law. This fund usually includes transactions as a result of revenues from local maintenance taxes, payments in lieu of taxes, foundation entitlements, State and County available and other Foundation School Program sources which are not identified on warrants for foundation entitlements. This fund classification is also used to record transactions involving the instructional facilities allotment for lease-purchase related purposes (Fund Code 699, Debt Service Fund, is used to record transactions involving the FSP instructional facilities allotment for bonded indebtedness (voter approved debt) related purposes). Any locally defined codes that are used at the local option are to be converted to Fund 199 for PEIMS reporting.

200/300/400 SPECIAL REVENUE FUNDS

Special revenue funds are governmental funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This excludes expendable trusts and major capital projects. These funds utilize the modified accrual basis of accounting.

When accounts are designated as “Education Service Centers Only,” school districts are not to use these fund classifications.

200 SPECIAL REVENUE (FEDERAL PROGRAMS)

Federal Programs that are used by school districts and education service centers not acting as a fiscal agent for a shared services arrangement are designated by Fund Codes 201 through 289. Most, but not all, of these funds must be applied for through a Standard Application System (SAS).

℞211 ESEA, Title I, Part A - Improving Basic Programs

This fund classification is to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children. This program is authorized under P.L. 107-110. (84.010A) (U.S. Department of Education)

℞224 IDEA - Part B, Formula

This fund classification is to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This fund classification includes capacity building and improvement (sliver) subgrants. (84.027) (U.S. Department of Education)

℞225 IDEA - Part B, Preschool

This fund classification is to be used to account, on a project basis, for funds granted for preschool children with disabilities. This grant is funded by PL 105-17. (84.173) (U.S. Department of Education)

Crowley Independent School District

℞240 National School Breakfast and Lunch Program

This fund classification is to be used for programs using federal reimbursement revenues originating from the United States Department of Agriculture (USDA). The Food Service Fund is considered a Special Revenue Fund if it meets the following criteria:

- User fees are charged to supplement the National School Lunch Program (NSLP) reimbursement -- i.e., students are charged for meals.

This fund may have a fund balance not to exceed three months of food service operations, and such balances are to be used exclusively for allowable child nutrition program purposes. (10.553, breakfast; 10.555, lunch)

℞244 Career and Technical - Basic Grant

This fund classification is to be used to account, on a project basis, for funds granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations, at 1) a limited number of campuses (sites) or 2) a limited number of program areas. (84.048) (U.S. Department of Education)

℞255 ESEA, Title II, Part A - Teacher and Principal Training and Recruiting

This fund classification is to be used to provide financial assistance to LEAs to (1) Increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement. (P.L. 107-110) (84.367A) (U.S. Department of Education)

℞263 Title III, Part A - English Language Acquisition and Language Enhancement This fund classification is to be used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards (P. L. 107-110, Title III, Part A, Subpart 1) (84.365A) (U.S. Department of Education).

℞265 Title IV, Part B - 21st Century Community Learning Centers

This fund classification is to be used to account, on a project basis, for funds granted to provide opportunities for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment and additional services to students and literary and related educational development for families of students (P. L. 107-110, Title IV, Part B) (84.287) (U.S. Department of Education).

℞273 Mathematics and Science Partnerships (Effective fiscal year 2008/09)

This fund classification is to be used to account, on a project basis, for funds granted to eligible partnerships to improve the academic achievement of students in mathematics and science by providing professional development to improve teaching and by recruiting math, engineering, and science majors to teaching. This grant is authorized under Title II, Part B of the No Child Left Behind Act, P. L. 107-110. (84.336B) (U.S. Department of Education)

R 274 GEAR UP (Effective fiscal year 2008/09)

Crowley Independent School District

℞289 Federally Funded Special Revenue Funds

This fund classification is to be used to account, on a project basis, for federally funded special revenue funds that have not been specified above. Any locally defined codes that are used at the local option are to be converted to Fund 289 for PEIMS reporting.

℞315 Shared Services Arrangements - IDEA - Part B, Discretionary

This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds used to support an education service center basic special education component and also:

- Targeted support to LEAs
- Regional Day School Programs for the Deaf
- Private residential placements
- Priority projects
- Other emerging needs

(84.027) (U.S. Department of Education)

℞316 Shared Services Arrangements - IDEA - Part B, Deaf

This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This fund classification includes capacity building and improvement (sliver) deaf subgrants. (84.027) (U.S. Department of Education)

℞317 Shared Services Arrangements IDEA - Part B, Preschool Deaf

This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds granted for preschool children with disabilities by P.L. 105-17. (84.173) (U.S. Department of Education)

380 SPECIAL REVENUE FUNDS (STATE PROGRAMS)

State programs that are used by school districts and education service centers not acting as a fiscal agent for a shared services arrangement are designated by Fund Codes 381 through 429. This includes any funds sent by the fiscal agent to the member school district for use by that school district.

℞385 State Supplemental Visually Impaired (SSVI)

This fund classification is to be used to account for State Supplemental Visually Impaired funds. This fund is to be used by single school districts, on a project basis, to account for any of these funds received from the ESC or district fiscal agent of a shared services arrangement.

℞392 Noneducational Community-Based Support

This fund classification is to be used to account, on a project basis, for the provision of noneducational community-based support services to students with disabilities who would remain or have to be placed in residential facilities for educational reasons without the provision of these services. The support services may include transportation, respite for the parents, case management, social work, in-home family support and other items. (TEC 29.013)

Crowley Independent School District

℞397 Advanced Placement Incentives

This fund classification is to be used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

℞404 Student Success Initiative

This fund classification is to be used to account, on a project basis, for funds granted for teacher training and allocations to schools to implement scientific, research-based programs for students who have been identified as unlikely to achieve the third grade TAKS reading standard by the end of the third grade.

℞410 State Textbook Fund

This fund classification is to be used to account, on a project basis, for funds awarded to school districts under the textbook allotment (see 411 Technology Allotment). (TEC Chapter 31, Subchapter B)

℞411 Technology Allotment

This fund classification is to be used to account, on a project basis, for funds awarded to school districts to purchase technological software or equipment that contributes to student learning, or to pay for training for educational personnel involved in the use of these materials. (TEC Chapter 32, Subchapter A)

℞423 Limited English Proficient (LEP) Student Success Initiative (Effective fiscal year 2008/09)

This fund classification is to be used to account, on a project basis, for funds granted to schools to provide intensive programs of instruction for limited English-proficient (LEP) students and teacher training resources specific to instruction of LEP students. [TEC 39.024(d) and (e)]

℞429 State Funded Special Revenue Funds

State funded special revenue funds not listed above are to be accounted for in this fund. Any locally defined codes that are used at the local option are to be converted to fund 429 for PEIMS reporting.

430 SHARED SERVICES ARRANGEMENTS - STATE/LOCAL FUNDED

The special revenue funds listed below (Fund Codes 431 through 459) are used to account for state/local funds held by a fiscal agent school district or regional education service center that either (1) provides and pays for all services to member districts; (2) provides and pays for some services to member districts and sends a portion of the grant to each member district to expend; (3) receives funds from member districts to expend on shared personnel, etc.; or, (4) sends all of the grant to member districts to expend.

Amounts sent by the fiscal agent to shared services arrangement member school districts are reported by those school districts as revenues and expenditures of the Special Revenue Fund in the appropriate fund (Fund Codes 381 through 429). Federally funded shared services arrangements are accounted for in the same manner as grants in the Special Revenue Fund. At the end of each fiscal year, the fiscal agent is responsible for submitting financial data, by member district, through the Public Education Information Management System (PEIMS) in a special record for shared services arrangements.

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℞435 Shared Services Arrangements - Regional Day School for the Deaf

This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis for funds allocated for staff and activities of the Regional Day School Program for the Deaf (RDSPD). These funds are not to be used to pay salaries of teachers with a teaching assignment other than deaf students in the RDSPD. State deaf funds should not be used to pay the salary of teachers of American Sign Language as a foreign language at the junior high or high school level, as this is a course for regular education credit.

℞461 Campus Activity Funds (see Fund 865 for Student Activity Funds)

This fund classification is to be used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund. Gross revenues from sales are recorded in revenue object code 5755. The cost of goods sold is recorded in Function 36, using the appropriate expenditure object code.

750-799 INTERNAL SERVICE FUNDS

Internal service funds are a proprietary fund accounted for on the accrual basis. No budget is required for internal service funds. These funds are not required to be reported in data submitted through [PEIMS](#) to TEA except the payroll data. Internal service funds apply the same generally accepted accounting principles as the Enterprise Fund.

This fund type may be used to account for the financing of goods or services provided by one organizational unit of the school district to other organizational units of the school district, or to other local education agencies or governmental units, on a cost reimbursement basis. An example of an internal service fund is a school district-operated print shop.

School districts may, at their option, utilize local detail codes to further account for internal services.

According to Governmental Accounting Standards Board Statement No. 10, public entity risk pools are required to be accounted for in the Internal Service Fund. A public entity risk pool is a shared services arrangement group of governmental entities joined together to finance an exposure, liability, or risk, such as employee health care, general liability, unemployment compensation and workers' compensation. Fund Codes 751 through 799 are used to account for internal service funds.

℞753 Insurance (Not Reported to PEIMS)

This fund classification is used to account for transactions related to self-insurance activities of the school district. (This fund is used at the option of the school district to facilitate allocation of these costs to other accounts.) School districts are to use distinct locally-defined numbers where necessary to maintain separate accountability for each self-insurance program.

770-798 Internal Service Funds - Locally Defined (Not Reported to PEIMS)

These fund classifications are used, at the option of the school district, to classify internal service funds not defined elsewhere.

Crowley Independent School District

Function Codes

A function represents a general operational area in a school district and groups together related activities. Most school districts use all of the functions in the process of educating students or organizing the resources to educate students. 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 \mathcal{R} by a function indicates that the function is required for reporting purposes (PEIMS and/or Annual Financial and Compliance Report) if such funds are applicable to the school district.**

Functions are grouped according to related activities in the following major areas/classes:

- 10 Instruction and Instructional-Related Services
- 20 Instructional and School Leadership
- 30 Support Services - Student (Pupil)
- 40 Administrative Support Services
- 50 Support Services - Non-Student Based
- 60 Ancillary Services
- 70 Debt Service
- 80 Capital Outlay
- 90 Intergovernmental Charges

Each of these major areas is further defined by detail function codes. The \mathcal{R} by a code indicates that the code is required for PEIMS reporting purposes if such costs are applicable to the school district.

Certain expenditures must be accounted for by organization code and program intent code. See Organization Code section and Program Intent section for guidance concerning mandatory and optional uses.

School districts are encouraged to use appropriate program intent and organization codes for all other costs that are directly attributable to a specific program intent and/or organization. However, benefits to the management of the school district in relation to the effort to allocate these costs should be examined before allocating costs that are not mandatory.

If specific program intent codes are not used, the school district is to use Program Intent Code 99 (Undistributed). If specific organization codes are not used, the school district is to use Organization Code 999 (Undistributed) or Organization Code 998 (Unallocated, Local Option).

10 Instruction and Instructional-Related Services

This function code series is used for expenditures/expenses that:

- Provide direct interaction between staff and students to achieve learning
- Provide staff members with the appropriate resources to achieve the appropriate student learning outcomes through either materials or development

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R11 Instruction

This function is used for activities that deal directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations. It may also be provided through some other approved medium such as television, radio, telephone, telecommunications, multimedia and correspondence. This function includes expenditures / expenses for direct classroom instruction and other activities that deliver, enhance or direct the delivery of learning situations to students.

R12 Instructional Resources and Media Services

This function is used for expenditures/expenses that are directly and exclusively used for resource centers, establishing and maintaining libraries and other major facilities dealing with educational resources and media.

R13 Curriculum Development and Instructional Staff Development

This function is used for expenditures/expenses that are directly and exclusively used to aid instructional staff in planning, developing and evaluating the process of providing learning experiences for students. Expenditures and expenses include inservice training and other staff development for instructional or instructional-related personnel (Functions 11, 12, and 13) of the school district. This function also includes expenditures and expenses related to research and development activities that investigate, experiment, and/or follow-through with the development of new or modified instructional methods, techniques, procedures, services, etc.

20 Instructional and School Leadership

This function code series is used for expenditures that relate to the managing, directing, supervising and leadership of staff who are providing either instructional or instructional-related services. This function code series also includes the general management and leadership of a school campus.

R21 Instructional Leadership

This function is used for expenditures/expenses that are directly used for managing, directing, supervising, and providing leadership for staff who provide general and specific instructional services.

R23 School Leadership

This function is used for expenditures/expenses that are used to direct and manage a school campus. They include the activities performed by the principal, assistant principals and other assistants while they:

- Supervise all operations of the campus
- Evaluate staff members of the campus
- Assign duties to staff members maintaining the records of the students on campus

30 Instructional and School Leadership

This function code series is used for expenditures/expenses that directly support students.

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R31 Guidance, Counseling and Evaluation Services

This function is used for expenditures/expenses that are directly and exclusively used for assessing and testing students' abilities, aptitudes and interests; counseling students with respect to career and educational opportunities and helping them establish realistic goals. This function includes costs of psychological services, identification of individual characteristics, testing, educational counseling, student evaluation and occupational counseling.

R32 Social Work Services

This function is used for expenditures/expenses that are directly and exclusively used for activities such as:

- Investigating and diagnosing student social needs arising out of the home, school or community
- Casework and group work services for the child, parent or both
- Interpreting the social needs of students
- Promoting modification of the circumstances surrounding the individual student which are related to his or her social needs

R33 Health Services

This function is used for expenditures/expenses that are directly and exclusively used for providing physical health services to students. This includes activities that provide students with appropriate medical, dental and nursing services.

R34 Student (Pupil) Transportation

This function is used for expenditures/expenses that are incurred for transporting students to and from school.

R35 Food Services

This function is used for food service operation expenditures/expenses, including the cost of food, labor, and other expenditures/expenses necessary for the preparation, transportation and storage of food to provide to students and staff. Expenditures/expenses are used directly and exclusively for supervision and maintenance of a food service operation.

R36 Extracurricular Activities

This function is used for expenditures/expenses for school-sponsored activities outside of the school day. These activities are generally designed to provide students with experiences such as motivation and the enjoyment and improvement of skills in either a competitive or noncompetitive setting.

Extracurricular activities include athletics and other activities that normally involve competition between schools (and frequently involve offsetting gate receipts or fees such as football, baseball, volleyball, track and tennis). Other kinds of related activities are included (such as drill team, pep squad and cheerleading, University Interscholastic League competition such as one-act plays, speech, debate, band, Future Farmers of America (FFA), National Honor Society, etc.).

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If the school district has activity funds, the goods purchased for resale are to be classified in this function, with the gross sale of goods recorded in Revenue Object Code 5755, Results from Enterprising Activities, Activity Funds and/or Clearing Accounts.

40 Administrative Support Services

This function code series is used for overall general administrative support services of the school district.

℞41 General Administration

This function is for expenditures/expenses that are for purposes of managing or governing the school district as an overall entity. This function covers multiple activities that are not directly and exclusively used for costs applicable to specific functions. General administration is an indirect cost applicable to other expenditure functions of a school district.

Program Intent Code 99 is to be used for all expenditures for Function 41. The organization codes specified in the 700 organization code group are the only organization codes to be used with Function 41 costs and may not be used in any other function, other than specific costs in Function 53 (Data Processing) that relate to the functions of the business office.

50 Support Services

This function code series is used for expenditures/expenses that are used for school district support services.

℞51 Facilities Maintenance and Operations

This function is used for expenditures/expenses for activities to keep the facilities and grounds open, clean, comfortable and in effective working condition and state of repair, and insured. This function is used to record expenditures/expenses for the maintenance and operation of the physical facilities and grounds. This function also includes expenditures/expenses associated with warehousing and receiving services.

℞52 Security and Monitoring Services

This function is used for expenditures/expenses that are for activities to keep student and staff surroundings safe, whether in transit to or from school, on a campus or participating in school-sponsored events at another location.

℞53 Data Processing Services

This function is for expenditures/expenses for data processing services, whether in-house or contracted.

60 Ancillary Services

This function code series is used for expenditures/expenses that are for school district support services supplemental to the operation of the school district.

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℞61 Community Services

This function is used for expenditures that are for activities or purposes other than regular public education and adult basic education services. These types of expenditures are used for services or activities relating to the whole community or some segment of the community. This includes providing resources to non-public schools, institutions of higher education, and any proprietary types of services incurred for outside entities in the community.

70 Debt Service

This function code series is used for expenditures that are used for the payment of debt principal and interest.

℞71 Debt Service

This function is used for expenditures that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest. Note principal for short-term loans (one year or less in duration) is to be recorded in the liability account 2122, Notes Payable - Current Year.

80 Facilities Acquisition and Construction

This function code series is used for expenditures that are acquisitions, construction, or major renovation of school district facilities.

℞81 Facilities Acquisition and Construction

This function is used by school districts for expenditures that are for acquiring, equipping, and/or making additions to real property and sites, including lease and capital lease transactions.

90 Intergovernmental Charges

“Intergovernmental” is a classification that is appropriate where one governmental unit transfers resources to another. In particular, Chapter 41 purchase of WADA and the transfer of students where one school district pays another school district for educating students are examples of intergovernmental charges.

℞95 Payments to Juvenile Justice Alternative Education Programs

This function code is used for expenditures that are for the purpose of providing financial resources for Juvenile Justice Alternative Education Programs under Chapter 37, TEC. This function code is used to account for payments to other governmental entities in connection with students that are placed in discretionary or mandatory JJAEP settings.

℞99 Other Intergovernmental Charges

This code is used to record other intergovernmental charges not defined above.

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Expenditure/Expense Object Codes

Expenditures/expenses should be classified by the major object classes according to the types of items purchased or services obtained.

An expenditure/expense account identifies the nature and object of an account, or a transaction. The school district's accounting records are to reflect expenditures/expenses at the most detail level, as depicted in the chart of accounts (4 digits) for accounting and Public Education Information Management System (PEIMS) reporting (actual data) purposes. For PEIMS budget reporting purposes, expenditures/expenses are reported to the second digit of detail (6100, 6200, etc.) If a school district needs to use codes in addition to the mandatory codes for managerial purposes, the optional codes provided for local use in the code structure should be used.

These codes are distinguished from other types of object codes as they always begin with the digit "6."

The R by a code indicates that the code is required for reporting purposes (PEIMS and/or Annual Financial and Compliance Report) if such codes are applicable to the school district.

SUMMARY EXPENSE OBJECT CODES

6100	PAYROLL COSTS
6110	TEACHERS AND OTHER PROFESSIONAL PERSONNEL
6120	SUPPORT PERSONNEL
6130	EMPLOYEE ALLOWANCES
6140	EMPLOYEE BENEFITS
6200	PROFESSIONAL AND CONTRACTED SERVICES
6210	PROFESSIONAL SERVICES
6220	TUITION AND TRANSFER PAYMENTS
6230	EDUCATION SERVICE CENTER SERVICES
6240	CONTRACTED MAINTENANCE AND REPAIR SERVICES
6250	UTILITIES
6260	RENTALS - OPERATING LEASES
6290	MISCELLANEOUS CONTRACTED SERVICES
6300	SUPPLIES AND MATERIALS
6310	SUPPLIES AND MATERIALS FOR MAINTENANCE AND/OR OPERATIONS
6320	TEXTBOOKS AND OTHER READING MATERIALS
6330	TESTING MATERIALS
6340	FOOD SERVICE AND OTHER RESALE ITEMS
6390	SUPPLIES AND MATERIALS - GENERAL
6400	OTHER OPERATING EXPENSES
6410	TRAVEL, SUBSISTENCE AND STIPENDS
6420	INSURANCE AND BONDING COSTS
6430	ELECTION COSTS
6440	DEPRECIATION EXP OF PROPRIETARY AND NONEXPENDABLE TRUST FUNDS
6490	MISCELLANEOUS OPERATING COSTS
6500	DEBT SERVICE
6510	DEBT PRINCIPAL
6520	INTEREST EXPENDITURES/ EXPENSE
6590	OTHER DEBT SERVICE EXPENDITURES/EXPENSES
6600	CAPITAL OUTLAY - LAND, BUILDINGS AND EQUIPMENT
6610	LAND PURCHASE AND IMPROVEMENT
6620	BUILDING PURCHASE, CONSTRUCTION OR IMPROVEMENTS
6630	FURNITURE AND EQUIPMENT

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Expenditures (Governmental Fund Types and Expendable Trust Funds)

Expenditures are debited in the accounting period in which a measurable fund liability is incurred, except for unmatured principal and interest on general long-term debt, prepaid items, and other long-term obligations which are recorded as a debit in the accounting period when due.

Expenses (Proprietary Fund Type, Nonexpendable Trust and Pension Trust Funds)

Expenses are debited in the accounting period in which they are incurred.

Expenditure/expense codes are four digit object codes, and are the sixth through ninth digits in the code structure.

Other Resources/Non-Operating Revenue Object Codes

The school district's accounting records are to reflect other resources/non-operating revenue at the most detail level, as depicted in the chart of accounts (4 digits) for accounting and Public Education Information Management System (PEIMS) reporting (budgeted and actual data) purposes. If a school district needs to use codes in addition to the mandatory codes for managerial purposes, the optional codes provided for local use in the code structure should be used.

These codes are distinguished from other types of object codes as they always begin with the digit "7."

The \mathcal{R} by a code indicates that the code is required for reporting purposes (PEIMS and/or Annual Financial and Compliance Report) if such codes are applicable to the school district.

These detail accounts reflect estimated (budgeted) and incurred (actual) other resources or non-operating revenues. School districts using subsidiary ledgers may, at the local option, use control accounts as listed in the general ledger to reflect the summarized balances of the subsidiary ledgers.

Other Uses/Non-Operating Expenses Object Codes

The school district's accounting records are to reflect other uses/non-operating expenses at the most detail level, as depicted in the chart of accounts (4 digits) for accounting and Public Education Information Management System (PEIMS) reporting (actual data) purposes. For PEIMS budget reporting purposes, other uses/non-operating expenses are reported to the fourth digit of detail (89XX). If a school district needs to use codes in addition to the mandatory codes for managerial purposes, the optional codes provided for local use in the code structure should be used.

These codes are distinguished from other types of object codes as they always begin with the digit "8."

The \mathcal{R} by a code indicates that the code is required for reporting purposes (PEIMS and/or Annual Financial and Compliance Report) if such codes are applicable to the school district.

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Organization Codes

An organization is a group of employees who are obligated to complete a specific responsibility. Usually, an organization has an identifiable leader or an individual who is accountable for the overall completion of the responsibility. **The \mathcal{R} by a code indicates that the code is required for reporting purposes (PEIMS and/or Annual Financial and Compliance Report) if such codes are applicable to the school district.**

There are two distinct types of organization units: (1) a *campus* organization unit, which usually is a group of employees who are obligated to complete the responsibilities of the teaching of, supporting the teaching of and providing the necessary services (such as social services and health services) to a set of students; and (2) an *administrative or other* organization unit which is a group of people who perform a specific responsibility such as those in the superintendent's office, the school board or those who perform the business functions for the school district. An organization does not necessarily correspond with a physical location. The activity, not the location, defines the organization. For example, a high school computer science class might be taught at the central administration office, in which case, the appropriate high school organization code would be assigned.

Organization Codes:

- Campus organization codes as defined in the Texas School Directory are to be used for all other costs clearly attributable to a specific organization. Other costs may be coded to a specific organization or school districts may utilize the TEA-provided cost allocation formula for cost charged to organization code 999 (Undistributed).
- Administrative organization unit codes (701-750) are mandated for all Function 41, General Administration, costs and with Function 53, Data Processing for those expenditures that are attributable to the business office of the school district.

Accurate use of organization codes is essential for payroll under function 11, Instruction. School districts are to use organization codes in all functions when a cost is *clearly attributable* to a specific organization. For those costs that are not clearly attributable to specific organization codes, districts will use organization codes 998 (Unallocated, at the local option) or 999 (Undistributed). Refer to Appendix 6 for a chart depicting required organization accounting by expenditure object code and function. Guidance is provided on other methods of allocating costs other than direct recording in the Cost Accounting section of this module.

TEA provides software in EDIT+ containing a formula to allocate costs recorded in Organization Code 999, Undistributed, according to instructional FTEs (as reported in PEIMS) assigned to organization codes. The formula will allocate costs in Organization Code 999, Undistributed, to campus organizations for functions specified in State Board of Education rules relating to indirect costs. The allocation process is a report type of template and does not change transaction information within the general ledger system. The allocation process uses payroll and staff data for instructional FTEs, as recorded under function 11, Instruction, as a basis to allocate costs. Accordingly, full use of specific organization codes in function 11 is essential for the optimum functionality of the allocation process. The formula-based allocation will be used for state and federal compliance monitoring purposes, such as monitoring indirect costs, maintenance of effort and comparability requirements.

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Costs which are classified in Organization Code 998, Unallocated, will not be allocated by the formula; therefore, such costs will not be considered for compliance purposes unless charged to a specific Enhanced Program Intent Code.

℞001-040 High School Campuses

Use the campus numbers assigned to high school campuses for the school district in the Texas School Directory.

℞041-100 Junior High/Middle School Campuses

Use the campus numbers assigned to junior high/middle school campuses for the school district in the Texas School Directory.

℞101-698 Elementary School Campuses

Use the campus numbers assigned to elementary school campuses for the school district in the Texas School Directory.

℞699 Summer School Organization

Use this organization code for any summer school and intersession that is provided by the school district.

700 Organization Units - Administrative

Use this organization code series for all expenditures related to general administration (Function 41). Organization units 701 through 749 are to be used in Function 41 only. Organization unit 750 is to be used only in Functions 41 and 53 (for those data processing costs that are related to the business functions of the school district).

Administrative personnel (principals, assistant principals, etc.) classified in Function 23 are to be charged to the appropriate campus number, 001-699.

℞701 Organization Unit - Superintendent's Office

Use this organization code for all expenditures related to the superintendent's office (Function 41 only).

℞702 Organization Unit - School Board

Use this organization code for all expenditures related to the school board (Function 41 only).

℞703 Organization Unit - Tax Costs

Use this organization code for all expenditures related to the cost of levying and collecting taxes (Functions 41 and 99 only).

704-708 Reserved for Future State Definition

These codes are reserved for future state designation and are not to be used by the school district.

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709-719 Organization Unit - Direct Costs - Locally Defined (Convert to Organization Code 720 for PEIMS)

These codes are used, at the option of the school district, to define administrative organizational units that are considered direct costs when calculating indirect cost rates. For PEIMS, these accounts convert to 720.

***R*720 Organization Unit - Direct Costs in Function 41 (General Administration)**

Use this organization code for all expenditures related to direct costs not attributed to the superintendent, school board or tax office organization units. Direct costs, for the purposes of this organization unit, are defined in the Calculation of Indirect Cost Rate section.

721-725 Reserved for Future State Definition

These codes are reserved for future state designation and are not to be used by the school district.

726-749 Organization Unit - Indirect Costs - Locally Defined (Convert to Organization Code 750 for PEIMS)

These codes are used, at the option of the school district, to define administrative organizational units that are considered indirect costs when calculating indirect cost rates. For PEIMS, these accounts convert to 750.

***R*750 Organization Units - Indirect Costs in Function 41 (General Administration), including Business Office/ Personnel/Payroll/Human Resources/Purchasing**

Use this organization code for all expenditures related to costs attributed to business office, personnel, payroll, human resources and purchasing functions in General Administration (Function 41) of the school district.

These costs are considered indirect costs when calculating the indirect cost rates. School districts may, at the local option, use codes 726-749 to account for these areas separately.

Those data processing charges that relate to administrative applications and are classified in Function 53 (Data Processing) should use this organization unit as well. See the Calculation of Indirect Cost Rate section for further guidance.

***R*751 Fiscal Agent Shared Services Arrangements**

This organization unit code may be used to account for fiscal agent expenditures in a Shared Services arrangement at the school district's option.

752-799 Organization Units - Reserved for Future State Definition

These organization units are reserved for future state definition and are not to be used by the school district.

800-997 Organization Units - Locally Defined (Convert to Organization Code 999 for PEIMS)

These organization units may be used, at the option of the school district, to provide further accountability for organization units. For PEIMS, these accounts are converted to Organization Code 999.

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℞998 Unallocated Organization Unit

This organization unit may be used, at the option of the school district, for any costs which the district does not wish to be allocated according to the formula developed by TEA, i.e., costs that should not be allocated to various campus organizations and program intents based upon instructional FTEs. Such costs may be charged to a specific program intent; however, if they are charged to the Undistributed Program Intent Code (99), they will not be allocated. *Since these costs will not be distributed to campus organizations or program intents, they will not be considered in monitoring compliance for indirect costs, maintenance of effort, and comparability requirements, unless charged to a specific Enhanced Program Intent Code.*

℞999 Undistributed Organization Unit

Use this organization code for any undistributed costs, i.e., costs that are not a campus or summer school or an administrative unit (Function 41).

Fiscal Year Code

The fiscal year code is a mandatory code to be used by all school districts. For the school district's fiscal year, the last digit of the school year is to be used (e.g., 2008-09 fiscal year is represented by a "9.") For projects such as local grants, state grants accounted for as special revenue funds, debt service funds, or construction funds, the current fiscal year code should be used.

Fiscal year code determination is unique for federally funded projects accounted for as special revenue funds. For example, if funding for a federal project begins on July 1, 2007 and ends June 30, 2008, then the fiscal year code used would be "8". This is done so that the fiscal year code used corresponds with the federal fiscal year in which the funding originated.

Once the fiscal year is assigned to a project, revenues and expenditures/expenses should reflect that number for the duration of the project, even though it may span multiple school district fiscal years.

The following are examples of fiscal year codes:

<u>Code</u>	<u>Description</u>
9	2008-2009
0	2009-2010
1	2010-2011

Program Intent Codes

These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not the demographic makeup of the students served. In the case of state programs, state law may determine the intent and the permissible use of allotments. For state programs, the limitations on the amount of allotments that may be used for indirect costs will need to be considered.

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Districts are encouraged to monitor expenditures to assure that the limitation on indirect costs is observed, and steps should be taken if necessary to meet these requirements. For additional guidance in the areas of direct and indirect costs, please consult the State Board of Education rules. Consistent with legislative intent, it is the policy of TEA to provide maximum flexibility to school districts by averaging costs up to three years. As state special program expenditures are reviewed, school districts will be afforded the opportunity to address any issues which may arise. School districts should consider the implications of some federal requirements (e.g., maintenance of effort and comparability) when determining local policies on the minimum level of coding expenditures.

School districts are encouraged to use program intent codes with any transaction that is directly attributable to the program intent code. School districts are to use program intent codes in all functions when a cost is *clearly attributable* to a specific program intent. Refer to Appendix 6 for additional guidance on program intent accounting. Guidance is provided on other methods of allocating costs other than direct recording in the Cost Accounting section in this module.

A Basic or Enhanced Program Intent Code is to be charged with costs directly attributable to it. In some cases, this may require the allocation of costs among several program intent codes. However, the allocation of costs should be performed only when, in the judgment of school district management, there would be a material effect on the financial records of either an individual transaction or the total amount of a certain type of transaction. Consideration should also be given to the effort involved in gathering the information necessary to perform the allocation compared to the benefit derived from the allocation of costs.

If a school district elects not to allocate costs to Basic or Enhanced Program Intent Codes or the Athletics and Related Activities Program Intent Code, the Undistributed Program Intent Code 99 is to be used.

All athletic and related activities should be charged to Program Intent Code 91.

The Athletics and Related Activities Program Intent Code is mandated for payroll costs (except Expenditure Object Codes 6112 and 6144 use program intent code 99) for Function 36 (Cocurricular/Extracurricular Activities) and other functions if applicable.

TEA provides software in PEIMS EDIT+ containing a formula to allocate costs recorded in Program Intent Code 99, Undistributed, according to instructional FTEs (as reported in PEIMS) assigned to Basic and Enhanced Program Intent Codes. The formula-based allocation will be used for state and federal compliance monitoring purposes, such as monitoring indirect costs, maintenance of effort and comparability requirements. Compliance with indirect cost requirements in state law will be monitored by TEA using allocated cost information in PEIMS. This information will include costs assigned to specific program intent codes and those costs which are allocated by the formula to specific program intent codes for functions specified in State Board of Education rules relating to indirect costs. The allocation process is a report type of template and does not change transaction information within the general ledger system. The allocation process uses payroll and staff data for instructional FTEs, as recorded under function 11, Instruction, as a basis to allocate costs. Accordingly, full use of specific program intent codes in function 11 is essential for the optimum functionality of the allocation process. **The \mathcal{R} by a code indicates that the code is required for reporting purposes (PEIMS and/or Annual Financial and Compliance Report) if such codes are applicable to the school district.**

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Shared Services Arrangements cost information which is submitted on a special PEIMS record will also be included in the compliance monitoring calculations. The total costs which will be considered for compliance monitoring purposes are represented by the following formula.

1X BASIC SERVICES

℞11 Basic Educational Services

The costs incurred to provide the basic services for education/instruction to students in grades PK-12 prescribed by state law as well as adult basic and secondary education services. Basic is defined as the curriculum provided for those students that are not in special education. Basic educational services include the costs to evaluate, place, and provide educational services to students in honors, college preparatory and advanced placement courses.

2X ENHANCED SERVICES

℞21 Gifted and Talented

The costs incurred to assess students for program placement and provide instructional services (which are guided by the state plan) beyond the basic educational program and that are designed to meet the needs of students in gifted and talented programs.

℞22 Career and Technical

The costs incurred to evaluate, place and provide educational and/or other services to prepare students for gainful employment, advanced technical training or for homemaking. This may include apprenticeship and job training activities.

℞23 Services to Students with Disabilities (Special Education)

The costs incurred to evaluate, place and provide educational and/or other services to students who have Individual Educational Plans (IEP) approved by Admission, Review and Dismissal (ARD) committees. These plans are based on students' disabilities and/or learning needs.

℞24 Accelerated Education

The costs incurred to use instructional strategies in accordance with campus/district improvement plans to provide services in addition to those allocated for basic services for instruction, thereby increasing the amount and quality of instructional time for students at risk of dropping out of school.

FSP compensatory education expenditures are attributable to program intent code 24, Accelerated Education, only if the expenditures are supplemental. Activities reflected in expenditures attributable to FSP compensatory education are those activities that supplement the regular education program for students at risk of dropping out of school.

As a goal, accelerated education seeks to provide a challenging and meaningful instructional program to close the achievement gap between children at risk of dropping out of school and their peers.

As a goal, accelerated education seeks to provide a challenging and meaningful instructional program to close the achievement gap between children at risk of dropping out of school and their peers.

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℞25 Bilingual Education and Special Language Programs

The costs incurred to evaluate, place and provide educational and/or other services that are intended to make the students proficient in the English language, primary language literacy, composition and academic language related to required courses.

These services include the bilingual basic program of instruction and special assistance to increase cognitive academic language proficiencies in English.

℞26 Nondisciplinary Alternative Education Programs - AEP Services (Effective September 1, 2004)

All costs incurred services to students who are separated from the regular classroom to a nondisciplinary alternative education program and are at risk of dropping out of school. Services must be described in the campus improvement plan.

℞28 Disciplinary Alternative Education Program – DAEP Basic Services

All costs incurred to provide the base line program (nonsupplemental) services to students who are separated from the regular classroom to a disciplinary alternative education program. For the purpose of analyzing compliance with the 85% minimum expenditure rule for the FSP compensatory education allotment for each fiscal year (beginning with fiscal year 2003 or beginning with the twelve month period ended on June 30, 2003 or August 31, 2003), the Texas Education Agency will include in its analysis base level costs recorded under this program intent code in an amount up to 18% of the FSP compensatory education allotment. (See Section 9.3.7, Module Nine for methodology) Services must be described in the campus improvement plan.

℞29 Disciplinary Alternative Education Program – DAEP State Compensatory Education Supplemental Costs

The supplemental costs incurred to provide services to students who are separated from the regular classroom to a disciplinary alternative education program. These costs **are supplemental** costs in relation to standards for base level education resource allocations and must be described in the campus improvement plan.

℞30 Title I, Part A Schoolwide Activities Related to State Compensatory Education (SCE) and Other Costs on Campuses with 40% or More Educationally Disadvantaged Students

The SCE costs incurred to supplement federal awards for use on Title I, Part A schoolwide campuses with at least 40% educationally disadvantaged students (including fund code 211,) in the amount of the SCE allotment used to supplement federal awards. This program intent code is also used in the Special Revenue Fund for fiscal budgets approved in notice of grant awards (NOGA) for schoolwide federal projects benefiting Title I, Part A schoolwide campuses with at least 40% educationally disadvantaged students.

℞31 High School Allotment (effective fiscal year 2009/10)

This program intent code is to be used to account for the \$275 per high school student to prepare students to go on to higher education, encourage students to take advanced academic course work, increase the rigor of academic course work, align secondary and postsecondary curriculum and support promising high school completion and success initiatives in grades 6 through 12. If the district meets certain college readiness and completion rate standards, there are less restrictions on how the funds are spent—see TEC 39.234.

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32-6X Reserved for Future State Definition

These program intent codes are reserved for future state definition and are not to be used by school districts.

9X OTHER

***R*91 Athletics and Related Activities**

The costs incurred to provide for participation in competitive athletic activities such as football, basketball, golf, swimming, wrestling, gymnastics, baseball, tennis, track, volleyball, etc. This includes costs associated with coaching as well as sponsors for drill team, cheerleaders, pep squad or any other organized activity to support athletics. However, this does not include band.

***R*99 Undistributed**

All charges which are not readily distributed to program intent codes are classified here. Program intent code 99 may be used when recording substitute teachers and on-behalf teacher retirement payments in all function codes. This code may be used for costs not clearly attributable to a specific program intent.³

³ Source: Texas Education Agency

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Expense Code Structure

Example: 199-11-6119.00-001-0-11-000

Funds	Functions	Objects
100-199 General Operating Funds 199 GOF 200-299 Federal Funds 211 Title 1 224 IDEA B formula 225 IDEA B preschool 240 Food Service 244 Career Tech - Basic 255 Title II, A 263 Title III, Part A 265 Title IV, Part B 287 Education Jobs 289 Summer School LEP 300-499 State 385 State Supp VI 392 Non-Ed Comm Supp 397 Advanced Placement 404 Stud Success Initiative 410 Tech and Textbooks 411 Technology Allotment 423 LEP Success Init 435 SSA Reg Day School/Deaf 461 Campus activity funds 500-599 Debt Service funds 600-699 Construction funds 700-799 Proprietary funds 800-899 Fiduciary funds 86x Agency funds 865 Student activity funds 900-999 Capital Assets/LT debt 901 Capital assets 902 LT debt	11 Instruction 12 Instructional Resources/Media/Library 13 Curriculum/Staff Development 21 Instructional Leadership 23 Campus Leadership 31 Counselor 32 Social work 33 Health Services 34 Transportation 35 Child Nutrition 36 Extracurricular 41 General Administration 51 M&O 52 Security 53 Data Processing 61 Community Services 71 Debt Service 81 Facilities Acquisition/Construction 93 Pymts to Fiscal agents 95 Pymts to JJAEP 99 Intergovernmental chgs.	6100-6199 Payroll - - - 77.38% 6112 Subs - Professional 6119 Professional payroll 6121 Extra Duty Pay 6122 Subs - Support Personnel 612x Support payroll 6139 Employee allowances 614x Employee benefits/PR taxes 6200-6299 Pro. Svcs/Utilities - - - 15.54% 621x Professional service 622x Tuition/Transfer payments 6239 Education Service Centers 6249 Contracted Maintenance/repair 6259 Utilities 626x Operating Leases/Xerox 6299 Miscellaneous contracted svcs 6300-6399 Gen Supplies - - - 5.32% 631x Supplies for M&O 6321 Textbooks 6329 Reading Materials 6339 Testing Materials 634x Food services expenses 639x Consumable general supplies 6398 Assets < \$5,000 6400-6499 Travel/Misc - - - 1.53% 6411 Employee travel - including registration 6412 Student travel - including meals 6419 Travel - non-employees 6429 Insurance 6439 Election costs 6494 Reclass Trans - field trips, extracurr. 6499 Miscellaneous - fees (not assoc w/travel), awards, bid notices, graduation exp, food for school related meetings, newspaper ads 6500-6599 Debt Service expense - - - 0% in GOF 651x Principal paymemts 652x Interest payments 6600-6669 Capital Expenditures - - - .23% 661x Land purchase 662x Bldg, construction, etc. 663x Assets>\$5,000 664x Vehicles<\$5,000 665x Capital leases 666x Library books/media>\$5,000 per unit
TEA mandated	TEA mandated	TEA mandated

Source: TEA, CISD

Crowley Independent School District

Expense Code Structure, cont'd.

Example: 199-11-6119.00-001-0-11-000

<u>Sub-objects - locally defined</u>	<u>Organization Codes</u>	<u>Program Intent Codes</u>	<u>Local defined</u>
G1 Grade 1	001 CHS	11 Basic education	
G2 Grade 2	002 NCHS	21 GT	
G3 Grade 3	009 CHS 9th grade	22 CTE	
G4 Grade 4	010 Crowley Learn. Ctr	23 SPED	
G5 Grade 5	029 NCHS 9th grade	24 Accelerated Education	
G6 Grade 6	041 HF Stevens MS	25 Bilingual	
HE Health	042 Crowley MS	26 AEP basic	
JO Journalism	043 Summer Creek MS	27 AEP supplemental	
KG Kindergarten	101 Bess Race ES	28 DAEP basic	
LA Language Arts	102 Sycamore ES	29 DAEP supplemental	
PE Physical Education	103 Deer Creek ES	30 Title 1 matching	
RD Reading	104 Meadowcreek ES	31 High School Allotment	
SC Science	105 Jackie Carden ES	32 Pre-k	
TA Theater Arts	106 Parkway ES	91 Athletics	
etc.	107 Oakmont ES	99 Undistributed	
	108 Dallas Park ES		
	109 JA Hargrave ES		
	110 Sydney Poynter ES		
	111 Sue Crouch Inter.		
	112 SH Crowley Inter.		
	113 David Walker Inter.		
	114 Mary Harris Inter.		
	699 Summer School		
	701 Superintendent		
	702 School board		
	703 Tax costs		
	720 Direct Costs in function		
	741 Textbooks		
	742 HR		
	743 Chief Admin Support		
	744 Public Information		
	745 C&I		
	746 Student Services		
	748 PEIMS		
	749 Finance		
	750 Function 41 Indirect costs		
	999 Undistributed		
	Summary:		
	001-699 Campus codes		
	7xx Administrative		
Locally Defined	TEA mandated	TEA mandated	Locally Defined

Source: TEA, CISD

Crowley Independent School District

Expense Code Structure, examples

Example: 199-11-6119.00-001-0-11-000

Funds	Functions	Objects	Sub-objects - locally defined	Organization Codes	Program Intent Codes
100-199	General Operating Funds	6100-6199 Payroll --- 76.92%			
199 GOF	11 Instruction	6119 Professional payroll	00 not specific	001 CHS	11 Basic education
199 GOF	11 Instruction	6141 Social Security/Medicare	00 not specific	001 CHS	11 Basic education
199 GOF	11 Instruction	6142 Group Health	00 not specific	001 CHS	11 Basic education
199 GOF	11 Instruction	6143 Worker's Comp	00 not specific	001 CHS	11 Basic education
199 GOF	11 Instruction	6144 TRS on behalf	00 not specific	001 CHS	11 Basic education
199 GOF	11 Instruction	6145 Unemployment Comp	00 not specific	001 CHS	11 Basic education
199 GOF	11 Instruction	6146 TRS	00 not specific	001 CHS	11 Basic education
We would need all of these codes to pay a regular ED teacher at CHS					
Year "0" is Skyward's setup.					
Last 3 "0's", CISD does not use. They are at the district's discretion.					

Example: 199-11-6119.00-001-0-23-000

Funds	Functions	Objects	Sub-objects - locally defined	Organization Codes	Program Intent Codes
100-199	General Operating Funds	6100-6199 Payroll --- 76.92%			
199 GOF	11 Instruction	6119 Professional payroll	00 not specific	001 CHS	23 SPED
199 GOF	11 Instruction	6141 Social Security/Medicare	00 not specific	001 CHS	23 SPED
199 GOF	11 Instruction	6142 Group Health	00 not specific	001 CHS	23 SPED
199 GOF	11 Instruction	6143 Worker's Comp	00 not specific	001 CHS	23 SPED
199 GOF	11 Instruction	6144 TRS on behalf	00 not specific	001 CHS	23 SPED
199 GOF	11 Instruction	6145 Unemployment Comp	00 not specific	001 CHS	23 SPED
199 GOF	11 Instruction	6146 TRS	00 not specific	001 CHS	23 SPED
We would need all of these codes to pay a Special ED teacher at CHS					

Example: 199-23-6119.00-002-0-99

Funds	Functions	Objects	Sub-objects - locally defined	Organization Codes	Program Intent Codes
100-199	General Operating Funds	6100-6199 Payroll --- 76.92%			
199 GOF	23 Campus Lead	6119 Professional payroll	00 not specific	002 NCHS	99 Undistributed
199 GOF	23 Campus Lead	6141 Social Security/Medicare	00 not specific	002 NCHS	99 Undistributed
199 GOF	23 Campus Lead	6142 Group Health	00 not specific	002 NCHS	99 Undistributed
199 GOF	23 Campus Lead	6143 Worker's Comp	00 not specific	002 NCHS	99 Undistributed
199 GOF	23 Campus Lead	6144 TRS on behalf	00 not specific	002 NCHS	99 Undistributed
199 GOF	23 Campus Lead	6145 Unemployment Comp	00 not specific	002 NCHS	99 Undistributed
199 GOF	23 Campus Lead	6146 TRS	00 not specific	002 NCHS	99 Undistributed
We would need all of these codes to pay a principal at NCHS					

Source: TEA, CISD

Crowley Independent School District

Significant Financial Policies and Procedures

The annual budget serves as the foundation for the District's financial planning and control. The following financial policies and procedures of the District significantly influence the development of the annual budget.

Budget Parameters approved May 26, 2016

The Board of Trustees established Budget Parameters to set forth the Board's expectations for the budget and to create a framework for developing the budget. On May 26, 2016, the Board approved the Budget Parameters that are now part of board policy CE(LOCAL). The budget parameters include expectations for a balanced budget, budget allocations, staffing formulas, and employee compensation.

Budget Parameters Board Policy CE(LOCAL)

- ❖ The Board recognizes the need to target resources into programming that supports achievement growth for all schools, including supplemental resources for schools facing specific additional instructional needs.
- ❖ The Board seeks to maintain competitive compensation levels in an effort to recruit and retain a highly qualified workforce and shall consider adjustments necessary for the District to be competitive in this area.
- ❖ Staffing ratios shall meet or exceed state standards and shall be approved by the Board before the staffing process begins.
- ❖ The Board recognizes its fiduciary responsibility to adopt a balanced budget, but recognizes that some limited use of fund balance may be appropriate for non-recurring expenditures or to sustain services.
- ❖ If projected expenditures exceed projected revenue and budget reductions become necessary, the District will first seek budget reductions with the least impact on classrooms.

Crowley Independent School District

CE (legal) – Annual Operating Budget

AUTHORIZED EXPENDITURES

A district shall not lend its credit or gratuitously grant public money or things of value in aid of any individual, association, or corporation. *Tex. Const. Art. III, Sec. 52; Brazoria County v. Perry, 537 S.W.2d 89 (Tex. Civ. App.—Houston [1st Dist.] 1976, no writ)*

A district shall not grant any extra compensation, fee, or allowance to a public officer, agent, servant, or contractor after service has been rendered or a contract entered into and performed in whole or in part. Nor shall a district pay or authorize the payment of any claim against the district under any agreement or contract made without authority of law. *Tex. Const. Art. III, Sec. 53; Harlingen Indep. Sch. Dist. v. C.H. Page and Bro., 48 S.W.2d 983 (Comm. App. 1932)*

The state and county available funds disbursed to a district shall be used exclusively for salaries of professional certified staff and for interest on money borrowed on short time to pay such salaries, when salaries become due before school funds for the current year become available. Loans for paying professional certified staff salaries may not be paid out of funds other than those for the current year. *Education Code 45.105(b)*

Local funds from district taxes, tuition fees, other local sources, and state funds not designated for a specific purpose may be used for salaries of any personnel and for purchasing appliances and supplies; for the payment of insurance premiums; for buying school sites; for buying, building, repairing, and renting school buildings, including acquisition of school buildings and sites by leasing through annual payments with an ultimate option to purchase [see CHG]; and for other purposes necessary in the conduct of the public schools to be determined by the Board. *Education Code 45.105(c)*

No public funds of a district may be spent in any manner other than as provided for in the budget adopted by the board. *Education Code 44.006(a)*

USE OF DISTRICT RESOURCES

Except as provided below or by Education Code 45.109(a-1) or (a-2) [see CX], a board shall not enter into an agreement authorizing the use of district employees, property, or resources for the provision of materials or labor for the design, construction, or renovation of improvements to real property not owned or leased by the district.

IMPROVEMENTS TO REAL PROPERTY

This section does not prohibit the board from entering into an agreement for the design, construction, or renovation of improvements to real property not owned or leased by the district if the improvements benefit real property owned or leased by the district. Benefits to real property owned or leased by the district include the design, construction, or renovation of highways, roads, streets, sidewalks, crosswalks, utilities, and drainage improvements that serve or benefit the real property owned or leased by the district.

Education Code 11.168

Crowley Independent School District

HOTELS	<p>The board may not impose taxes, issue bonds, use or authorize the use of district employees, use or authorize the use of district property, money, or other resources, or acquire property for the design, construction, renovation, or operation of a hotel. The board may not enter into a lease, contract, or other agreement that obligates the board to engage in an activity prohibited by this section or obligates the use of district employees or resources in a manner prohibited by this section.</p> <p>“Hotel” means a building in which members of the public obtain sleeping accommodations for consideration. The term includes a motel.</p> <p><i>Education Code 11.178</i></p>
ELECTIONEERING	<p>A board may not use state or local funds or other resources of the district to electioneer for or against any candidate, measure, or political party.</p> <p><i>Education Code 11.169</i></p>
COMMITMENT OF CURRENT REVENUE	<p>A contract for the acquisition, including lease, of real or personal property is a commitment of the district’s current revenue only, provided the contract contains either or both of the following provisions:</p> <ol style="list-style-type: none">1. Retains to the Board the continuing right to terminate the contract at the expiration of each budget period during the term of the contract.2. Is conditioned on a best efforts attempt by the board to obtain and appropriate funds for payment of the contract. <p><i>Local Gov’t Code 271.903</i></p>
FISCAL YEAR	<p>A board may determine if the district’s fiscal year begins on July 1 or September 1 of each year. <i>Education Code 44.0011</i></p>
BUDGET PREPARATION	<p>A superintendent shall prepare, or cause to be prepared, a proposed budget covering all estimated revenue and proposed expenditures of the district for the following fiscal year. <i>Education Code 44.002</i></p>
FUNDS FOR ACCELERATED INSTRUCTION	<p>A district that is required to provide accelerated instruction under Education Code 29.081(b-1) (see EHBC) shall separately budget sufficient funds, including funds under Education Code 42.152, for that purpose. A district may not budget funds received under Education Code 42.152 for any other purpose until the district adopts a budget to support additional accelerated instruction. <i>Education Code 29.081(b-2)</i></p>
DEADLINES	<p>The proposed budget shall be prepared on or before a date set by the State Board of Education, currently August 20 (June 19 if the district uses a July 1 fiscal year start date). <i>Education Code 44.002(a); 19 TAC 109.1(a), .41</i></p> <p>The adopted budget must be filed with the Texas Education Agency on or before the date established in the <i>Financial Accountability System Resource Guide</i>. <i>Education Code 44.005; 19 TAC 109.1(a)</i></p>
PUBLIC MEETING ON BUDGET AND PROPOSED TAX RATE	<p>After the proposed budget has been prepared, a board president shall call a Board meeting for the purpose of adopting a budget for the succeeding fiscal year. Any taxpayer of the district may be present and participate in the meeting. <i>Education Code 44.004(a), (f)</i> [See CCG for provisions governing tax rate adoption]</p>

Crowley Independent School District

	<p>The meeting must comply with the notice requirements of the Open Meetings Act. <i>Gov't Code 551.041, .043</i></p>
PUBLISHED NOTICE	<p>A board president shall also provide for publication of notice of the budget and proposed tax rate meeting in a daily, weekly, or biweekly newspaper published in the district. If no daily, weekly, or biweekly newspaper is published in the district, the president shall provide for publication of notice in at least one newspaper of general circulation in the county in which the district's central administrative office is located. The notice shall be published not earlier than the 30th day or later than the tenth day before the date of the hearing.</p>
FORM OF NOTICE	<p>The published notice of the public meeting to discuss and adopt the budget and the proposed tax rate must meet the size, format, and content requirements dictated by law.</p> <p>The notice is not valid if it does not substantially conform to the language and format prescribed by the comptroller.</p>
TAXPAYER INJUNCTION	<p>If a district has not complied with the published notice requirements in the FORM OF NOTICE described above, and the requirements for DISTRICTS WITH JULY 1 FISCAL YEAR below, if applicable, and the failure to comply was not in good faith, a person who owns taxable property in the district is entitled to an injunction restraining the collection of taxes by the district. An action to enjoin the collection of taxes must be filed before the date the district delivers substantially all of its tax bills.</p> <p><i>Education Code 44.004(b)–(e)</i></p>
PUBLICATION OF PROPOSED BUDGET SUMMARY	<p>Concurrently with the publication of notice of the budget under Education Code 44.004, the district shall post a summary of the proposed budget on the district's Internet Web site or, if the district has no Internet Web site, in the district's central administrative office.</p> <p>The budget summary must include a comparison to the previous year's actual spending and information relating to per student and aggregate spending on:</p> <ul style="list-style-type: none">1. Instructional support;2. Central administration;3. District operations;4. Debt service; and5. Any other category designated by the Commissioner. <p><i>Education Code 44.0041</i></p>
DECREASE IN DEBT SERVICE RATE	<p>If the debt service rate calculated under Education Code 44.004(c)(5)(A)(ii)(b) decreases after the publication of the notice required by this section, the board president is not required to publish another notice or call another meeting to discuss and adopt the budget and the proposed lower tax rate. <i>Education Code 44.004(g-1)</i></p>

Crowley Independent School District

BUDGET ADOPTION	A board shall adopt a budget to cover all expenditures for the succeeding fiscal year at the meeting called for that purpose and before the adoption of the tax rate for the tax year in which the fiscal year covered by the budget begins. <i>Education Code 44.004(f)–(g)</i>
CERTIFIED ESTIMATE	By April 30, the chief appraiser shall prepare and certify an estimate of the taxable value of district property. <i>Tax Code 26.01(e)</i>
DISTRICTS WITH JULY 1 FISCAL YEAR	A district with a fiscal year beginning July 1 may use the certified estimate of the taxable value of district property in preparing the published notice if the district does not receive the certified appraisal roll on or before June 7. A district that uses a certified estimate may adopt a budget at the public meeting designated in the published notice prepared using the estimate, but the district may not adopt a tax rate before the district receives the certified appraisal roll for the District. <i>Education Code 44.004(h)–(i)</i>
BUDGET ADOPTION AFTER TAX RATE ADOPTION	Notwithstanding Education Code 44.004(g), (h), and (i), above, the district may adopt a budget after the district adopts a tax rate for the tax year in which the fiscal year covered by the budget begins if the district elects to adopt a tax rate before receiving the certified appraisal roll for the district as provided by Tax Code 26.05(g). Following adoption of the tax rate [see CCG], the district must publish notice and hold a public meeting before the district may adopt a budget. The comptroller shall prescribe the language and format to be used in the notice. The district may use the certified estimate of taxable value in preparing the notice. <i>Education Code 44.004(j)</i>
PUBLICATION OF ADOPTED BUDGET	<p>On final approval of the budget by the board, the district shall post on the district's Internet Web site a copy of the budget adopted by the board. The district's Web site must prominently display the electronic link to the adopted budget.</p> <p>A district shall maintain the adopted budget on the district's Web site until the third anniversary of the date the budget was adopted.</p> <p><i>Education Code 39.084</i></p>
AMENDMENT OF APPROVED BUDGET	<p>A board shall have the authority to amend the approved budget or to adopt a supplementary emergency budget to cover necessary unforeseen expenses.</p> <p>Copies of any amendment or supplementary budget must be prepared and filed in accordance with State Board rules.</p> <p><i>Education Code 44.006</i></p>
FAILURE TO COMPLY WITH BUDGET REQUIREMENTS	<p>A board member who votes to approve any expenditure of school funds in excess of the item or items appropriated in the adopted budget or a supplementary or amended budget commits a misdemeanor offense.</p> <p><i>Education Code 44.052(c)</i></p>
CERTAIN DONATIONS	<p>A district may donate funds or other property or service to the adjutant general's department or to the Texas National Guard.</p> <p><i>Gov't Code 431.035(b), .045(b)</i></p>

Crowley Independent School District

CE (local) – Annual Operating Budget

FISCAL YEAR	The District shall operate on a fiscal year beginning July 1 and ending June 30.
BUDGET PLANNING	Budget planning shall be an integral part of overall program planning so that the budget effectively reflects the District's programs and activities and provides the resources to implement them. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals shall be considered, as well as input from the District- and campus-level planning and decision-making committees. Budget planning and evaluation are continuous processes and shall be a part of each month's activities.
BUDGET MEETING	<p>The annual public meeting to discuss the proposed budget and tax rate shall be conducted as follows:</p> <ol style="list-style-type: none">1. The Board President shall request at the beginning of the meeting that all persons who desire to speak on the proposed budget and/or tax rate sign up on the sheet provided.2. Prior to the beginning of the meeting, the Board may establish time limits for speakers.3. Speakers shall confine their remarks to the appropriation of funds as contained in the proposed budget and/or the tax rate.4. No officer or employee of the District shall be required to respond to questions from speakers at the meeting.
AUTHORIZED EXPENDITURES	The adopted budget provides authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the District's approved purchasing procedures. The expenditure of funds shall be under the direction of the Superintendent or designee who shall ensure that funds are expended in accordance with the adopted budget.
BUDGET AMENDMENTS	The Board shall amend the budget when a change is made increasing any one of the functional spending categories or increasing revenue object accounts and other resources.
BUDGET PARAMETERS	<p>The following budget parameters shall be considered when developing and adopting the budget:</p> <ul style="list-style-type: none">• The Board recognizes the need to target resources into programming that supports achievement growth for all schools, including supplemental resources for schools facing specific additional instructional needs.• The Board seeks to maintain competitive compensation levels in an effort to recruit and retain a highly qualified workforce and shall consider adjustments necessary for the District to be competitive in this area.• Staffing ratios shall meet or exceed state standards and shall be approved by the Board before the staffing process begins.

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- - The Board recognizes its fiduciary responsibility to adopt a balanced budget, but recognizes that some limited use of fund balance may be appropriate for non-recurring expenditures or to sustain services.
 - If projected expenditures exceed projected revenue and budget reductions become necessary, the District will first seek budget reductions with the least impact on classrooms.

FUND BALANCE CLASSIFICATION	Fund balance classification shall be recorded in accordance with governmental accounting standards as promulgated by the Governmental Accounting Standards Board.
ORDER OF USE	The order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned. Negative amounts shall not be reported for restricted, committed, or assigned funds.
FUND BALANCE	Fund balance shall mean the difference between governmental fund assets and liabilities reflected on the balance sheet. Governmental fund assets are those of the general fund, special revenue funds, debt service funds, and capital project funds.
GENERAL FUND	The fund balance of the general fund, one of the governmental fund types, is of primary significance because the general fund is the primary fund that finances most functions of the District. The fund balance of the general fund shall mean the gross difference between general fund assets and liabilities reflected on the balance sheet.
CLASSIFICATIONS	The five classifications of governmental type fund balances are as follows:
NONSPENDABLE	<p>1. Nonspendable fund balance shall mean the portion of the gross fund balance that is not expendable, such as inventories, or that is legally earmarked for a specific use, such as the self-funded reserves program.</p> <p>Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include:</p> <ul style="list-style-type: none"> Inventories, Prepaid items, Deferred expenditures, Long-term receivables, and Outstanding encumbrances.
RESTRICTED	<p>2. Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor.</p> <p>Examples include:</p> <ul style="list-style-type: none"> Child nutrition programs,

Crowley Independent School District

- Technology programs,
Construction programs, and
Resources from other granting agencies.
- COMMITTED
3. Committed fund balance shall mean the portion of the fund balance that is constrained to a specific purpose by the Board.
- Examples include:
Potential litigation, claims, and judgments, and
Campus activity funds
- ASSIGNED
4. Assigned fund balance shall mean the portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Superintendent or designee.
- In current practice, such plans or intent may change and may never be budgeted or may result in expenditures in future periods of time.
- Examples include:
Insurance deductibles,
Program start-up costs, and
Other legal uses.
- UNASSIGNED
5. The unassigned fund balance shall be the difference between the total fund balance and the total of the nonspendable fund balance, restricted fund balance, committed fund balance, and assigned fund balance.
- The unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the general fund shall be available to finance operating expenditures.

Crowley Independent School District

Budget Calendar – Board

October 29, 2015	Approved 2014/2015 financial audit.
April 28, 2016	Regular Board Meeting - Preliminary budget presented – first meeting with the Board to discuss budget projections based on latest personnel forecasts and revenue sources to date.
May 12, 2016	Budget Workshop – second meeting with the Board to discuss budget projections based on latest personnel and enrollment forecasts. Review of budget process and budget packet.
May 26, 2016	Regular Board Meeting - Preliminary budget presented – third meeting with the Board to discuss budget projections based on latest personnel forecasts and revenue sources to date.
June 9, 2016	Called meeting – budget update – fourth meeting to discuss budget
June 30, 2016	Regular Board Meeting – public hearing on budget followed by recommendation by Superintendent for board consideration – public hearing on tax rate as well.



Financial Section

Crowley Independent School District

Budget Information

Budget Overview

The following documents represent a financial plan for the Crowley Independent School District for the 2016/17 fiscal year. These documents are the direct result of obtaining input from students, parents, citizens, campus and administrative staff, Superintendent, and Board of Trustees. In addition, historical trends and statistics assist administrative staff in determining projected outcomes that may impact relevant factors and/or drivers that determine the funding levels and related expenses of a specific fund.

This budget provides the financial resources necessary to enhance the instructional environment for all students (i.e. gifted and talented, special education, at-risk, etc.), continue to offer a competitive salary and benefits package to employees and operate our twenty-three campuses.

Funding Information

Please understand that the projected state/federal revenues are *estimates* based upon the latest finance template which includes changes from the 84th Legislative Session. The finance template appears to be current with all known drivers, factors and other relevant information so that CISD can make accurate budget decisions.

Capital Expenditure Information

Capital improvements and replacements will not affect the general fund budget as all capital expenses are, at this time, funded by the Capital Projects Fund.

Enrollment Information

The Crowley Independent School District is serving about 15,099 (Oct. 30, 2015) students in the 2015/16 school year. The District encompasses 54 square miles with geographical areas that include the City of Crowley and portions of the cities of Fort Worth and Edgecliff Village along with many acres of ranch and farmland.

Total Student Enrollment Trend	
2015-2016	15,099
2014-2015	14,982
2013-2014	15,058
2012-2013	15,060
2011-2012	15,012

Crowley ISD student population has changed some in recent years. The following demographic trends have been identified and included in the budget documents:

- Increasing economic disadvantaged student population
- Increasing minority student population
- Increasing reliance on technology by student population

Crowley Independent School District

Other Budgetary Information

The general fund budget has been prepared based on trends and drivers such as static enrollment and attendance, maintaining most education programs offered to students, an increase of special student populations and minimal staff increases.

Other relative factors and trends that financially impact the general fund are:

- Increased tax value growth
- Potential underpayment as the LPE is currently forecasted about 49.47 students fewer than district projections – this may mean that we will receive additional cash flows in 2016/17 that we earned in 2015/16.
- Continuing Legislative action pertaining to school finance. **Please see the following page for a summary of recent legislation.**

Major Revenue Sources and Assumptions

Major Revenue Sources

Most school districts have a healthy balance between their state and local resources. For the Crowley Independent School District, 56.91% of the \$163,725,629, in total revenues of the four major funds are funded by local sources (local revenue is the largest revenue source projected for 2016-2017).

Overall, the aggregate revenue budgets for 2016/2017 are as follow:

- \$ 93,183,376 in local revenues (56.91%)
 - 87,187,605 in taxes-current, delinquent and penalties
 - 5,995,771 in miscellaneous other local revenue
- \$ 63,217,951 in state revenues (38.61%)
 - 58,411,951 from state Foundation payments
 - 4,806,000 from TRS on behalf payments
- \$ 7,324,302 in federal revenues (4.47%)
 - 5,824,302 in NSLP (breakfast, lunch, commodities)
 - 1,500,000 in MAC/SHARS

Major Revenue Assumptions

Crowley ISD constantly monitors the student ADA as well as the changes in the tax rolls. Given that the District approves an annual budget in June, before the first week of school and before certified tax rolls are available, the District relies on historical and trending ADA numbers and tax valuations when preparing the budget. Crowley ISD also works with a demographer to aid in the budget process along with estimating long term projections.

Crowley Independent School District

Texas Legislative Action on School Finance since 2011

2011	<p>In 2011, the Texas Legislature faced what was projected to be a \$25 billion budget shortfall and in response reduced public school funding by \$5.4 billion. This reduction included a \$1.4 billion programmatic cut and a \$4 billion cut to the school finance formulas. The formula reductions were applied through a 5.6% across-the-board cut to all school districts during the first year of the biennium and then through an even steeper reduction to the nearly 800 districts receiving Additional State Aid for Tax Reduction (ASATR) in FY2013. Additionally, ASATR was given an expiration date of September 1, 2017.</p> <p>Following the legislative cuts in 2011, and as the new and more rigorous State of Texas Assessment of Academic Readiness (STAAR) exams were first implemented, over 600 school districts across the state filed claims against the State of Texas. The districts argued that the system was inadequately funded and had once again evolved into an unconstitutional statewide property tax. Some districts also argued the system was inequitable.</p>
2013	<p>Two years later, the Texas economy bounced back and the shortfall was not as severe as had been projected. The 83rd Texas Legislature took action to restore \$3.5 billion of the public education funding that was cut in the previous biennium, but the partial restoration of funds didn't send those dollars back to districts in the same manner they were cut. Therefore, some districts saw funding restored to their 2010-2011 levels, while others still had significantly less. Only a portion of what was cut was restored, and at the same time 2013 ushered in new requirements for school districts to contribute to the Teacher Retirement System. While this new requirement was funded in its first year of implementation (FY2015), it has not been funded since.</p> <p>The 83rd Legislature also passed sweeping reforms regarding state assessments and accountability. While the number of total assessments was reduced, requirements for school districts increased in the preparations of students for college and career.</p>
2015	<p>By the time the 84th Legislature convened, the District Court had declared the school finance system to be unconstitutional, and the case was appealed to the Texas Supreme Court. The Legislature made minor improvements to the level of funding and structure of the system, but largely decided to wait for the Court to rule.</p> <p>Legislators added \$1.2 billion to the system (approximately \$100 per student) through an increase to the Basic Allotment and also passed reforms to provide for tax relief through an increase to the homestead exemption and a reduction to the franchise tax rate. Legislators appropriated \$3.8 billion more to schools in order to make up for the loss of local tax revenue from the increased homestead exemption and the loss of revenue from the franchise tax to the Property Tax Relief Fund, which was created in 2006 to fund the compression of school property tax rates.</p>
2017 and beyond	<p>The Texas Supreme Court is expected to rule in 2016, and that decision will largely shape the direction lawmakers will take when they convene in January 2017. While some school districts are troubled by a significant reduction in local property tax revenue due to the decline in oil and gas prices, property values in other regions of the state continue to soar, causing districts to pay an ever increasing amount of Robin Hood recapture. The solution to both scenarios will likely require additional funds from the state for public education, as will ever increasing student enrollment, inflationary costs, and escalating student needs.</p>

4

⁴ Source: Richard Matkin, Wells Fargo Securities

Crowley Independent School District

Summary of Major Funds

A summary of major funds for 2016-2017 is shown below. A more thorough description of each fund follows.

Updated June 30, 2016

2016-2017 Budget

	General Fund	Food Service Fund	Debt Service Fund	Construction Fund	Total
Projected Beginning Fund Balance - July 1, 2016	29,536,972.27	2,046,301.35	29,831,144.51	54,729,074.43	\$ 116,143,492.56
Revenue and Other Sources	130,181,469.00	8,127,220.00	25,360,940.00	56,000.00	\$ 163,725,629.00
Expenditures	130,181,469.00	7,827,220.00	24,139,505.00	10,105,630.00	\$ 172,253,824.00
Budgeted Surplus/Deficit	0.00	300,000.00	1,221,435.00	(10,049,630.00)	(8,528,195.00)
Projected Ending Fund Balance - June 30, 2017	\$ 29,536,972.27	\$ 2,346,301.35	\$ 31,052,579.51	\$ 44,679,444.43	\$ 107,615,297.56
	General Fund	Food Service Fund	Debt Service Fund	Construction Fund	Total
Revenues - Local tax	61,856,665.00	0.00	25,330,940.00	0.00	87,187,605.00
Revenues - Local misc.	1,142,500.00	2,202,918.00	30,000.00	50,000.00	3,425,418.00
Revenues - State	58,311,951.00	100,000.00	0.00	0.00	58,411,951.00
Revenues - State - TRS on behalf	4,800,000.00	0.00	0.00	6,000.00	4,806,000.00
Revenues - Federal	1,500,000.00	5,824,302.00	0.00	0.00	7,324,302.00
Revenues - Desig. Fund Balance	2,570,353.00	0.00	0.00	0.00	2,570,353.00
Total Revenues	\$ 130,181,469.00	\$ 8,127,220.00	\$ 25,360,940.00	\$ 56,000.00	\$ 163,725,629.00
Expenditures - Function 11	80,492,940.00				80,492,940.00
Expenditures - Function 12	552,375.00				552,375.00
Expenditures - Function 13	511,401.00				511,401.00
Expenditures - Function 21	3,171,390.00				3,171,390.00
Expenditures - Function 23	9,539,759.00				9,539,759.00
Expenditures - Function 31	3,127,855.00				3,127,855.00
Expenditures - Function 33	1,365,309.00				1,365,309.00
Expenditures - Function 34	6,247,761.00				6,247,761.00
Expenditures - Function 35	0.00	7,506,715.00			7,506,715.00
Expenditures - Function 36	2,770,955.00				2,770,955.00
Expenditures - Function 41	4,906,790.00				4,906,790.00
Expenditures - Function 51	13,912,673.00	320,505.00			14,233,178.00
Expenditures - Function 52	1,645,742.00				1,645,742.00
Expenditures - Function 53	1,936,519.00				1,936,519.00
Expenditures - Function 71			24,139,505.00		24,139,505.00
Expenditures - Function 81				10,105,630.00	10,105,630.00
Total Expenditures	\$ 130,181,469.00	\$ 7,827,220.00	\$ 24,139,505.00	\$ 10,105,630.00	\$ 172,253,824.00

Crowley Independent School District

2016-2017 Preliminary General Operating Fund Budget As of June 30, 2016

GENERAL OPERATING

<u>FND</u>	<u>FC</u>	<u>OBJ</u>		2016-17
				<u>Preliminary Budget</u>
199	0	57--	Local Rev	62,999,165.00
199	0	58--	State Rev	63,111,951.00
199	0	59--	Fed Rev	1,500,000.00
			Designated Fund Balance	2,570,353.00
				<u>130,181,469.00</u>
199	11	6---	Instruction	80,492,940.00
199	12	6---	Instr. Resources	552,375.00
199	13	6---	Curr/Instruct.	511,401.00
199	21	6---	Instruct. Dev.	3,171,390.00
199	23	6---	School Admin	9,539,759.00
199	31	6---	Counselor	3,127,855.00
199	33	6---	Health Svc	1,365,309.00
199	34	6---	Transportation	6,247,761.00
199	36	6---	Extra Curricular	2,770,955.00
199	41	6---	Central Admin	4,906,790.00
199	51	6---	Maintenance	13,912,673.00
199	52	6---	Security	1,645,742.00
199	53	6---	Data Process	1,936,519.00
				<u>130,181,469.00</u>
199		61--	Payroll	100,728,207.00
199		62--	Prof Svcs/Util	20,230,521.00
199		63--	Gen Supp	6,931,541.00
199		64--	Travel/Misc	1,991,200.00
199		66--	Cap Exp	300,000.00
				<u>130,181,469.00</u>
Revenue/Expense				<u><u>-</u></u>

Crowley Independent School District

2016-2017 Preliminary Food Service Fund Budget As of June 30, 2016

FOOD SERVICE

<u>FND</u>	<u>FC</u>	<u>OBJ</u>		2016-17 Preliminary Budget
240	0	57--	Local Rev	2,202,918.00
240	0	58--	State Rev	100,000.00
240	0	59--	Fed Rev	5,824,302.00
				<hr/> 8,127,220.00 <hr/>
240	35	6---	Food service	7,506,715.00
240	51	6---	Maintenance	320,505.00
				<hr/> 7,827,220.00 <hr/>
240		61--	Payroll	148,218.00
240		62--	Prof Svcs/Util	6,594,002.00
240		63--	Gen Supp	485,000.00
240		66--	Cap Exp-Reinvestment	600,000.00
				<hr/> 7,827,220.00 <hr/>
Revenue/Expense				<hr/> 300,000.00 <hr/>

2016-2017 Preliminary Debt Service Fund Budget As of June 30, 2016

DEBT SERVICE

<u>FND</u>	<u>FC</u>	<u>OBJ</u>		2016-17 Preliminary Budget
599	0	57--	Local Rev	25,360,940.00
599	0	58--	State Rev	-
				<hr/> 25,360,940.00 <hr/>
599	71	6---	Debt Service	24,139,505.00
				<hr/> 24,139,505.00 <hr/>
599		65--	Debt Pymt	24,139,505.00
				<hr/> 24,139,505.00 <hr/>
Revenue/Expense				<hr/> 1,221,435.00 <hr/>

Crowley Independent School District

General Fund Information

General Fund Overview

The General Fund is commonly referred to as the “Operating Fund”, “M&O Fund” or “Fund 199”. Local tax revenue and state aid entitlements comprise the majority of the revenues earned in this fund type.

This fund is used to pay operating expenses throughout the District (included but not limited to most staff salaries, classroom services and supplies, utilities, insurance coverage, etc.).

Budgetary Considerations

State aid forecasts will be based upon an ADA of 14,024 with minor changes to students in special populations.

Since revenues will have a slight increase, some cost considerations included in the *draft* budget are as follow:

- Moderate staffing increases (final FTE count to be determined in June-July)
- Inflationary adjustments to fixed expenditure accounts (i.e. transportation)

Budget Preparation Process

Enrollment trends, staffing formulas, taxable values, and academic programs/classes offered drive the core of the “earned” revenues and “necessary” expenditures included in the general fund budget.

Other sources of information for inclusion in the general fund budget include students, parents, community, teachers and other staff, administrators, and the Board.

Crowley Independent School District

State Funding Information

The Texas Education Agency passes foundation school program (FSP) revenues are transferred to school districts based on their payment class under Section 42.259 of the Texas Education Code. For 2015-2016, Crowley ISD has been selected for payment class two. The administration assumes the same payment class for 2016-2017 as well. Payment class two allows for FSP funds to be transferred as followed during the fiscal year:

September, 2016	22.0% of Annual Entitlement
October, 2016	18.0% of Annual Entitlement
November, 2016	9.5% of Annual Entitlement
April, 2017	7.5% of Annual Entitlement
May, 2017	5.0% of Annual Entitlement
June, 2017	10.0% of Annual Entitlement
July, 2017	13.0% of Annual Entitlement
August, 2017	15.0% of Annual Entitlement

The TEA passes available school fund (ASF) payments monthly on an ADA basis.

Aggregate Budget

The draft budget has been prepared based on the following key factors:

- 14,024 ADA
- Increased tax growth

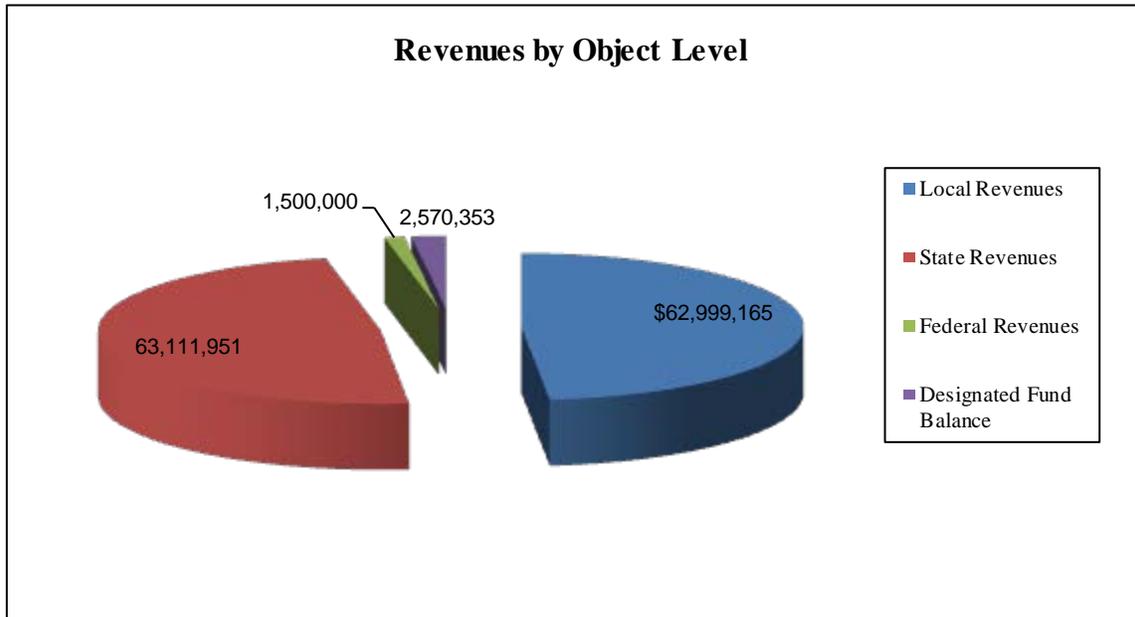
Goals and Objectives

The Superintendent's core leadership team works continually to minimize administrative costs, maximize taxpayer funds by procurement of goods/services, increase instructional supply allocations, hold harmless non-instructional accounts, and efficiently operate support services (whether housed in-district or contracted).

Crowley Independent School District

General Fund
Revenues by Object Level
Updated June 30, 2016

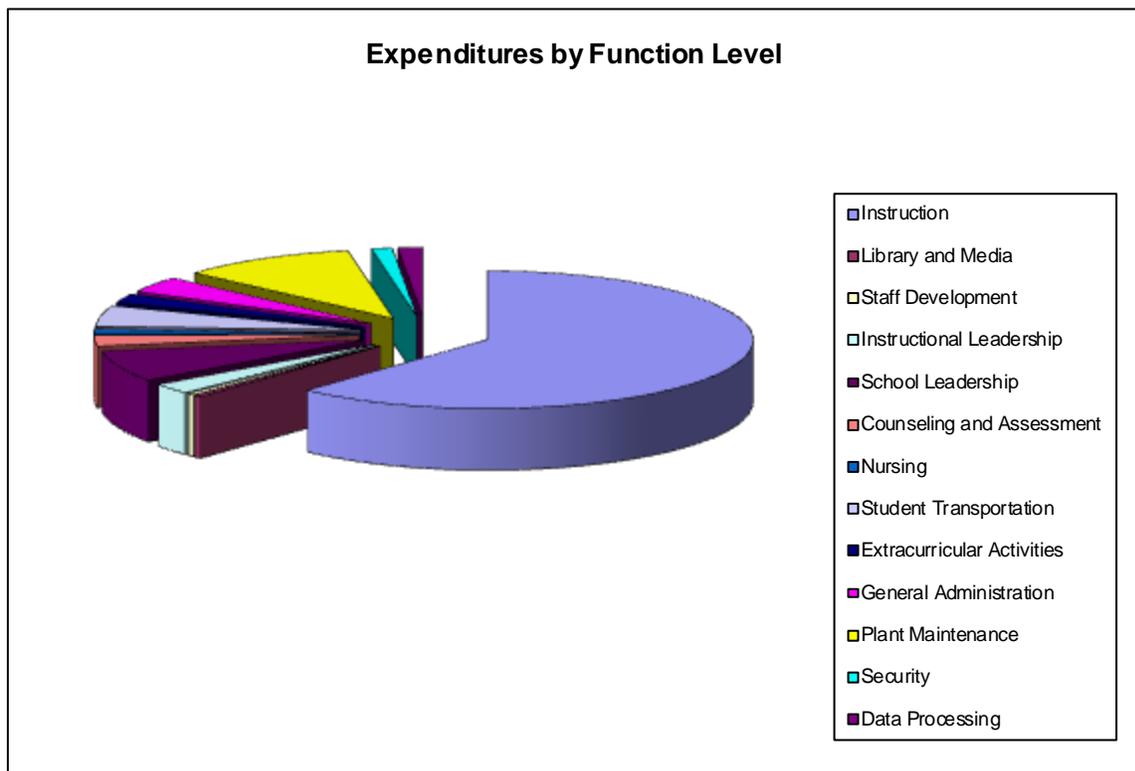
Object Level	Object Level Description	2016/2017 Budget	Percentage of Budget
5700	Local Revenues	\$ 62,999,165	48.39%
5800	State Revenues	63,111,951	48.48%
5900	Federal Revenues	1,500,000	1.15%
	Designated Fund Balance	2,570,353	1.97%
		\$ 130,181,469	



Crowley Independent School District

General Fund
Expenditures by Function Level
Updated June 30, 2016

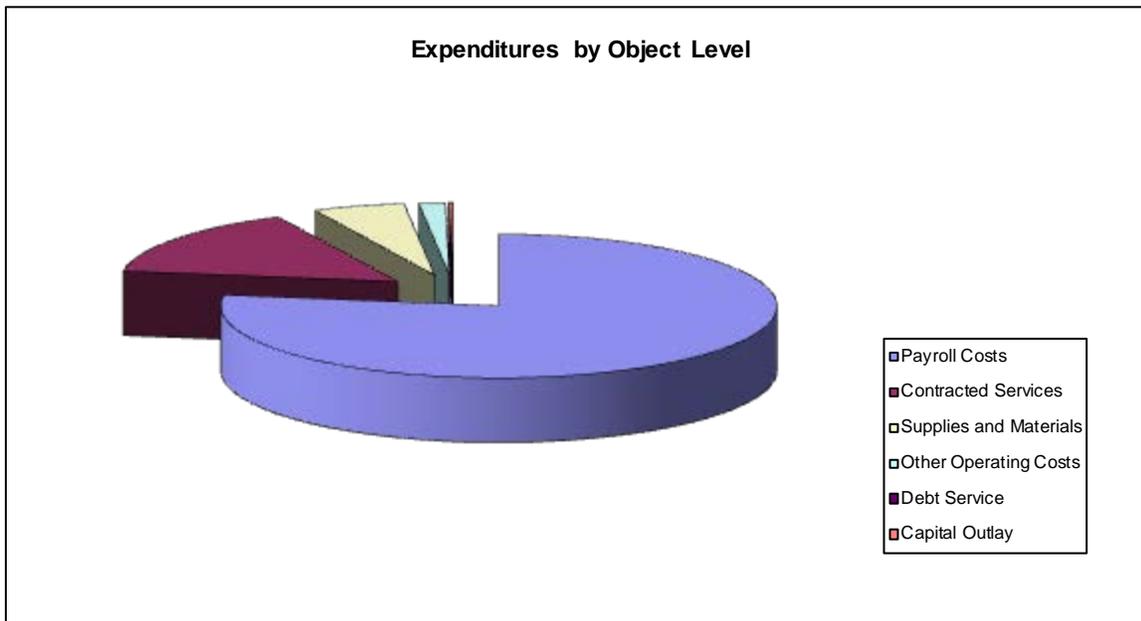
Function Level	Function Level Description	2016/2017 Budget	Percentage of Budget
11	Instruction	80,492,940	61.83%
12	Library and Media	552,375	0.42%
13	Staff Development	511,401	0.39%
21	Instructional Leadership	3,171,390	2.44%
23	School Leadership	9,539,759	7.33%
31	Counseling and Assessment	3,127,855	2.40%
33	Nursing	1,365,309	1.05%
34	Student Transportation	6,247,761	4.80%
36	Extracurricular Activities	2,770,955	2.13%
41	General Administration	4,906,790	3.77%
51	Plant Maintenance	13,912,673	10.69%
52	Security	1,645,742	1.26%
53	Data Processing	1,936,519	1.49%
		130,181,469	



Crowley Independent School District

General Fund
Expenditures by Object Level
Updated June 30, 2016

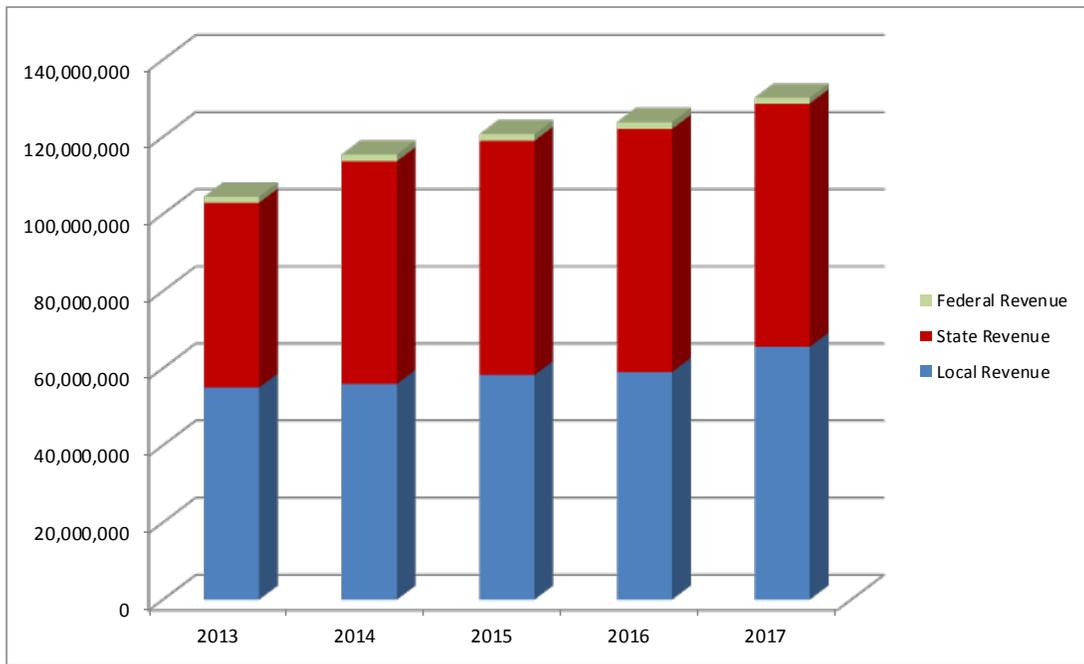
Object Level	Object Level Description	2016/2017 Budget	Percentage of Budget
6100	Payroll Costs	\$ 100,728,207	77.38%
6200	Contracted Services	20,230,521	15.54%
6300	Supplies and Materials	6,931,541	5.32%
6400	Other Operating Costs	1,991,200	1.53%
6500	Debt Service	-	0.00%
6600	Capital Outlay	300,000	0.23%
		<u>\$ 130,181,469</u>	



Crowley Independent School District

General Fund
Five Year Historical Trend of Revenues
 Updated June 30, 2016

Fiscal Year	Local Revenue	State Revenue	Federal Revenue	Total Revenue
2013	\$ 55,025,135.00	\$ 47,943,773.00	\$ 1,535,354.00	\$ 104,504,262.00
2014	\$ 55,959,872.00	\$ 57,743,729.00	\$ 1,751,149.00	\$ 115,454,750.00
2015	\$ 58,279,203.00	\$ 60,746,295.00	\$ 1,689,783.00	\$ 120,715,281.00
2016	\$ 59,024,322.45	\$ 63,062,596.00	\$ 1,782,548.53	\$ 123,869,466.98
2017	\$ 65,569,518.00	\$ 63,111,951.00	\$ 1,500,000.00	\$ 130,181,469.00



Key: Local Revenue - Tax collections, interest earnings, gate receipts, and other miscellaneous sources.
 State Revenue - State aid and TRS on-behalf.
 Federal Revenue - MAC/SHARS.

Crowley Independent School District

General Fund Five Year Analysis of Revenues and Expenditures Updated June 30, 2016

		Audit 2012/2013	Audit 2013/2014	Audit 2014/2015	6/30/2016 Projected 2015/2016	6/30/2016 Preliminary Budget 2016/2017
Revenues						
5710	Tax collections	53,974,168	54,206,380	56,655,327	57,118,344	61,856,665
5739	Tuition & fees	30,178	26,660	32,013	34,526	17,500
5742	Investment earnings	16,849	8,644	21,308	93,237	75,000
5744	Donations	-	-	-	-	-
5745	Insurance recovery	-	-	2,216	2,516	-
5749	Local miscellaneous	652,390	1,312,246	1,134,394	1,386,583	600,000
5752	Athletic gate receipts	218,851	198,167	218,508	204,444	175,000
5769	Other miscellaneous	132,699	207,775	215,437	184,672	275,000
	Designated Fund Balance					2,570,353
	Total Local Revenues	55,025,135	55,959,872	58,279,203	59,024,322	65,569,518
5810	Foundation school program	44,122,585	53,384,437	56,147,655	58,192,604	58,311,951
5829	Miscellaneous state revenue	575	36,330	32,532	29,799	-
5831	Teacher retirement on-behalf	3,820,613	4,322,962	4,566,108	4,840,193	4,800,000
5839	Funds from state agencies				-	-
	Total State Revenues	47,943,773	57,743,729	60,746,295	63,062,596	63,111,951
5929	Other federal funding	43,764	46,043	23,386	45	-
5931	School health & related services	1,491,590	1,705,106	1,666,397	1,782,504	1,500,000
	Total Federal Revenues	1,535,354	1,751,149	1,689,783	1,782,549	1,500,000
	Total Revenues	104,504,262	115,454,750	120,715,281	123,869,467	130,181,469
Expenditures						
11	Classroom instruction	65,402,994	68,158,398	71,488,793	75,241,142	80,492,940
12	Library and media	622,401	588,547	608,305	622,417	552,375
13	Staff development	95,962	146,428	125,306	346,430	511,401
21	Curriculum & special ed. admin.	1,191,750	1,776,478	2,759,672	3,041,232	3,171,390
23	Campus & PEIMS administration	7,613,635	8,205,923	8,682,150	9,052,822	9,539,759
31	Counseling, testing, & assessment	2,276,922	2,469,717	2,790,357	2,953,718	3,127,855
33	Health and nursing services	1,061,246	1,208,822	1,295,689	1,302,838	1,365,309
34	Student transportation	5,121,740	5,267,279	5,145,335	5,699,667	6,247,761
35	Food services	-	-	-	-	-
36	UIL academic & athletic activities	2,905,159	2,513,878	4,223,996	4,817,664	2,770,955
41	General administration	3,387,612	3,840,721	4,264,187	4,383,672	4,906,790
51	Plant maintenance & operations	10,933,462	12,478,851	12,467,354	13,511,701	13,912,673
52	Security services	870,221	1,116,826	1,577,220	1,845,098	1,645,742
53	IT department & PEIMS coordinat	1,374,158	1,688,007	1,881,503	1,833,674	1,936,519
61	Community services	-	-	-	-	-
71	Debt service	118,621	10,490	-	-	-
81	Capital outlay	-	-	-	-	-
99	Other intergovernmental charges	2,939	-	-	-	-
	Total Expenditures	102,978,822	109,470,365	117,309,867	124,652,076	130,181,469
	Excess Revenues Over Expenditures	1,525,440	5,984,385	3,405,414	(782,609)	-
	Other Resources (Uses)	(37,941)	(12,200)	-	-	-
	Fund Balance-Beginning (as re-stated)	19,454,483	20,941,982	26,914,167	30,319,581	29,536,972
	Fund Balance-Ending-Projected	20,941,982	26,914,167	30,319,581	29,536,972	29,536,972

Revenue Assumptions:

ADA = 14,024

Tax Values based on preliminary May 31 values

Tax collection rate = 98%

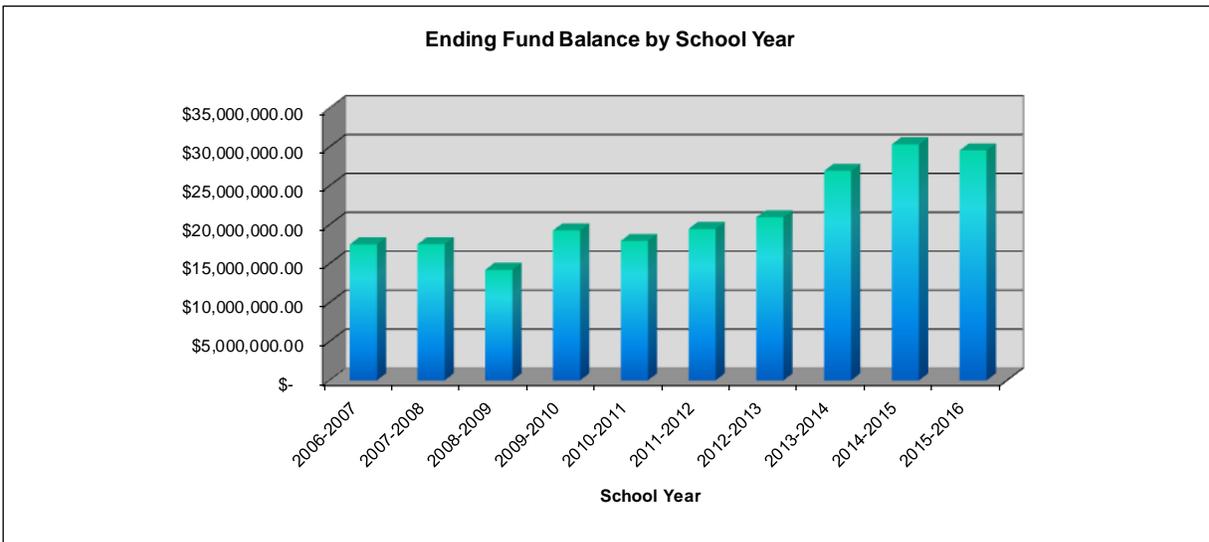
Expense Assumptions 2016-2017:

No raises calculated.

Crowley Independent School District

**General Fund
Historical Fund Balance Analysis
Updated June 30, 2016**

<u>Audit Year</u>	<u>ADA</u>	<u>Ending Fund Balance</u>	<u>General Fund Exp's</u>	<u>Months of Fund Balance</u>	<u>Net Change</u>	<u>Percentage Net Change</u>
2006-2007	13,385	\$ 17,470,267.00	\$ 86,011,653.00	2.44		
2007-2008	14,057	\$ 17,483,679.00	\$ 94,971,457.00	2.21	\$ 13,412.00	0.08%
2008-2009	13,991	\$ 14,202,781.00	\$ 102,188,916.00	1.67	\$ (3,280,898.00)	-23.10%
2009-2010	14,040	\$ 19,261,546.00	\$ 89,185,975.00	2.59	\$ 5,058,765.00	26.26%
2010-2011	14,176	\$ 17,908,550.00	\$ 100,892,102.00	2.13	\$ (1,352,996.00)	-7.56%
2011-2012	14,039	\$ 19,454,483.00	\$ 96,129,073.00	2.43	\$ 1,545,933.00	7.95%
2012-2013	13,967	\$ 20,941,982.00	\$ 102,978,822.00	2.44	\$ 1,487,499.00	7.10%
2013-2014	13,982	\$ 26,914,165.00	\$ 109,470,365.00	2.95	\$ 5,972,183.00	22.19%
2014-2015	13,987	\$ 30,319,579.00	\$ 117,309,867.00	3.10	\$ 3,405,414.00	11.23%
2015-2016	14,024	\$ 29,536,972.27	\$ 124,652,075.71	2.84	\$ (782,606.73)	-2.65%
	estimated	estimated	estimated			



Crowley Independent School District

Future Budget Projection of Revenues and Expenditures

The District's budgeting process is more than just funding the next fiscal year's operations.

The budget is intended to provide a potential financial outcome based on known fixed costs and an estimate of variable costs.

There are several key factors that will continue to influence the forecasting of the financial impact of the next biennium (2015-2017) and they are as follow:

- Student enrollment
- Student attendance rate
- The funding tiers resulting from the 83rd Legislative Session
- Assessed valuations
- The combined current and delinquent tax collection rate
- Programs and course offerings
- Catastrophic events
- The average fuel rate
- Increases in insurance premiums and other fixed costs
- Staff counts

The District plans to continue reviewing each job vacancy and determine which positions are essential to district operations.

Crowley Independent School District

Food Service Information

Food Service Fund Overview

Budget Preparation Process

Student participation rates, enrollment projections, estimated number of free and reduced students, and lunch schedules are some of the most significant factors used in preparing cost allocations.

Goals and Objectives

The food service department's primary goal is continuous encouragement of healthy lifestyle choices by our students and to provide an inviting atmosphere for our 'customers'.

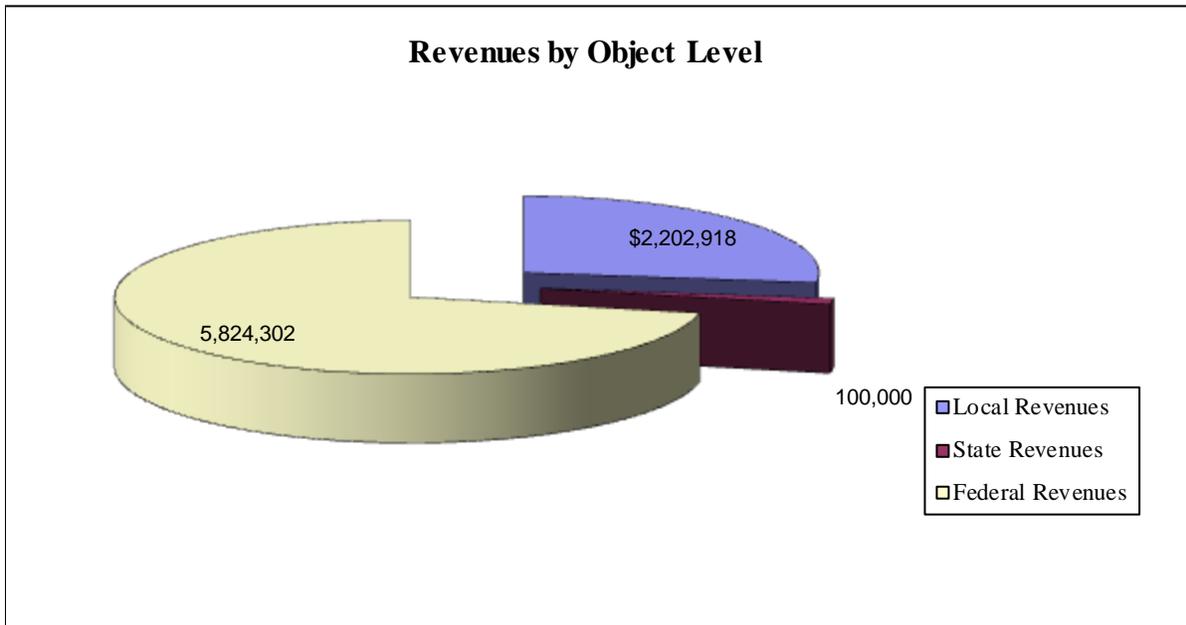
Some of the objectives of the food service department include:

- Staffing the cafeterias with an effective, efficient, and friendly staff – the director closely monitor meals per labor hour and recommend staffing changes when needed to efficiently operate all district cafeterias.
- Compliance with the Texas Education Agency's Financial Accounting and Resource Guide rules regarding the fund balance reserve policy – reserves not exceeding three months of operating expenditures.
- Close monitoring of commodities received, freezer capacity, and properly planned orders of food and non-food items.
- Continue encouraging student meal participation in the program in order to “set the learning environment stage” for students to be academically successful.

Crowley Independent School District

Food Service Fund
Revenues by Object Level
Updated June 30, 2016

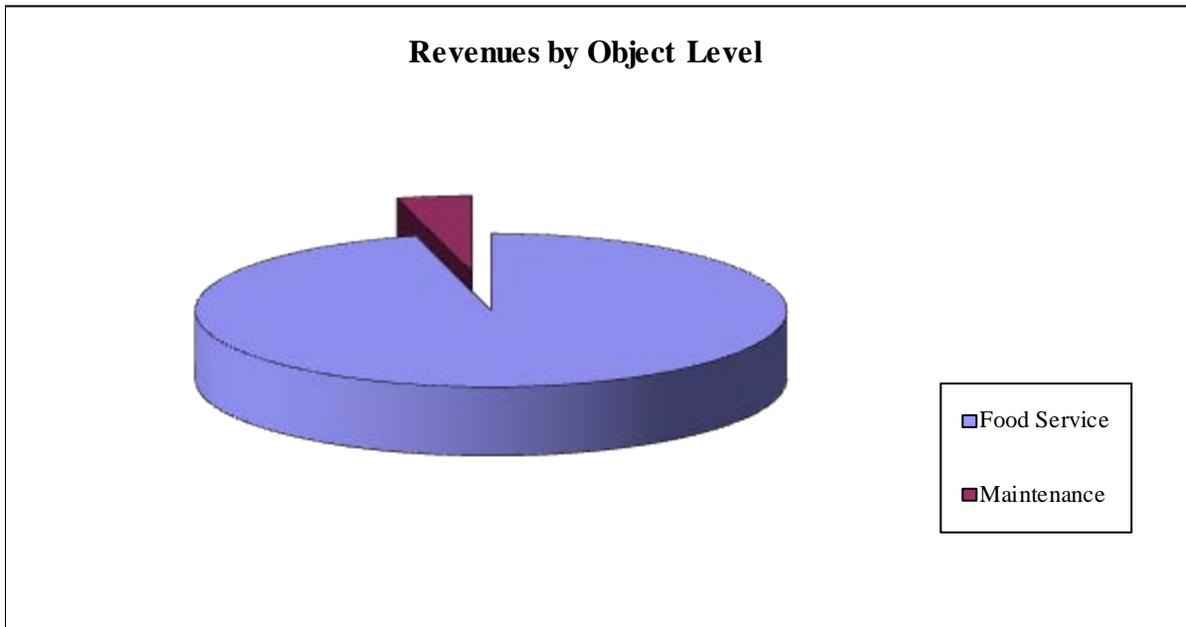
Object Level	Object Level Description	2016/2017 Budget	Percentage of Budget
5700	Local Revenues	\$ 2,202,918	27.11%
5800	State Revenues	100,000	1.23%
5900	Federal Revenues	5,824,302	71.66%
		\$ 8,127,220	



Crowley Independent School District

Food Service Fund Expenditures by Function Level Updated June 30, 2016

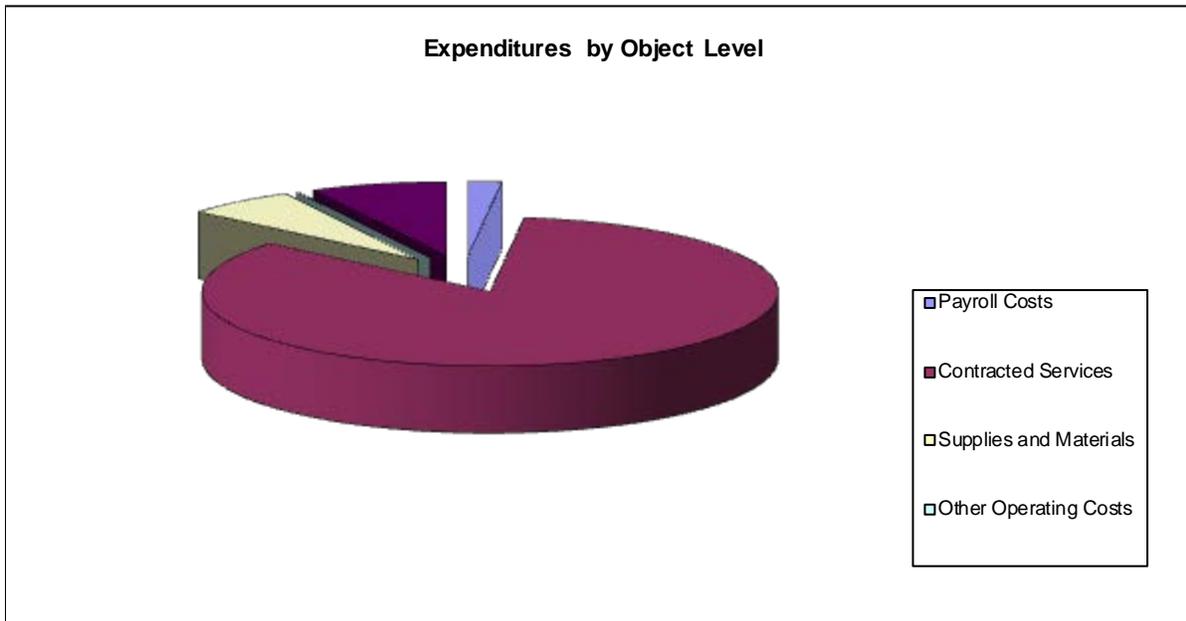
Function Level	Function Level Description	2016/2017 Budget	Percentage of Budget
35	Food Service	\$ 7,506,715	95.91%
51	Maintenance	320,505	4.09%
		\$ 7,827,220	



Crowley Independent School District

Food Service Fund
Expenditures by Object Level
Updated June 30, 2016

Object Level	Object Level Description	2016/2017 Budget	Percentage of Budget
6100	Payroll Costs	\$ 148,218	1.89%
6200	Contracted Services	6,594,002	84.24%
6300	Supplies and Materials	485,000	6.20%
6400	Other Operating Costs	-	
6600	Capital Outlay-reinvestment into program	600,000	7.67%
		<u>\$ 7,827,220</u>	



Crowley Independent School District

Food Service Fund
Five Year Analysis of Revenues and Expenditures
Updated June 30, 2016

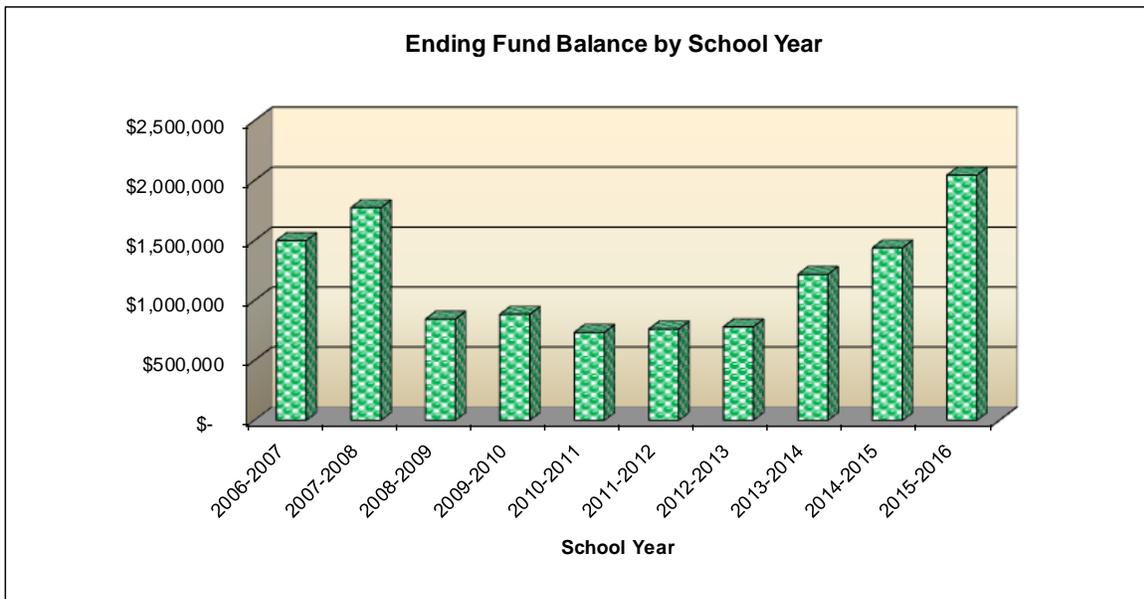
	Audit 2012/2013	Audit 2013/2014	Audit 2014/2015	6/30/2016 Projected 2015/2016	6/30/2016 Preliminary Budget 2016/2017
Revenues					
5742 Investment earnings	1,143	774	739	2,086	1,500
5749 Catering revenue	8,774	88,798	3,703	25,520	-
5751 Local food service receipts	2,401,099	2,350,683	2,100,531	2,078,387	2,201,418
5769 Other miscellaneous revenue	-	-	-	-	-
Total Local Revenues	2,411,016	2,440,255	2,104,973	2,105,993	2,202,918
5829 Miscellaneous state revenue	49,510	62,021	41,010	70,648	100,000
5831 Teacher retirement on-behalf	-	-	-	-	-
Total State Revenues	49,510	62,021	41,010	70,648	100,000
5921 School breakfast revenue	1,275,527	1,274,157	1,384,218	1,738,449	1,600,000
5922 School lunch revenue	3,455,112	3,588,994	3,909,315	4,090,819	3,824,302
5923 USDA donated commodities	389,951	404,436	436,488	434,555	400,000
Total Federal Revenues	5,120,590	5,267,587	5,730,021	6,263,824	5,824,302
Total Revenues	7,581,116	7,769,863	7,876,004	8,440,465	8,127,220
Expenditures					
35 Food services	7,138,085	6,962,896	7,202,781	7,398,891	6,906,715
51 Plant maintenance & operations	424,823	369,944	451,815	435,677	320,505
Total Expenditures	7,562,908	7,332,840	7,654,596	7,834,568	7,227,220
Excess Revenues Over Expenditures	18,208	437,023	221,408	605,896	900,000
Other Uses (reinvestment into program)	-	-	-	-	(600,000)
Fund Balance-Beginning	763,766	781,974	1,218,997	1,440,405	2,046,301
Fund Balance-Ending-Projected	781,974	1,218,997	1,440,405	2,046,301	2,346,301

Budgeting Assumptions: ADA = 14,024
--

Crowley Independent School District

Food Service Fund
Historical Fund Balance Analysis
 Updated June 30, 2016

<u>Audit Year</u>	<u>ADA</u>	<u>Ending Fund Balance</u>	<u>Food Service Exp's</u>	<u>Months of Fund Balance</u>	<u>Net Change</u>	<u>Percentage Net Change</u>
2006-2007	13,385	\$ 1,500,716	\$ 4,527,214	3.98	\$ 684,067	
2007-2008	14,057	\$ 1,775,088	\$ 5,430,068	3.92	\$ 274,372	15.46%
2008-2009	13,991	\$ 845,558	\$ 6,691,718	1.52	\$ (929,530)	-109.93%
2009-2010	14,040	\$ 885,271	\$ 6,030,825	1.76	\$ 39,713	4.49%
2010-2011	14,176	\$ 735,407	\$ 7,131,475	1.24	\$ (149,864)	-20.38%
2011-2012	14,039	\$ 763,766	\$ 7,482,737	1.22	\$ 28,359	3.71%
2012-2013	13,967	\$ 781,973	\$ 7,562,908	1.24	\$ 18,207	2.33%
2013-2014	13,982	\$ 1,218,997	\$ 7,332,840	1.99	\$ 437,024	35.85%
2014-2015	13,987	\$ 1,440,403	\$ 7,654,596	2.26	\$ 221,406	15.37%
2015-2016	14,024	\$ 2,046,301	\$ 7,834,568	3.13	\$ 605,898	29.61%
	estimated	estimated	estimated			



Crowley Independent School District

Debt Service Information

Debt Service Overview

Debt Service Fund Information

The Debt Service Fund accounts for payments of principal, interest, and related fees on the District's general obligation bonds. Under Texas law, only these debt service payments can be accounted for in this fund.

The Texas Education Code Section 45.003(e) specifies that a school district is able to issue unlimited tax bonds, provided that the district demonstrates its projected ability to pay such bonds plus the District's outstanding bonds (excluding bonds authorized by an election held on or before April 1, 1992 and issued before September 1, 1992) at a debt service rate of not more than \$0.50 per \$100 of assessed valuation.

Crowley ISD's bonds are direct obligations of the District payable from ad valorem taxes levied annually by the District without legal limit as to rate or amount. However, upon the issuance of future debt, the District must demonstrate to the Texas Attorney General that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously issued bonds from a tax levied at a rate of \$0.50. The District may take into account EDA and IFA [state funding] allotments to the District which effectively reduces the District's local share of debt service, and may also take into account Tier One funds allotted to the District. Currently, the District's debt service tax rate is \$0.48 per \$100 of assessed valuation.

Budget Preparation Process

The taxable values, tax collection rate, estimated penalties and interest collected, Existing Debt Allotment (EDA), Instructional Facilities Allotment (IFA), debt repayment schedule, estimated interest earnings, bond fees, and arbitrage fees are the core of the revenues and expenditures that are reviewed annually when determining the proposed tax rate and budget.

Other sources of information for inclusion in the debt service fund budget include the financial advisor, bond counsel, and the board of trustees.

When the District is preparing a potential bond referendum, additional consideration must be made in regards to fund balance (bond rating) and related bond closing costs.

General Obligation Bonds

The primary type of bond debt instrument is the General Obligation Bond. This debt instrument requires voter approval.

There are \$276,800,000 of bonds that have been authorized but not issued as of May 1, 2016.

Crowley Independent School District

General Obligation Bonds (continued)

The following information depicts bonded debt facts of CISD:

Outstanding Bonded Debt as of June 15, 2016	\$ 608,485,536
Underlying Bond Rating	Aa3 Moody's
Underlying Bond Rating	A+ S&P

Goals and Objectives

The following goals and objectives are key components which drive our debt service fund budget:

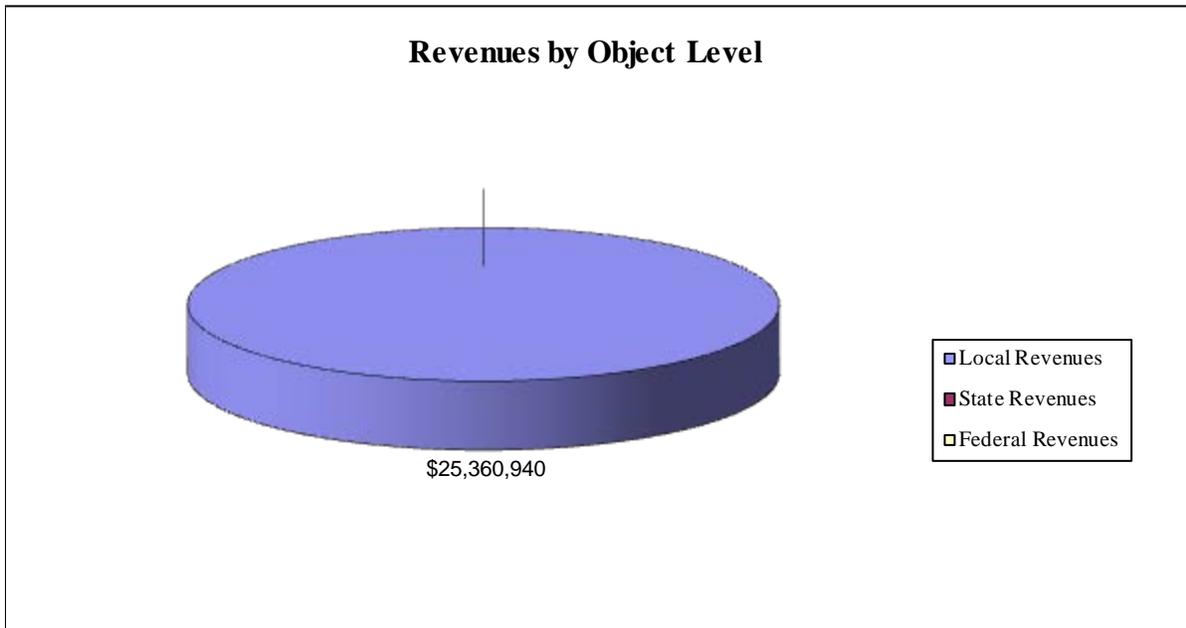
- Provide sufficient cash flows in the months of February and August to make payment on bond obligations.
- Calculate the lowest tax rate possible that provides for sufficient resources to balance the annual budget.

The expenditures included in the budget are needed to subsidize future bond principal and interest payments along with related fees.

Crowley Independent School District

Debt Service Fund
Revenues by Object Level
Updated June 30, 2016

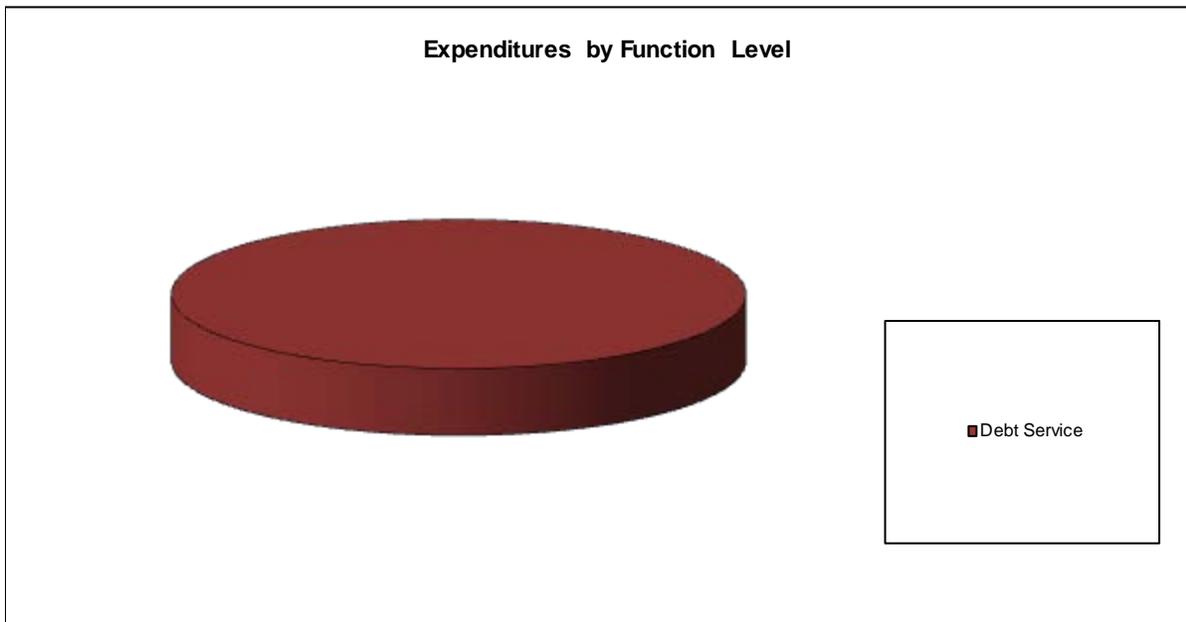
Object Level	Object Level Description	2016/2017 Budget	Percentage of Budget
5700	Local Revenues	\$ 25,360,940	100.00%
5800	State Revenues	-	0.00%
5900	Federal Revenues	-	0.00%
		\$ 25,360,940	



Crowley Independent School District

Debt Service Fund
Expenditures by Function Level
Updated June 30, 2016

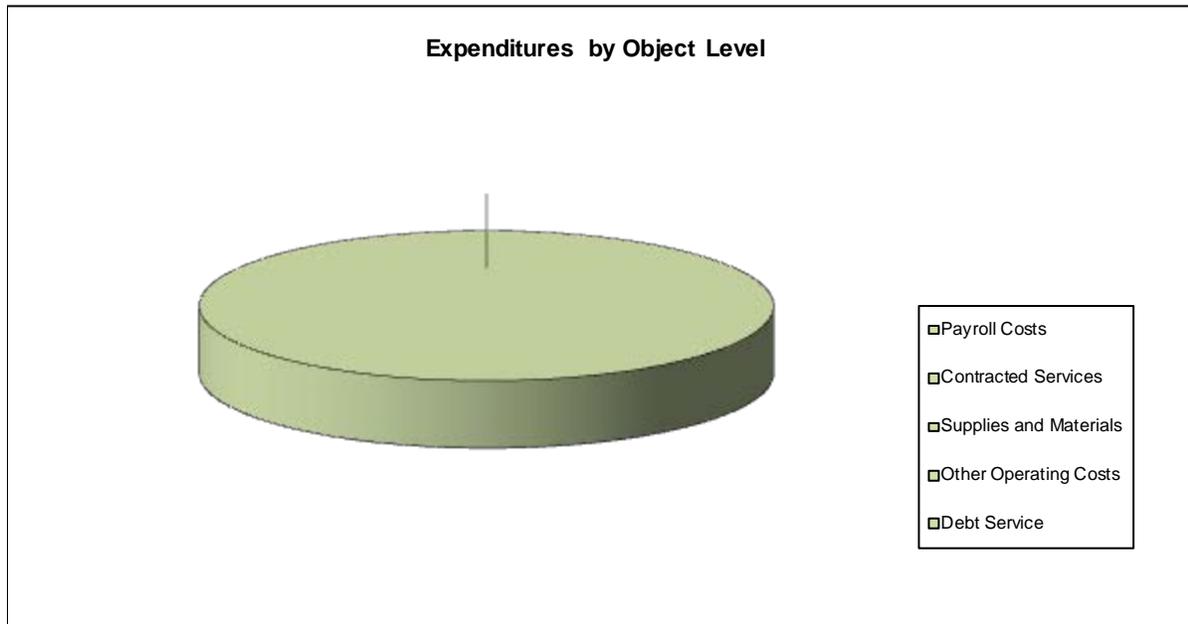
<u>Function Level</u>	<u>Function Level Description</u>	<u>2016/2017 Budget</u>	<u>Percentage of Budget</u>
71	Debt Service	<u>\$ 24,139,505</u>	100.00%



Crowley Independent School District

Debt Service Fund
Expenditures by Object Level
Updated June 30, 2016

Object Level	Object Level Description	2016/2017 Budget	Percentage of Budget
6100	Payroll Costs	\$ -	0.00%
6200	Contracted Services	-	0.00%
6300	Supplies and Materials	-	0.00%
6400	Other Operating Costs	-	0.00%
6500	Debt Service	<u>24,139,505</u>	100.00%
		<u>\$ 24,139,505</u>	



Crowley Independent School District

Debt Service Fund
Five Year Analysis of Revenues and Expenditures
 Updated June 30, 2016

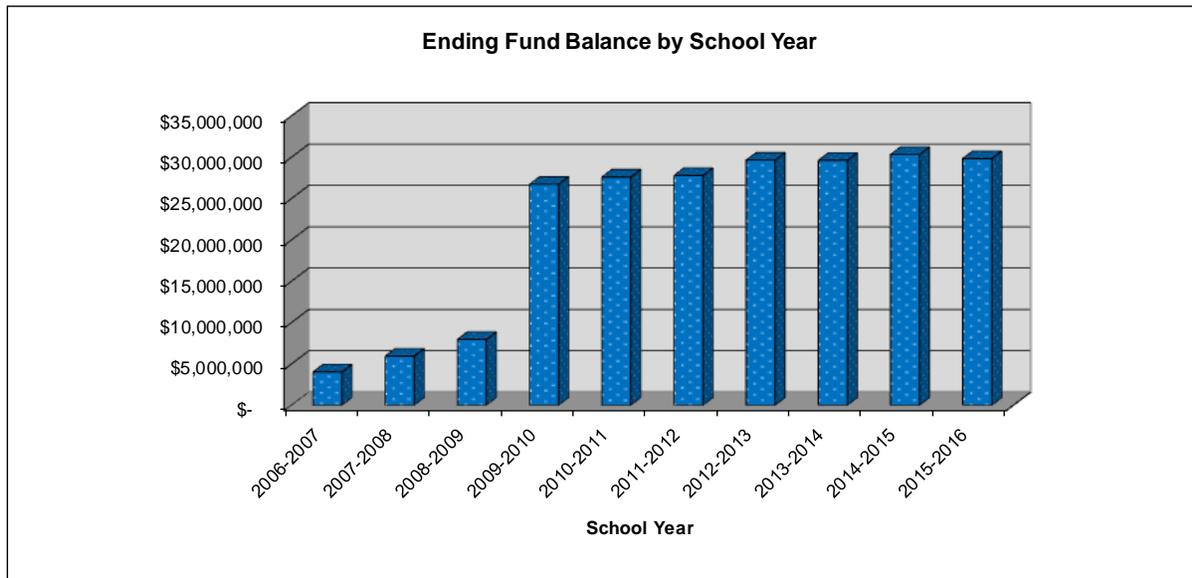
		Audit 2012/2013	Audit 2013/2014	Audit 2014/2015	6/30/2016 Projected 2015/2016	6/30/2016 Preliminary Budget 2016/2017
Revenues						
5710	Tax collections	23,096,473	23,164,480	23,242,883	23,375,869	25,330,940
5742	Investment earnings	26,151	12,589	12,788	36,253	25,000
5749	Misc Local Revenue	2,736	16,852	3,460	17,656	5,000
	Total Local Revenues	<u>23,125,360</u>	<u>23,193,921</u>	<u>23,259,131</u>	<u>23,429,778</u>	<u>25,360,940</u>
5829	EDA and IFA Allotments	397,125	-	-	-	-
	Total State Revenues	<u>397,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5959	Miscellaneous federal revenue	-	-	-	-	-
	Total Federal Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total Revenues	<u>\$ 23,522,485</u>	<u>\$ 23,193,921</u>	<u>\$ 23,259,131</u>	<u>\$ 23,429,778</u>	<u>\$ 25,360,940</u>
Expenditures						
71	Debt service payments & fees	22,123,274	23,989,356	23,136,031	24,265,946	24,139,505
	Total Expenditures	<u>\$ 22,123,274</u>	<u>\$ 23,989,356</u>	<u>\$ 23,136,031</u>	<u>\$ 24,265,946</u>	<u>\$ 24,139,505</u>
	Excess Revenues Over Expenditures	1,399,211	(795,435)	123,100	(836,168)	1,221,435
	Other Resources (Uses)	<u>447,149</u>	<u>771,864</u>	<u>585,067</u>	<u>352,875</u>	<u>-</u>
	Fund Balance-Beginning as Restated	27,783,481	29,629,841	29,606,270	30,314,437	29,831,145
	Fund Balance-Ending-Projected	<u>\$ 29,629,841</u>	<u>\$ 29,606,270</u>	<u>\$ 30,314,437</u>	<u>\$ 29,831,145</u>	<u>\$ 31,052,580</u>

Budgeting Assumptions:
 ADA = 14,024
 Tax Values based on preliminary May 31 values
 Tax collection rate = 98%

Crowley Independent School District

**Debt Service Fund
Historical Fund Balance Analysis
Updated June 30, 2016**

<u>Audit Year</u>	<u>ADA</u>	<u>Ending Fund Balance</u>	<u>Debt Service Fund Exp's</u>	<u>Months of Fund Balance</u>	<u>Net Change</u>	<u>Percentage Net Change</u>
2006-2007	13,385	\$ 4,021,643	\$ 14,196,479	3.40	\$ 1,087,410	
2007-2008	14,057	\$ 5,940,514	\$ 17,191,736	4.15	\$ 1,918,871	32.30%
2008-2009	13,991	\$ 7,955,157	\$ 22,487,202	4.25	\$ 2,014,643	25.32%
2009-2010	14,040	\$ 26,709,325	\$ 7,452,861	43.01	\$ 18,754,168 *	70.22%
2010-2011	14,176	\$ 27,589,932	\$ 22,626,573	14.63	\$ 880,607	3.19%
2011-2012	14,039	\$ 27,783,481	\$ 22,565,588	14.77	\$ 193,549	0.70%
2012-2013	13,967	\$ 29,629,841	\$ 22,123,274	16.07	\$ 1,846,360	6.23%
2013-2014	13,982	\$ 29,606,270	\$ 23,989,356	14.81	\$ (23,571)	-0.08%
2014-2015	13,987	\$ 30,314,436	\$ 23,136,031	15.72	\$ 708,166	2.34%
2015-2016	14,024	\$ 29,831,145	\$ 24,265,946	14.75	\$ (483,291)	-1.62%
	estimated	estimated	estimated			



* Increase in fund balance due to change in year end. August bond payment was then posted in next year.

Crowley Independent School District

Construction Fund Information

Construction Fund Overview

Construction Fund Information

The Construction Fund accounts for long-term capital expenditures. As bonds are sold, the proceeds from the sale are deposited into the Construction Fund. The budget is adjusted accordingly and purchase orders can now be submitted.

In May 2007, Crowley ISD passed a bond election for \$416.8M. Currently the District has \$276,800,000 authorized but unissued bonds.

Due to the bond election and sale of bonds through July 2013, the District completed the following projects:

- ✓ Agriculture Facility and FFE (furniture, fixtures, and equipment)
- ✓ Bill R. Johnson Career and Tech Facility and FFE
- ✓ David Walker Intermediate School and FFE
- ✓ Mary Harris Intermediate School and FFE
- ✓ Several land purchases
- ✓ Miscellaneous HVAC repairs and upgrades
- ✓ Transportation parking lot
- ✓ NCHS roof

During September 2013, the District sold \$25M of bonds. Elementary School #15 was anticipated to be constructed with the bond proceeds. However, many factors played into the delay of the Elementary School as well as the rise of construction costs that plagued the plans. The District continued to monitor costs, enrollment growth patterns, and the construction of Chisholm Trail Parkway.

With the closing of the 2013-2014 year, the District realized a larger increase to the General Fund Balance, thereby establishing the Capital Facility Advisory Council (CFAC). The Council created an Administrative Regulation (following two pages) defining capital projects paid from the General Fund and capital projects that would be paid from the bond proceeds and therefore posted into the Capital/Construction Funds or 600 funds.

During August 2015, the District sold \$35M of bonds. Construction costs continue to rise, the enrollment growth has stayed fairly flat and the Chisholm Trail Parkway is now operational. The District has continued to discuss Elementary School #15 with the Board of Trustees and architects. The Board of Trustees has also approved a list of projects to be completed along with Elementary School #15 and all are to be funded from the bond proceeds.



CROWLEY ISD ADMINISTRATIVE REGULATION

Board Policy: CFB (LOCAL)

Date Effective: December 18, 2013

Department: Finance/Business

Re: Guidelines for Capital Bond Fund Expenditures

I. General Information – Difference between Capital Bond Funds (Interest and Sinking or “I&S”) and Maintenance and Operations Funds (M&O)

- a. Capital Bond Funds (I&S)** – funds from this account can be used for construction or renovation of buildings and infrastructure, land purchases, etc.
- b. Maintenance and Operations Funds (M&O)** – funds from this account can be used for maintaining the assets of the district, general operating supplies, salaries, equipment, furniture, etc.

II. Review Process

- a.** The following three (3) questions should be considered when reviewing whether an item or project can be funded using capital bond funds.

1. Does the cost of the item/project exceed \$5,000?

\$5,000 is a widely accepted minimum dollar threshold for capital assets. CISD policy CFB(LOCAL) states “The capitalization threshold for purposes of classifying capital assets shall be \$5,000 per asset group.”

2. What is the purpose of the item/project (i.e. for what will the item/project be used)?

The purpose of this question is to determine whether there are any other factors that need to be considered in the approval process. For example, while student chairs for a classroom would not meet the criteria outlined in criterion #1, if the student chairs are part of the Fixtures, Furniture and Equipment (FF&E) for a new or recently renovated campus, the chairs could be approved as a capital bond fund expenditure.

3. What is the useful life of the item/project?

The use of capital bond funds is comparable to financing for a 30-year term. If the item/project has a useful lifespan of less than 30 years, this should be considered during the approval process.

b. How to Prioritize Your Department's List

Once you have identified a departmental list of proposed capital bond fund expenditures using the three questions above, you will need to prioritize your list PRIOR to submission to the CFAC. To assist in this prioritization process, the following three categories should be considered in order of highest to lowest priority:

- Safety and security
- Infrastructure (i.e. building construction/renovation/maintenance, equipment, etc.)
- Learning tools and resources (i.e. any items that enhance the learning process and/or the extra-curricular experience)

III. Capital Facility Advisory Council (CFAC)

a. What is it?

The Capital Facility Advisory Council was formed to further enhance the district's commitment for effective and efficient use of its resources by providing guidance on how capital bond funds should be expended. The CFAC includes member representatives from various district-wide groups (e.g. Security, Fine Arts, Athletics, Maintenance, etc.).

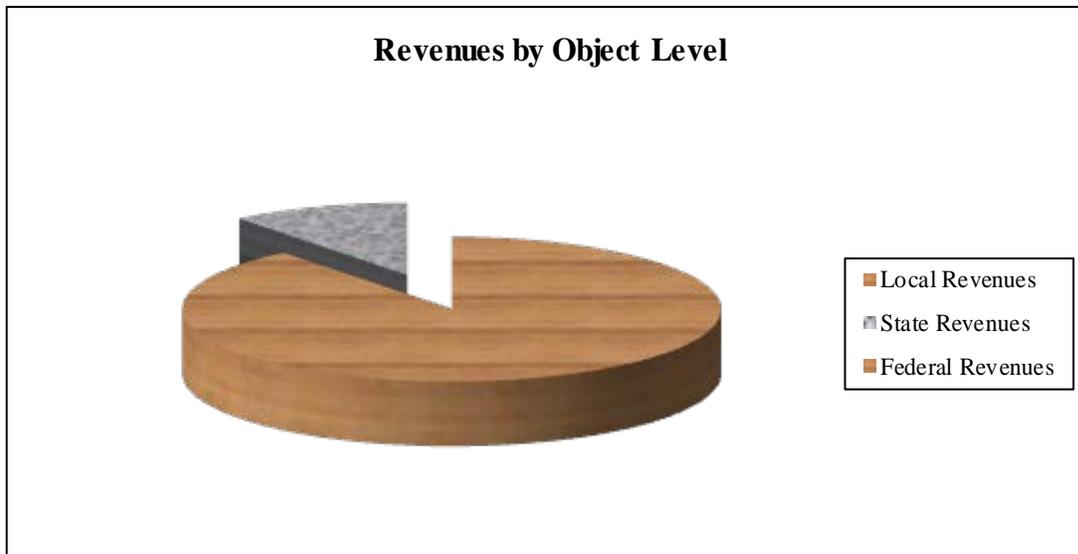
b. What does the CFAC do?

The CFAC is responsible for compiling, maintaining and implementing a single, district-wide Capital Bond Fund List. Items may be submitted to the CFAC by any individual or group for consideration to be added to the list. The list is prioritized by the CFAC for possible action and/or implementation as funds become available.

Crowley Independent School District

Construction Fund Revenues by Object Level

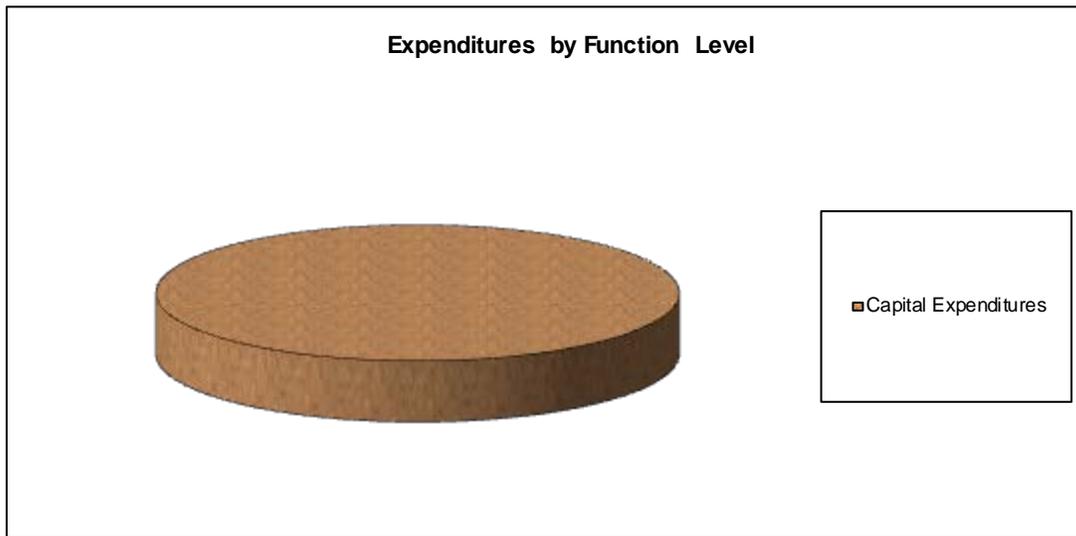
Object Level	Object Level Description	2016/2017 Budget	Percentage of Budget
5700	Local Revenues	\$ 50,000	89.29%
5800	State Revenues	6,000	10.71%
5900	Federal Revenues	-	0.00%
		\$ 56,000	



Crowley Independent School District

Construction Fund Expenditures by Function Level

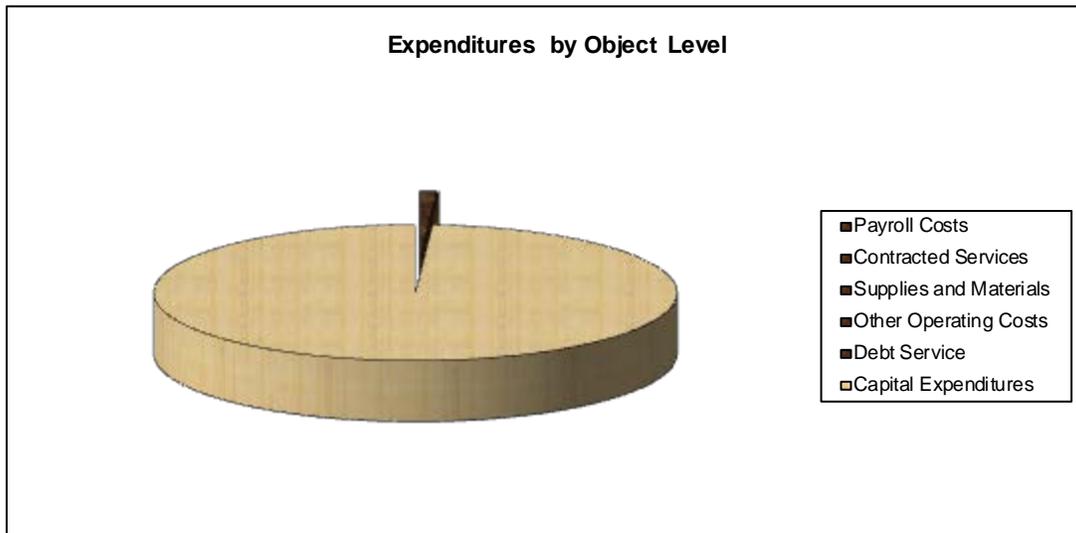
<u>Function Level</u>	<u>Function Level Description</u>	<u>2016/2017 Budget</u>	<u>Percentage of Budget</u>
81	Capital Expenditures	<u>\$ 10,105,630</u>	100.00%



Crowley Independent School District

Construction Fund Expenditures by Object Level

Object Level	Object Level Description	2016/2017 Budget	Percentage of Budget
6100	Payroll Costs	\$ 105,630	1.05%
6200	Contracted Services	-	0.00%
6300	Supplies and Materials	-	0.00%
6400	Other Operating Costs	-	0.00%
6500	Debt Service	-	0.00%
6600	Capital Expenditures	10,000,000	98.95%
		<u>\$ 10,105,630</u>	



Crowley Independent School District

Construction Fund
 Five Year Analysis of Revenues and Expenditures
 Updated June 30, 2016

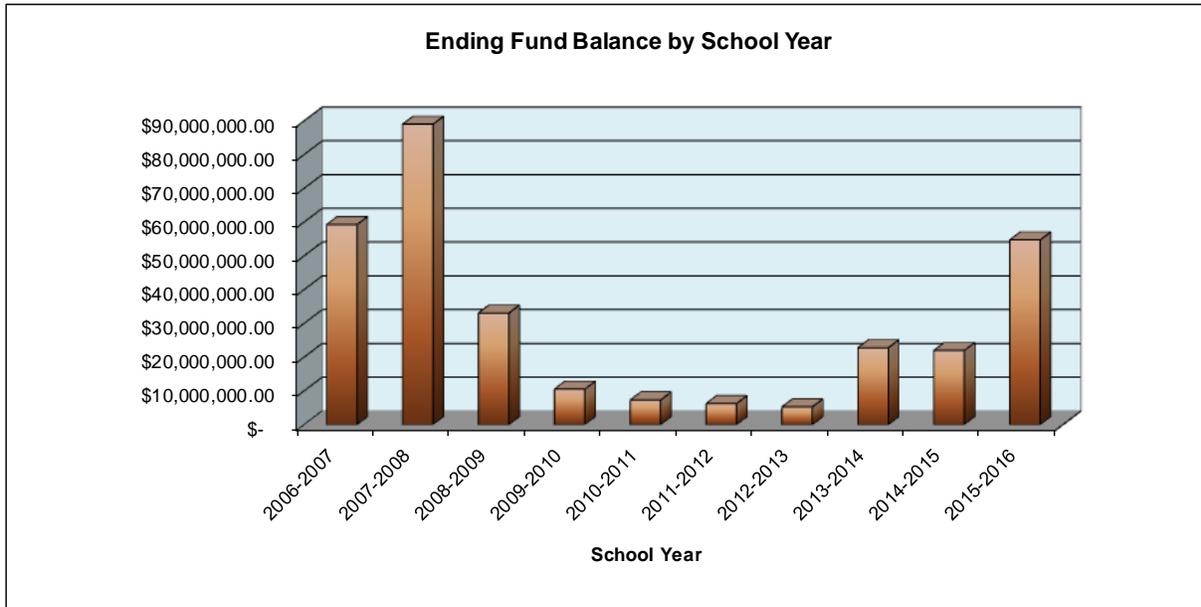
	Audit 2012/2013	Audit 2013/2014	Audit 2014/2015	6/30/2016 Projected 2015/2016	Preliminary Budget 2016/2017
Revenues					
5742 Investment earnings	6,541	9,685	12,524	96,754	50,000
5749 Misc Local Revenue	400,000	-	1,471,217	-	-
Total Local Revenues	406,541	9,685	1,483,741	96,754	50,000
5831 TRS On behalf	-	6,825	7,168	6,768	6,000
Total State Revenues	-	6,825	7,168	6,768	6,000
Total Revenues	406,541	16,510	1,490,909	103,522	56,000
Expenditures					
81 Capital Expenditures	1,364,481	7,505,130	2,319,542	2,342,695	10,105,630
Total Expenditures	1,364,481	7,505,130	2,319,542	2,342,695	10,105,630
Excess Revenues Over Expenditures	(957,940)	(7,488,620)	(828,633)	(2,239,173)	(10,049,630)
Other Resources (Uses)	-	25,000,000	-	35,000,000	-
Fund Balance-Beginning as Restated	6,243,440	5,285,500	22,796,880	21,968,247	54,729,074
Fund Balance-Ending-Projected	5,285,500	22,796,880	21,968,247	54,729,074	44,679,444

Budgeting Assumptions:
 ADA = 14,024
 Tax Values based on preliminary May 16 values
 Tax collection rate = 98%

Crowley Independent School District

**Construction Fund
Historical Fund Balance Analysis
Updated June 30, 2016**

<u>Audit Year</u>	<u>ADA</u>	<u>Ending Fund Balance</u>	<u>Construction Fund Expenditures</u>	<u>Months of Fund Balance</u>	<u>Net Change</u>	<u>Percentage Net Change</u>
2006-2007	13,385	\$ 59,295,399.00	\$ 29,323,562.00	24.27	\$ 33,454,235.00	
2007-2008	14,057	\$ 88,992,113.00	\$ 52,855,372.00	20.20	\$ 29,696,714.00	33.37%
2008-2009	13,991	\$ 33,069,591.00	\$ 56,828,782.00	6.98	\$ (55,922,522.00)	-169.11%
2009-2010	14,040	\$ 10,520,700.00	\$ 22,587,118.00	5.59	\$ (22,548,891.00)	-214.33%
2010-2011	14,176	\$ 7,324,944.00	\$ 8,311,645.00	10.58	\$ (3,195,756.00)	-43.63%
2011-2012	14,039	\$ 6,243,440.00	\$ 1,110,277.00	67.48	\$ (1,081,504.00)	-17.32%
2012-2013	13,967	\$ 5,285,500.00	\$ 1,364,481.00	46.48	\$ (957,940.00)	-18.12%
2013-2014	13,982	\$ 22,796,880.00	\$ 7,505,130.00	36.45	\$ 17,511,380.00	76.81%
2014-2015	13,987	\$ 21,968,247.00	\$ 2,319,542.00	113.65	\$ (828,633.00)	-3.77%
2015-2016	14,024	\$ 54,729,074.43	\$ 2,342,695.00	280.34	\$ 32,760,827.43	59.86%
	estimated	estimated	estimated			





INFORMATIONAL SECTION

Crowley Independent School District



Financial Integrity Rating System of Texas

2014-2015 RATINGS BASED ON SCHOOL YEAR 2013-2014 DATA - DISTRICT STATUS DETAIL

Name: CROWLEY ISD(220912)	Publication Level 1: 8/20/2015 11:24:40 AM		
Status: Passed	Publication Level 2: 8/20/2015 11:24:40 AM		
Rating: Pass	Last Updated: 8/20/2015 11:24:40 AM		
District Score: 30	Passing Score: 16		
#	Indicator Description	Updated	Score
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</u>	4/6/2015 3:18:26 PM	Yes
2	<u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>	4/6/2015 3:18:26 PM	Yes
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>	4/6/2015 3:18:26 PM	Yes

Crowley Independent School District

4	<u>Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)</u>	7/30/2015 12:32:33 PM	Yes
			1 Multiplier Sum
5	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	7/15/2015 12:06:19 PM	10
6	<u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?</u>	8/17/2015 6:02:21 PM	10
7	<u>Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)</u>	4/6/2015 3:18:28 PM	10
			30 Weighted Sum
			1 Multiplier Sum
			30 Score

Crowley Independent School District

DETERMINATION OF RATING

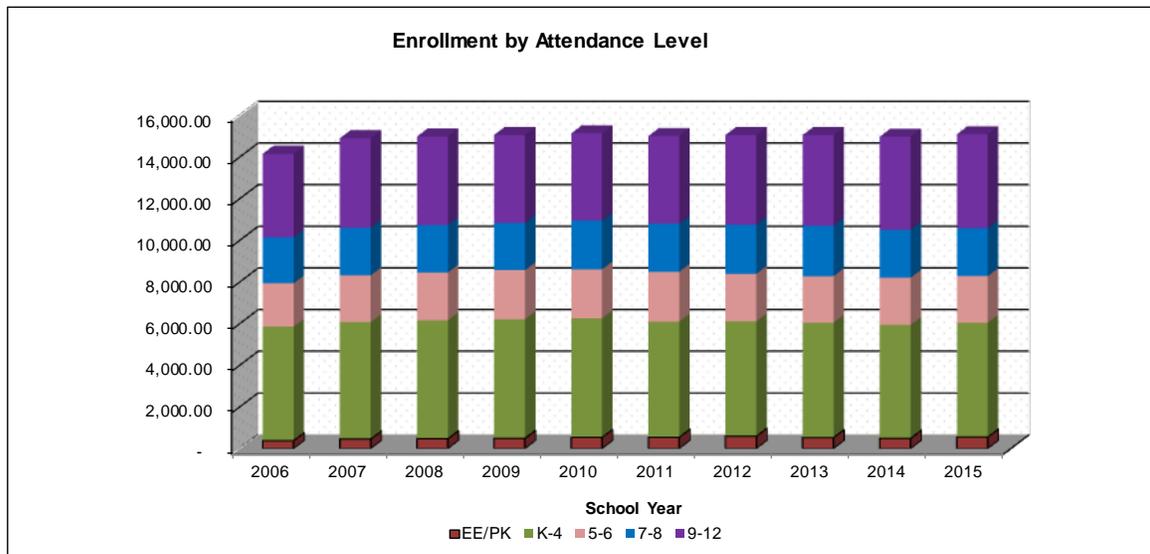
A.	Did The District Answer ' No ' To Indicators 1, 2, 3, Or 4? If So, The District's Rating Is Substandard Achievement .
B.	Determine Rating By Applicable Range For Summation of the Indicator Scores (Indicators 5-7)
Pass	16-30
Substandard Achievement	<16

Crowley Independent School District

Enrollment Information

Enrollment History by Attendance Level

<u>Year</u>	<u>School Year</u>	<u>EE/PK</u>	<u>K-4</u>	<u>5-6</u>	<u>7-8</u>	<u>9-12</u>	<u>Total Enrollment</u>
2006	2006-2007	382.00	5,472.00	2,082.00	2,203.00	4,021.00	14,160.00
2007	2007-2008	458.00	5,611.00	2,250.00	2,284.00	4,302.00	14,905.00
2008	2008-2009	472.00	5,689.00	2,293.00	2,288.00	4,244.00	14,986.00
2009	2009-2010	498.00	5,715.00	2,349.00	2,272.00	4,229.00	15,063.00
2010	2010-2011	541.00	5,715.00	2,353.00	2,336.00	4,196.00	15,141.00
2011	2011-2012	546.00	5,552.00	2,396.00	2,302.00	4,216.00	15,012.00
2012	2012-2013	596.00	5,516.00	2,281.00	2,354.00	4,313.00	15,060.00
2013	2013-2014	529.00	5,517.00	2,234.00	2,428.00	4,350.00	15,058.00
2014	2014-2015	492.00	5,442.00	2,268.00	2,303.00	4,477.00	14,982.00
2015	2015-2016	553.00	5,495.00	2,234.00	2,297.00	4,520.00	15,099.00

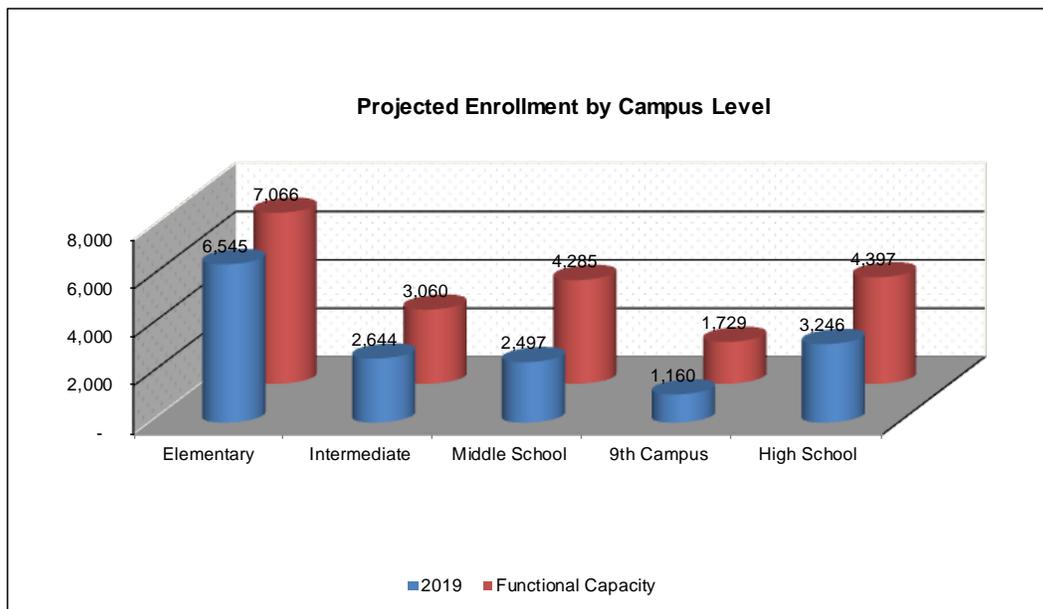


Source: SDS, School District Strategies
CISD records for 10/31/2015

Crowley Independent School District

Projected Enrollments and Building Capacities

Campus	Functional Capacity	Max Capacity	Fall 2016	Fall 2017	Fall 2018	Fall 2019
Bess Race	673	748	695	729	756	795
Sycamore	633	704	604	632	632	632
Deer Creek	673	748	530	527	512	517
Meadowcreek	772	858	680	687	670	653
Carden	693	770	519	527	533	533
Parkway	811	902	733	738	742	747
Oakmont	673	748	656	650	658	675
Dallas Park	792	880	624	663	723	784
Hargrave	673	748	545	558	567	576
Poynter	673	748	627	637	647	633
Elementary Totals	7,066	7,854	6,213	6,348	6,440	6,545
Sue Crouch	765	850	422	477	529	553
SH Crowley	765	850	468	515	575	578
Walker	765	850	673	710	759	795
Harris	765	850	698	680	697	718
Intermediate Totals	3,060	3,400	2,261	2,382	2,560	2,644
Stevens	1,435	1,675	930	895	900	972
Crowley MS	1,435	1,675	648	661	677	685
Summer Creek	1,415	1,650	791	775	768	840
Middle School Totals	4,285	5,000	2,369	2,331	2,345	2,497
CHS 9th	810	925	507	553	536	524
NCHS 9th	919	1,050	591	635	630	636
Ninth Grade Totals	1,729	1,975	1,098	1,188	1,166	1,160
CHS	1,881	2,150	1,538	1,457	1,469	1,470
NCHS	2,516	2,875	1,801	1,744	1,751	1,776
High School Totals	4,397	5,025	3,339	3,201	3,220	3,246
District Totals	20,537	23,254	15,280	15,450	15,731	16,092

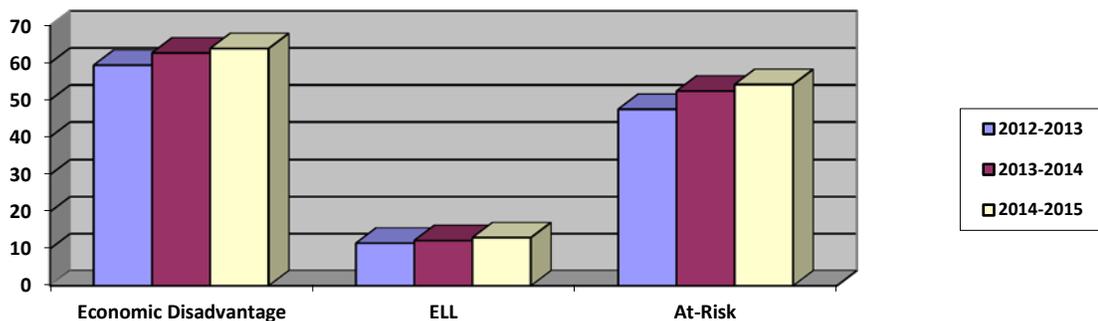


Crowley Independent School District

Historical Program Counts and Percentages

The following student counts and percentages are based upon Public Education Information Management System (PEIMS) data that has been submitted to the Texas Education Agency (TEA) and reported accordingly in the Summary of Finance and Texas Academic Performance Report:

<u>Funding Elements</u>	<u>2012/13 Count</u>	<u>2013/14 Count</u>	<u>2014/15 Count</u>
Refined ADA	13,966.973	13,986.220	13,952.730
Special Education FTE	392.329	413.105	412.283
Career & Technology FTE	711.255	649.575	630.386
Regular Program ADA	12,863.389	12,923.540	12,910.061
High School ADA	3,979.710	4,013.047	4,113.836
WADA	17,910.921	18,232.901	18,298.925
Economic Disadvantage %	59.4%	62.7%	63.9%
ELL %	11.5%	12.2%	13.0%
At-Risk %	47.5%	52.4%	54.2%



Crowley Independent School District

Current Program Weights

The State of Texas funds public school districts based upon student populations in certain educational areas. These specific educational areas have weights assigned to them to provide equitable funding to districts for the additional cost incurred when providing these special services – hence, the term *Weighted Average Daily Attendance (WADA)*.

For the 2016/17 funding year, the following weights are provided accordingly:

Regular Program	1.00
Career and Technology	1.35
Gifted and Talented	0.12
Bilingual Program	0.10
Special Education – Mainstream	1.10
Special Education – Vocational Adjustment Class	2.30
Special Education – Off Home Campus	2.70
Special Education – Self Contained	3.00
Special Education – Resource Room	3.00
Special Education – Speech Therapy	5.00
Special Education – Homebound	5.00
Compensatory Education	0.20
Pregnancy Related	2.41

Crowley Independent School District

Staff Information

Three Year Trend of Staff FTE's

<u>Full Time Equivalent Schedule (FTE)</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Teachers:			
Teachers	963.69	988.20	1,036.30
Support Staff:			
Athletic Trainer	2.48	2.86	4.00
Audiologist	1.00	1.00	1.00
Counselor	37.22	41.08	40.00
Educational Diagnostician	17.40	19.44	19.00
Librarian	2.00	1.89	2.00
LSSP/Psychologist	2.00	3.00	4.00
Occupational Therapist	2.40	2.98	3.80
Other campus professional personnel	29.78	30.58	28.80
Other Non-instructional district	36.87	38.95	37.50
Physical Therapist	3.75	3.25	2.10
Recreational Therapist	2.00	2.00	2.00
School Nurse	15.98	17.24	16.00
Speech	14.72	11.50	17.50
Total:	167.60	175.77	177.70
Administrative Staff:			
Deputy Superintendent	5.00	5.00	5.00
Assistant Principal	38.98	36.24	45.00
Athletic Director	1.00	1.00	1.00
Business Manager	1.00	1.00	1.00
District Instructional Director/Executive Dir	4.00	4.00	6.00
Principal	22.00	24.00	24.00
Superintendent	1.00	1.00	1.00
Total:	72.98	72.24	83.00
Total Professional:			
Teachers, Support, Admin	1,204.27	1,236.21	1,297.00
Paraprofessional Staff:			
Certified Interpreter	10.00	11.00	11.00
Educational aide	203.48	231.16	251.00
Total	213.48	242.16	262.00
Auxiliary Staff:			
Non professional or paraprofessional	212.51	215.43	261.00
Total FTE's	1,630.26	1,693.80	1,820.00

The chart above represents a three year trend regarding staff full time equivalents (FTEs). This information is categorized by titles as prescribed by TEA.

The following page depicts personnel needs, non-discretionary as well as discretionary for the 2016-2017 school year.

Crowley Independent School District

2016-2017 Personnel Needs Projected

Non-discretionary						
	<u>Professional</u>		<u>Para</u>		<u>Total</u>	
	<u>FTE</u>	<u>salary</u>	<u>FTE</u>	<u>salary</u>	<u>FTE</u>	<u>Total salary</u>
Bilingual Education	1.00	58,000.00			1.00	58,000.00
General Education						
Elementary General Education	(10.00)	(580,000.00)			(9.00)	(580,000.00)
Secondary General Education (includes 2 BLAST and 1 Jr Cadet Corp)	5.75	333,500.00			4.75	333,500.00
CTE	5.50	319,000.00			5.50	319,000.00
Dyslexia/Reading Specialist	1.50	87,000.00			1.50	87,000.00
Total General Education	2.75	159,500.00			2.75	159,500.00
Special Education	3.00	174,000.00	3.00	63,000.00	6.00	237,000.00
CLC	3.00	174,000.00	2.00	42,000.00	5.00	216,000.00
Choice Programs	6.50	377,000.00			6.50	377,000.00
Total Non-discretionary	16.25	942,500.00	5.00	105,000.00	21.25	1,047,500.00

Discretionary						
	<u>Professional</u>		<u>Para/Tutor</u>		<u>Total</u>	
	<u>FTE</u>	<u>salary</u>	<u>FTE</u>	<u>salary</u>	<u>FTE</u>	<u>Total salary</u>
Choice Programs	5.50	393,589.00	1.00	28,000.00	6.50	421,589.00
Campus	11.50	513,000.00	2.00	44,000.00	13.50	716,500.00
Administration	2.00	143,207.00	-	4,000.00	2.00	147,207.00
Special Education	9.50	543,624.00			9.50	543,624.00
Technology	1.00	88,500.00	5.00	(85,420.00)	6.00	3,080.00
M&O	2.00	90,500.00	4.00	115,000.00	6.00	205,500.00
Re class/Re assignments		26,598.00			-	(54,234.00)
Total Discretionary	31.50	1,799,018.00	12.00	105,580.00	43.50	1,983,266.00

Total Personnel Projections	47.75	2,741,518.00	17.00	210,580.00	64.75	\$ 3,030,766.00
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Crowley Independent School District

Tax Information

Tax Overview

The certified valuations for the 2015 tax year have not been received by the District. Since our tax collections are driven from the values that are taxable, the following value estimate is the initial factor considered when preparing the General Fund and Debt Service Fund budgets:

Tarrant County	\$5,445,409,140	as of June 9, 2016
Johnson County	\$ 44,119,619	

Since certified valuations are not available at this time, we are conservatively trying to propose a tax rate for discussion purposes. Once information is available and after discussion with our financial advisor, we will bring forward information on this topic.

Crowley Independent School District

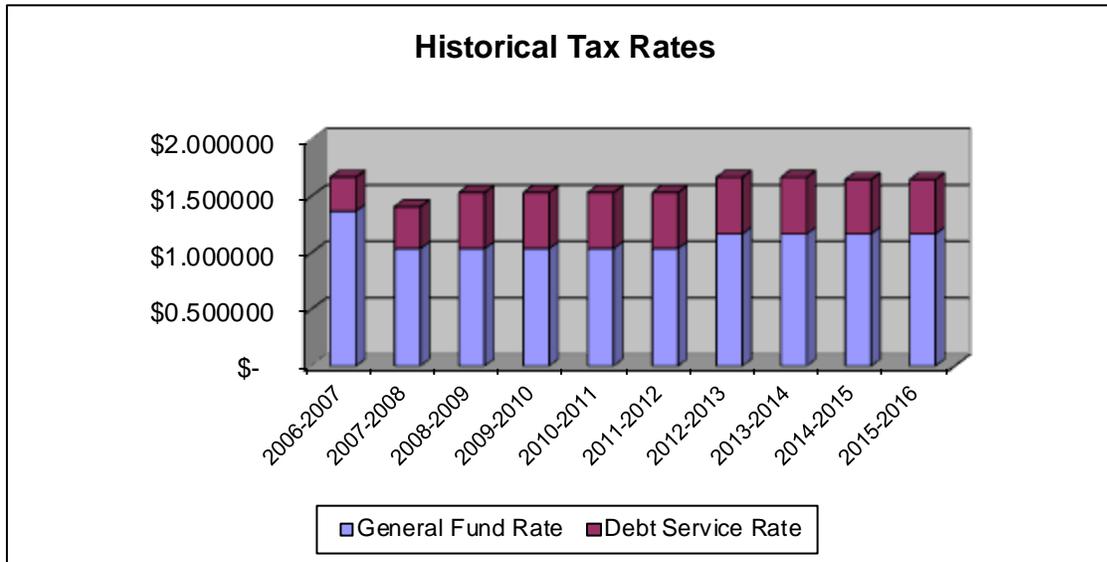
Historical Tax Rates

Year	General Fund Tax Rate	Debt Service Tax Rate	Total Tax Rate
2006-2007	\$ 1.370000	\$ 0.301000	\$ 1.671000 *
2007-2008	\$ 1.040100	\$ 0.369800	\$ 1.409900 *
2008-2009	\$ 1.040100	\$ 0.494950	\$ 1.535050 *
2009-2010	\$ 1.040000	\$ 0.495000	\$ 1.535000 *
2010-2011	\$ 1.040000	\$ 0.495000	\$ 1.535000 *
2011-2012	\$ 1.040000	\$ 0.495000	\$ 1.535000 *
2012-2013	\$ 1.170000	\$ 0.500000	\$ 1.670000 *
2013-2014	\$ 1.170000	\$ 0.500000	\$ 1.670000 *
2014-2015	\$ 1.170000	\$ 0.480000	\$ 1.650000 *
2015-2016	\$ 1.170000	\$ 0.480000	\$ 1.650000 *

Note: Tax rates are per \$100 of assessed valuation.

* Local Option Homestead Exemption of 10%

The graph below depicts the tax rates for years 2006-2007 through 2015-2016.

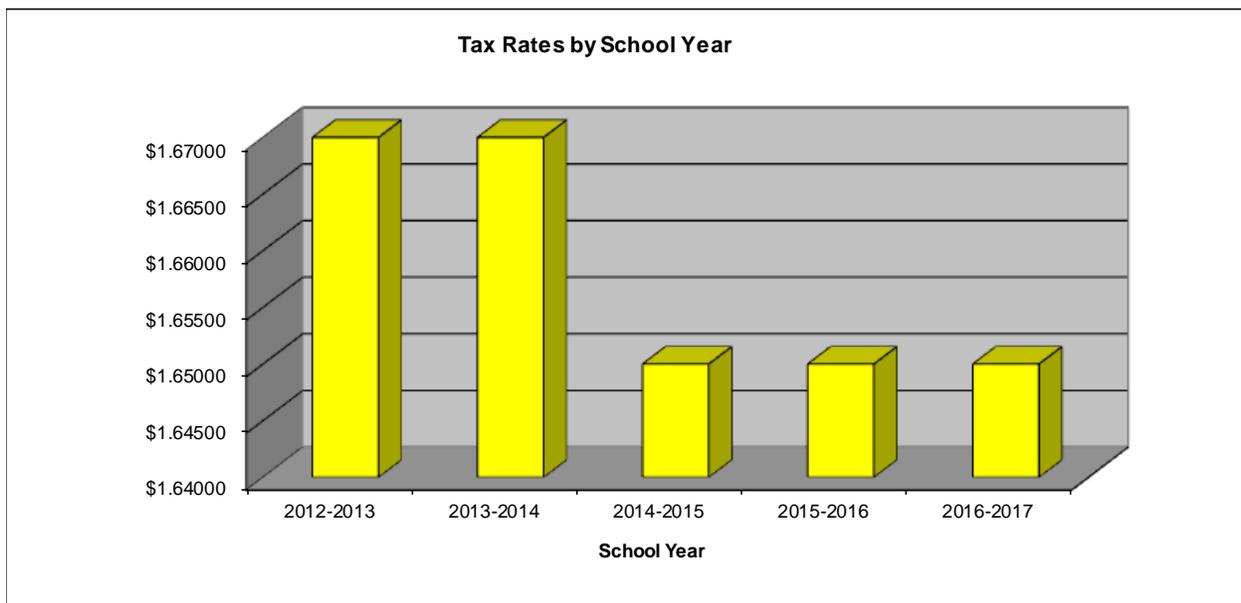
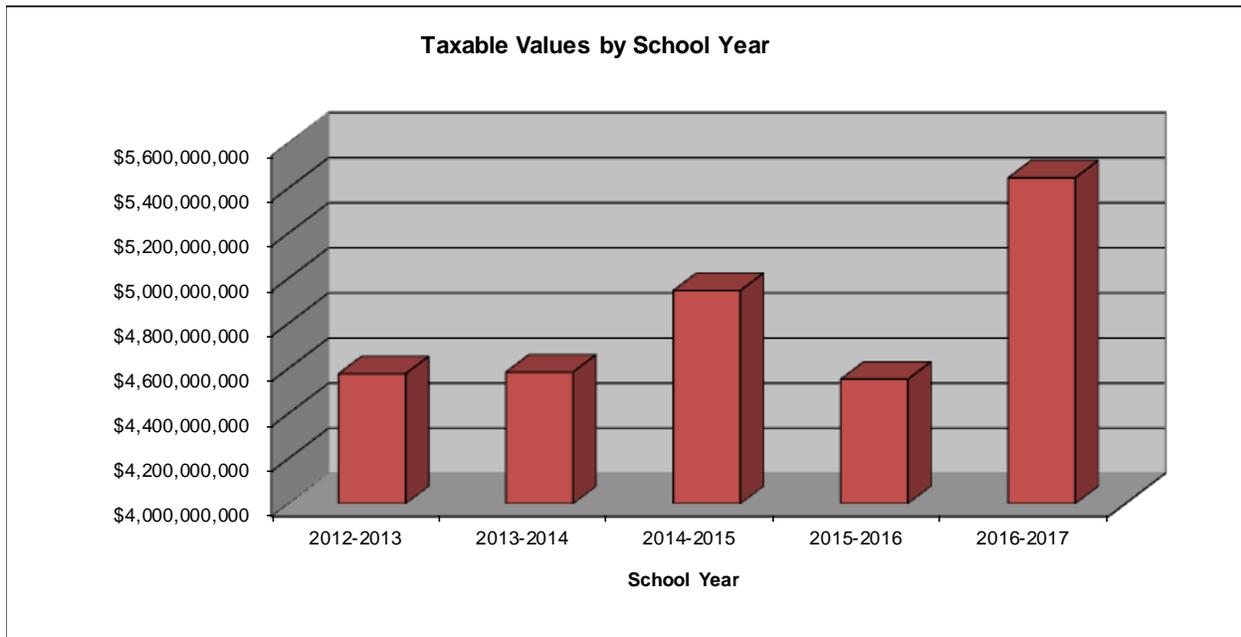


Crowley Independent School District

Five Year Trend for Property Taxes and Rates

Updated June 9, 2016

Tax Year	School Year	TAD Taxable Values	Certified	% Change	\$ Change	Total Tax Rate
2012	2012-2013	\$ 4,576,234,935	Sept. 1, 2012	2.3%	\$ 106,183,659	\$1.67000
2013	2013-2014	\$ 4,583,471,738	Sept. 1, 2013	0.2%	\$ 7,236,803	\$1.67000
2014	2014-2015	\$ 4,945,208,835	Sept. 1, 2014	7.9%	\$ 361,737,097	\$1.65000
2015	2015-2016	\$ 4,551,999,045	Sept. 1, 2015	-8.0%	\$ (393,209,790)	\$1.65000
2016	2016-2017	\$ 5,445,409,140 estimated	Not certified-5/31/16	19.6%	\$ 893,410,095	\$1.65000

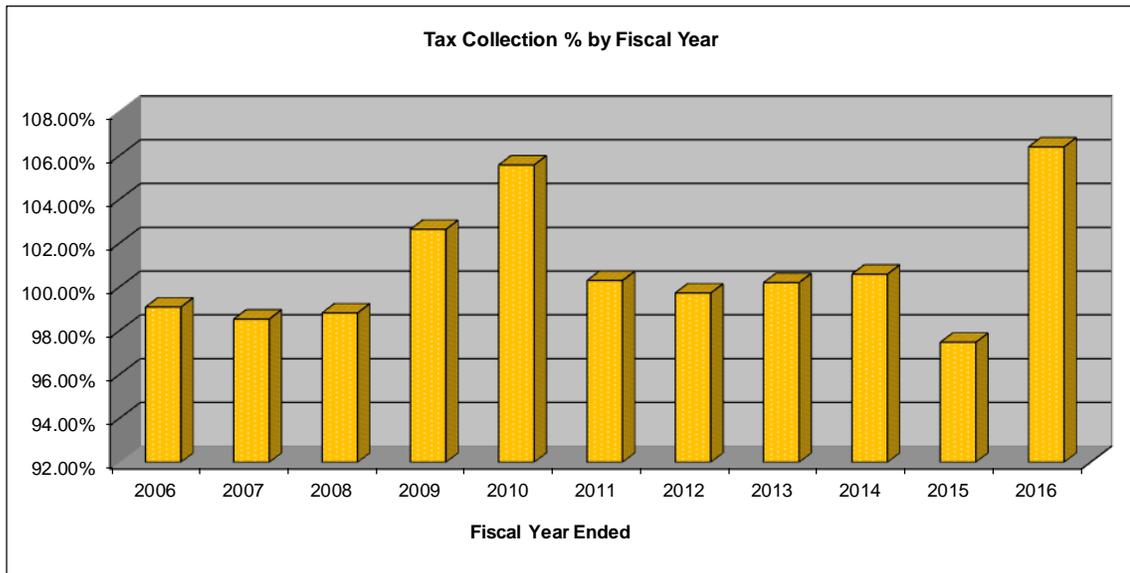


Crowley Independent School District

Tax Collection History Updated June 9, 2016

Tax Year	- TAD only - Sept. 1 certified			Current Collections		Current and Delinquent Collections		FYE 6/30
	Taxable Valuation	Tax Rate	Tax Levy	Amount	%	Amount	%	
	2005	3,519,149,122	1.78900	62,957,578	61,304,012	97.37%	62,384,057	
2006	3,939,332,007	1.67100	65,826,238	63,844,523	96.99%	64,866,205	98.54%	2007
2007	4,319,575,420	1.40990	60,901,694	59,458,464	97.63%	60,184,216	98.82%	2008
2008	4,559,083,130	1.53505	69,984,206	70,944,153	101.37%	71,830,470	102.64%	2009
2009	4,555,055,164	1.53500	69,920,097	72,813,924	104.14%	73,822,549	105.58%	2010
2010	4,432,783,770	1.53500	68,043,231	67,670,627	99.45%	68,248,119	100.30%	2011
2011	4,554,042,906	1.53500	69,904,559	69,334,365	99.18%	69,718,963	99.73%	2012
2012	4,576,234,935	1.67000	76,423,123	75,947,277	99.38%	76,582,581	100.21%	2013
2013	4,583,471,738	1.67000	76,543,978	76,581,898	100.05%	76,997,143	100.59%	2014
2014	4,945,208,835	1.65000	81,595,946	79,257,028	97.13%	79,537,593	97.48%	2015
2015	4,551,999,045	1.65000	75,107,984	79,402,310 * estimated	105.72%	79,920,071 * estimated	106.41%	2016

* Conservative Estimates - To be determined in July 2016 - Taxable valuations do not include reductions for the Ceiling amounts.
 Note: Fiscal years 2004-2009 ended August 31 and fiscal year ended 2010 was a 10-month year due to fiscal year change to 6/30



CROWLEY INDEPENDENT SCHOOL DISTRICT

2016-2017 District Calendar | www.crowleyisdtx.org

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INSTRUCTIONAL DAYS	175 DAYS	TOTAL INSTRUCTIONAL MINUTES*
STAFF DEVELOPMENT DAYS	8 DAYS	ELEMENTARY 77,250
TEACHER WORKDAYS	4 DAYS	INTERMEDIATE/MIDDLE 78,950
TOTAL TEACHER		HIGH 79,800
DAYS OF SERVICE	187 DAYS	<i>*AT LEAST 75,600 MINUTES OF INSTRUCTION REQUIRED BY TEXAS EDUCATION CODE.</i>
		<i>BAD WEATHER MAKEUP MINUTES ARE BUILT INTO REGULAR INSTRUCTIONAL MINUTES LISTED ABOVE.</i>



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GLOSSARY of TERMS

The following explanations of terms are presented to aid in understanding the narrative discussions and illustrations included in this text and the terminology generally used in governmental accounting, auditing, financial reporting and budgeting. Because this glossary is reprinted from the Government Finance Association's Governmental Accounting and Financial Reporting, the terms and explanations have not been modified to reflect specific Texas school district issues, etc. Synonyms for specific terms also may be presented in this appendix. In such instances, the abbreviation "syn." is used before the term.

ACCOUNTABILITY: Being obliged to explain one's actions, to justify what one does. Accountability requires governments to answer to the citizenry—to justify the raising of public resources and the purposes for which they are used. Governmental accountability is based on the belief that the citizenry has a "right to know," a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives. [SGAC1]

ACCOUNTING PRINCIPLES BOARD (APB): Authoritative private-sector standard-setting body that preceded the FASB. The APB issued guidance in the form of *Opinions*.

ACCRUAL BASIS OF ACCOUNTING: A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

ACTIVITY: A specific and distinguishable service performed by one or more organizational components of a government to accomplish a function for which the government is responsible (e.g., *police* is an activity within the *public safety* function).

ADDITIONS: Term used to describe increases in the net assets of fiduciary funds.

ADVANCE REFUNDING: A transaction in which new debt is issued to provide monies to pay interest on old, outstanding debt as it becomes due, and to pay the principal on the old debt either as it matures or at an earlier call date. An advance refunding occurs before the maturity or call date of the old debt, and the proceeds of the new debt are invested until the maturity or call date of the old debt. Most advance refundings result in defeasance of debt. [SGAS 7]

ADVERSE OPINION: Term used in connection with auditing. Conclusion in the independent auditor's report that financial statements are not fairly presented.

AGENCY FUNDS: One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations or other governments. [SGAS 34]

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ALLOTMENT: Portion of an annual or biennial budget appropriation allocated to an interim period.

ANALYTICAL REVIEW: Term used in connection with auditing. The process of attempting to determine the reasonableness of financial data by comparing their behavior with other financial and nonfinancial data.

APPROPRIATED BUDGET: The expenditure authority created by the appropriation bills or ordinances that are signed into law and related estimated revenues. The appropriated budget would include all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes. [NCGA Interpretation 10]

ARBITRAGE: Classically, the simultaneous purchase and sale of the same or an equivalent security in order to profit from price discrepancies. In government finance, the most common occurrence of arbitrage involves the investment of the proceeds from the sale of tax-exempt securities in a taxable money market instrument that yields a higher rate, resulting in interest revenue in excess of interest costs.

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

AUDIT COMMITTEE: A group of individuals, selected by the governing body, having specific responsibility for addressing all issues related to the independent audit of the financial statements.

AUDIT SCOPE: In the context of a financial statement audit, the coverage provided by the independent auditor's opinion on the financial statements.

AUDITOR'S REPORT ON INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL REPORTING: Report issued in conjunction with a financial audit performed in accordance with GAGAS. In this report, the independent auditor reports on internal control weaknesses and instances of noncompliance discovered in connection with the financial audit, but does not offer an opinion on internal controls or compliance.

AVAILABILITY PERIOD: A specified period immediately following the close of the fiscal year by the end of which cash must be collected for related revenue to be recognized in accordance with the availability criterion of modified accrual accounting.

BANKING POOLS: One of four different types of public-entity risk pool. An arrangement by which monies are made available for pool members in the event of loss on a loan basis. [SGAS 10]

BASIC FINANCIAL STATEMENTS: The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP.

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BASIS OF ACCOUNTING: The timing of recognition, that is, when the effects of transactions or events should be recognized for financial reporting purposes. For example, the effects of transactions or events can be recognized on an accrual basis (that is, when the transactions or events take place), or on a cash basis (that is, when cash is received or paid). Basis of accounting is an essential part of measurement focus because of a particular timing of recognition is necessary to accomplish a particular measurement focus. [SGAS 11]

BETTERMENT: An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset. The term *improvement* is preferred.

BUDGETARY BASIS OF ACCOUNTING: The method used to determine when revenues and expenditures are recognized for budgetary purposes.

BUDGETARY ACCOUNTS: Special accounts used to achieve budgetary integration, but not reported in the general-purpose external financial statements. By convention, ALL CAPS commonly are used to designate budgetary accounts. The most common budgetary accounts are ESTIMATED REVENUES, APPROPRIATIONS, BUDGETARY FUND BALANCE, and ENCUMBRANCES.

BUDGETARY GUIDELINES: Recommendations on budgeting issued by the National Advisory Council on State and Local Budgeting (NACSLB). The NACSLB's budgetary guidelines are chiefly of interest to accountants because of the emphasis they place on performance measurement in the context of the budgetary process.

BUDGETARY REPORTING: The requirement to present budget-to-actual comparisons in connection with general purpose external financial reporting. Budgetary reporting is required in connection with the basic financial statements for both the general fund and individual major special revenue funds with legally adopted annual budgets. Budgetary reporting also is required within the comprehensive annual financial report to demonstrate compliance at the legal level of control for all governmental funds with legally adopted annual budgets.

BUSINESS-TYPE ACTIVITIES: One of two classes of activities reported in the government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds. [SGAS 34]

CALL OPTIONS: A contract giving the buyer (owner) the right, but not the obligation, to purchase from (call option) the seller (writer) of the contract a fixed number of items (such as shares of equity securities) at a fixed or determinable "strike" price on a given date or at any time on or before a given date. [SGAS 31]

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CAPITAL AND RELATED FINANCING ACTIVITIES: Term used in connection with cash flows reporting. Capital and related financing activities include (a) acquiring and disposing of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets obtained from vendors on credit. [SGAS 9]

CAPITAL ASSETS: Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. [SGAS 34]

CAPITAL PROJECTS FUND: 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.) [NCGA Statement 1]

CAPITALIZATION THRESHOLD: The dollar value at which a government elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

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. [SGAS 9]

CASH BASIS OF ACCOUNTING: Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

CASH EQUIVALENT: Term used in connection with cash flows reporting. Short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. For this purpose “original maturity” means the original maturity to the entity holding the investment. [SGAS 9]

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM: Program sponsored by the Government Finance Officers Association to encourage and assist state and local governments to prepare high-quality comprehensive annual financial reports. The program has been in continuous operation since 1946. The program originally was known as the Certificate of Conformance Program.

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CLASSIFIED PRESENTATION: The separate presentation on the statement of position of the current and long-term portions of assets and liabilities. A classified presentation is required for the proprietary fund statement of net assets.

COLLATERAL: Term used in connection with deposits with financial institutions. Security pledged by a financial institution to a governmental entity for its deposit. [SGAS 3]

COMBINING FINANCIAL STATEMENTS: Financial statements that report separate columns for individual funds or component units. Combining financial statements normally are required in a comprehensive annual financial report to support each column in the basic financial statements that aggregates information from more than one fund or component unit.

COMMERCIAL PAPER: An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

COMMODITIES PROGRAMS: The distribution of surplus agricultural products as a form of assistance.

COMPARABILITY: The principle according to which differences between financial reports should be due to substantive differences in the underlying transactions or the governmental structure rather than due to selection of different alternatives in accounting procedures or practices. [SGAC 1]

COMPARATIVE DATA: Information from prior fiscal periods provided to enhance the analysis of financial data in the current fiscal period.

COMPARATIVE FINANCIAL STATEMENTS: Financial statements providing all of the information required by GAAP for two or more fiscal periods.

COMPLIANCE SUPPLEMENT: Term used in connection with Single Audits. A publication of the U.S. Office of Management and Budget outlining compliance requirements for federal awards programs. The publication is designed to assist independent auditors performing Single Audits.

COMPONENT UNIT: A legally separate organization for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. [SGAS 14]

COMPOSITE DEPRECIATION METHODS: Depreciation methods applied to groups of assets rather than to individual assets.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data. The CAFR of a public employee retirement system or an investment pool also should provide information on investments. Likewise, the CAFR of a public employee retirement system should provide actuarial information.

COMPREHENSIVE FRAMEWORK OF INTERNAL CONTROLS. A structure of internal controls that provides for (a) a favorable control environment, (b) the continuing assessment of risk, (c) the design, implementation, and maintenance of effective control-related policies and procedures, (d) the effective communication of information, and (e) the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

CONDENSED FINANCIAL STATEMENTS: Abbreviated financial statements sometimes required by GAAP to be presented within the notes to the financial statements in connection with component units, external investment pools, and segments. In addition, GAAP prescribe the presentation of condensed financial information for the prior fiscal year as part of management's discussion and analysis.

CONSISTENCY: The principle according to which once an accounting principle or reporting method is adopted, it will be used for all similar transactions and events. The concept of consistency in financial reporting extends to many areas such as valuation methods, basis of accounting, and determination of the financial reporting entity. [SGAC 1]

COST-REIMBURSEMENT BASIS: Term used in connection with internal service funds. The setting of charges so that costs are systematically recovered on a break-even basis over time.

CURRENT COSTS: Term used in connection with municipal solid-waste landfills. The amount that would be paid if all equipment, facilities, and services included in the estimate of closure and postclosure care costs were acquired during the current period. [SGAS 18]

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS: Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and used solely for reporting the financial position and results of operations of governmental funds.

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CURRENT REFUNDING: A refunding transaction in which the proceeds of the refunding debt are applied immediately to redeem the debt to be refunded. This situation differs from an advance refunding, where the proceeds of the refunding bonds are placed in escrow pending the call date or maturity of the debt to be refunded.

CUSTODIAL CREDIT RISK: The risk that a government will not be able (a) to recover deposits if the depository financial institution fails or (b) to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. [SGAS 3, Q&A]

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. [NCGA statement 1]

DEDUCTION: Term used in connection with fiduciary funds. Decrease in the net assets of a fiduciary fund.

DEFEASANCE: In financial reporting, the netting of outstanding liabilities and related assets on the statement of position. Defeased debt is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability. Most refundings result in the defeasance of the refunded debt. Defeasance also is sometimes encountered in conjunction with annuity contracts purchased in connection with lottery prizes and settlements of claims and judgments.

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.

DEFINED BENEFIT PENSION PLAN: A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period time; the amount of specified usually is a function of one or more factors such as age, years of service, and compensation. [SGAS 25]

DEFINED CONTRIBUTION PENSION PLAN: A pension plan having terms that specify how contributions to a plan member's account are to be determined, rather than the amount of retirement income the member is to receive. The amounts received by a member will depend only on the amount contributed to the member's account, earnings on investments of those contributions, and forfeitures of contributions made for other members that may be allocated to the member's account. [SGAS 25]

DESIGNATED UNRESERVED FUND BALANCE: Management's intended use of available expendable financial resources in governmental funds reflecting actual plans approved by the government's senior management. Expressed another way, designations reflect a government's self-imposed limitations on the use of otherwise available expendable financial resources in governmental funds.

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DEVELOPER FEES: Fees charged to developers to cover, in whole or in part, the anticipated cost of improvements that will be necessary as a result of the development (e.g., parks, sidewalks).

DIRECT COSTING: Term used in connection with the valuation of capital assets. Use of source data (e.g., invoices) to establish the historical cost of a capital asset.

DIRECT DEBT: Debt that is to be repaid by the reporting government itself rather than by an overlapping or underlying government.

DIRECT EXPENSE: Expense that is specifically associated with a service, program, or department and, thus, is clearly identifiable to a particular function. [SGAS 34]

DISALLOWED COSTS: Claims for grantor resources that have been rejected by the grantor. Disallowed costs are to be distinguished from *questioned costs*, which are potential disallowed costs that have not yet been rejected by the grantor.

DUE PROCESS: The procedures followed by the GASB to ensure that the views of all interested parties are solicited and considered prior to issuing an authoritative pronouncement. At a minimum, due process requires that all statements and interpretations be preceded by an exposure draft.

EARLY RECOGNITION OPTION: Term used in connection with debt service funds. The option to recognize an expenditure in the current period in a debt service fund for principal and interest payments due early in the subsequent period. This option is available only in situations involving the nondiscretionary transfer of resources to a debt service fund in the current period for payments due shortly after the end of the fiscal year (i.e., usually within one to several days, and never more than one month later).

EFFECTIVENESS: Term used in connection with the evaluation of internal controls and performance measurement. The degree to which an entity, program, or procedure is successful at achieving its goals and objectives.

EFFICIENCY: Term used in connection with the evaluation of internal controls and performance measurement. The degree to which an entity, program, or procedure is successful at achieving its goals and objectives with the least use of scarce resources. Efficiency necessarily presupposes effectiveness.

ELIGIBILITY REQUIREMENTS: Term used in connection with government-mandated and voluntary nonexchange transactions. Conditions established by the provider of resources stipulating matters such as the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies. [SGAS 33]

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EMERGING ISSUES TASK FORCE: Group established under the auspices of an authoritative standard-setting body and authorized to publish consensus positions on technical issues not specifically addressed by that body. The GASB has not established an emerging issues task force, although it is empowered to do so.

ENCUMBRANCES: Commitments related to unperformed (executory) contracts for goods or services. [NCGA Statement 1]

ENTERPRISE FUND: Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services. [SGAS 34]

ENTITY DIFFERENCES: A difference between the budgetary basis of accounting and GAAP arising because the appropriated budget either includes or excludes organizations, programs, activities, and functions which may or may not be compatible with the criteria defining the governmental reporting entity. [NCGA Interpretation 10]

ETHICS RULE 202: Ethics rule established by the AICPA that places upon auditors the burden of proof for justifying any material departures from the guidance found on levels 2, 3, or 4 of the GAAP hierarchy.

ETHICS RULE 203: Ethics rule established by the AICPA that makes it an ethical violation for an auditor to state that financial statements are “fairly presented in conformity with GAAP” if those statements materially violate standards issued by the FASB, the GASB, or the Federal Accounting Standards Advisory Board. A special exception applies when unusual circumstances would make the application of an authoritative standard misleading.

EXCHANGE TRANSACTIONS: Transaction in which each party receives and gives up essentially equal values. [SGAS 33]

EXCHANGE-LIKE TRANSACTION: Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange. Examples include certain fees for regulatory or professional licenses and permits, certain tap fees, certain developer contributions, certain grants and donations, and other transactions that, regardless of the label applied to them, are based on an exchange of similar but not equal values. [SGAS 33]

EXPENDITURE-DRIVEN GRANTS: Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as *reimbursement grants*.

EXPENDITURE: Decreases in net financial resources under the current financial resources measurement focus not properly classified as *other financing uses*.

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EXTERNAL AUDITORS: Independent auditors, typically engaged to conduct the audit of a government's financial statements.

FAIR VALUE: Term used in connection with the valuation of investments. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. [SGAS 31]

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD: Authoritative standard-setting body responsible for establishing GAAP for the federal government.

FIDUCIARY FUNDS: Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. [SGAS 34]

FINAL AMENDED BUDGET: Term used in connection with budgetary reporting. The original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized. [SGAS 34]

FINANCIAL ACCOUNTABILITY: Term used in connection with the definition of the financial reporting entity. The level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government. [SGAS 14]

FINANCIAL ACCOUNTING STANDARDS ADVISORY COUNCIL (FASAC): Advisory group that assists the FASB. The FASAC includes representatives of all of the FASB's major constituents.

FINANCIAL ACCOUNTING STANDARDS BOARD (FASB): The authoritative accounting and financial reporting standard-setting body for business enterprises and not-for-profit organizations. The FASB is the direct successor of the Committee on Accounting Procedure and the Accounting Principles Board. The GASB and its predecessors have elected to apply a number of the FASB's standards, as well as those of its predecessors, to state and local governments.

FINANCIAL AUDITS: Audits designed to provide independent assurance of the fair presentation of financial information.

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FINANCIAL REPORTING ENTITY: A primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, a joint venture, a jointly governed organization, or other stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

FINANCIAL RESOURCES: Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments). Financial resources also may include inventories and prepaids (because they obviate the need to expend current available financial resources).

FINANCIAL SECTION: One of the three basic sections of a comprehensive annual financial report. The financial section is used to present the independent auditor's report on the financial statements, the basic financial statements (including the notes to the financial statements), required supplementary information, combining statements, individual fund statements and schedules, and supplementary information, as needed.

FINDING: Term used in connection with public-sector auditing. Published communication of an internal control weaknesses or instance of noncompliance in connection with an audit conducted in accordance with GAGAS.

FISCAL ACCOUNTABILITY: The responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year). This term is used in contrast to *operational accountability*. [SGAS 34]

FISCAL DEPENDENCE: Term used in connection with the definition of the financial reporting entity. Situation requiring the inclusion of a legally separate entity as a component unit within the financial reporting entity because the governing board of the primary government may *arbitrarily* override the financial decisions of the legally separate entity regarding (a) its budget, (b) the levying of taxes or the setting of rates or charges, or (c) the issuance of bonded debt.

FISCAL FUNDING CLAUSE: Term used in connection with capital leases. A clause in a lease agreement that generally provides that the lease is cancelable if the legislature or other funding authority does not appropriate the funds necessary for the government unit to fulfill its obligations under the lease agreement.

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FIVE PERCENT CRITERION: Second of two tests used to determine whether a given governmental fund or enterprise fund must be reported as a major fund in the basic financial statements. This test is applied to the combined total assets, liabilities, revenues or expenses/expenditures of all governmental and enterprise funds for which the 10 percent criterion has been met.

FORMULA GRANTS: Government-mandated or voluntary nonexchange transactions involving the provision of resources based upon established criteria (e.g., number of full-time equivalent students) other than the incurrence of qualifying expenditures.

FUNCTION: A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., *public safety*).

FUND: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations [NCGA Statement 1]

FUND BALANCE: The difference between assets and liabilities reported in a governmental fund.

FUND CLASSIFICATIONS: One of the three categories (governmental, proprietary, and fiduciary) used to classify fund types.

FUND FINANCIAL STATEMENTS: Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

FUND TYPE: One of 11 classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

FUNDED MANDATE: Also known as a government-mandated nonexchange transaction. A situation where a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state or local governments are mandated to perform). [SGAS 33]

GAAFR: The acronym for *Governmental Accounting, Auditing, and Financial Reporting*, a publication of the Government Finance Officers Association. Also known as the *Blue Book*, various editions of this book have been published since the mid 1930s.

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GAAP HIERARCHY: An authoritative list of the sources of GAAP. The GAAP hierarchy for state and local governments is set forth in SAS No. 69, *The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles” in the Independent Auditor’s Report*.

GENERAL ACCOUNTING OFFICE (GAO): The investigative arm of the U.S. Congress charged with improving the performance and accountability of the federal government. In the context of accounting, auditing, and financial reporting for state and local governments, the GAO is best known for issuing *Government Auditing Standards*, which are the source of GAGAS.

GENERAL FUND: The general fund is one of five governmental fund types and typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund. [NCGA Statement 1]

GENERAL REVENUES: All revenues that are *not* required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax—for example, sales tax, property tax, franchise tax, income tax. All other nontax revenues (including interest, grants, and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues. [SGAS 34]

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local government are set forth by SAS No. 69, *The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles” in the Independent Auditor’s Report*.

GENERALLY ACCEPTED AUDITING STANDARDS (GAAS): The rules and procedures that govern the conduct of a financial audit. There are ten basic GAAS classed into three broad categories: general standards, standards of fieldwork, and standards of reporting. The Auditing Standards Board of the AICPA publishes SASs and related interpretations to comment and expand upon these basic standards.

GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS): Standards for the conduct and reporting of both financial and performance audits in the public sector. The General Accounting Office promulgates GAGAS through its publication *Government Auditing Standards*, commonly known as the *Yellow Book*. The basic GAGAS standards are classed into three broad categories: general standards, fieldwork standards, and reporting standards. The general standards of GAGAS apply to both financial audits and performance audits. GAGAS establish separate fieldwork and reporting standards for financial audits and performance audits. The fieldwork standards and reporting standards used for financial audits build upon the standards of fieldwork and the standards of reporting of GAAS.

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GOVERNMENTAL EXTERNAL INVESTMENT POOL: An arrangement that commingles (pools) the monies of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio (one or more of the participants not being part of the sponsor's reporting entity). An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool. [SGAS 31]

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA): An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of GAAP for state and local government since its inception and has sponsored the Certificate of Achievement for Excellence in Financial Reporting Program since 1946.

GOVERNMENTAL ACCOUNTING STANDARDS ADVISORY COUNCIL (GASAC): An advisory body established to assist the GASB. The membership of the GASAC represents all major groups with an interest in accounting and financial reporting for state and local governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB): The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the NCGA.

GOVERNMENTAL ACCOUNTING, AUDITING, AND FINANCIAL REPORTING (GAAFR): A publication of the Government Finance Officers Association. Also known as the *Blue Book*, various editions have been published since the mid 1930s.

GOVERNMENTAL ACTIVITIES: Activities generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. These activities are usually reported in governmental funds and internal service funds. [SGAS 34]

GOVERNMENTAL ENTITY: For accounting and financial reporting purposes, an entity subject to the hierarchy of GAAP applicable to state and local governmental units. The criteria used to distinguish governmental entities from nongovernmental entities are set forth in the AICPA's *Audits of State and Local Governmental Units*.

GOVERNMENTAL FINANCIAL REPORTING MODEL: The minimum combination of financial statements, note disclosures, and required supplementary information prescribed for state and local governments by the GASB.

GOVERNMENTAL FUNDS: Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

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GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS: Transactions that occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state or local governments are mandated to perform). [SGAS 33]

GOVERNMENT-WIDE FINANCIAL STATEMENTS: Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. Both basic government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

IMPROVEMENT: An addition made to, or change made in, a capital asset, other than maintenance, to prolong its life or to increase its efficiency or capacity. The cost of the addition or change is added to the book value of the asset.

“IN-RELATION-TO” OPINION: An indication in the independent auditor's report that the auditor does *not* render an opinion on the fair presentation *per se* of certain information contained in the financial report (e.g., combining and individual fund financial statements), but does assert that the information in question is fairly presented *in relation to* the audited financial statements.

INDEPENDENT AUDITOR: Auditors who are independent, both in fact and appearance, of the entities they audit. Both GAAS and GAGAS set specific criteria that must be met for an auditor to be considered to be independent.

INDEPENDENT AUDITOR'S REPORT: The official written communication of the results of an audit. In a financial audit, the independent auditor's report typically will offer (or disclaim) an opinion on whether a set of financial statements is fairly presented in conformity with GAAP (or some other comprehensive basis of accounting).

INDIRECT EXPENSES: Expenses that cannot be specifically associated with a given service, program, or department and thus, cannot be clearly associated with a particular functional category. [SGAS 34]

INDIVIDUAL INVESTMENT ACCOUNTS: An investment service provided by a governmental entity for other, legally separate entities that are not part of the same reporting entity. With individual investment accounts, specific investments are acquired for individual entities and the income from and changes in the value of those investments affect only the entity for which they were acquired. [SGAS 31]

INFRASTRUCTURE: Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. [SGAS 34]

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IN-SUBSTANCE DEFEASANCE OF DEBT: A situation that occurs when debt is considered defeased for accounting and financial reporting purposes, even though a legal defeasance has not occurred. When debt is defeased, it is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability. [SGAS 7]

INSURED DEFINED BENEFIT PENSION PLAN: A pension financing arrangement whereby an employer accumulates funds with an insurance company, while employees are in active service, in return for which the insurance company unconditionally undertakes a legal obligation to pay the pension benefits of those employees or their beneficiaries, as defined in the employer's plan. [SGAS 27]

INTEGRATED BUDGET: A situation in which the accounting system has been designed to automatically provide timely budgetary information concerning the uncommitted balance of appropriations and unrealized revenues.

INTERFUND ACTIVITY: Activity between funds of the primary government, including blended component units. Interfund activities are divided into two broad categories: reciprocal and nonreciprocal. Reciprocal interfund activity comprises interfund loans and interfund services provided and used. Nonreciprocal interfund activity comprises interfund transfers and interfund reimbursements.

INTERFUND LOANS: Amounts provided between funds and blended component units of the primary government with a requirement for repayment. [SGAS 34]

INTERFUND REIMBURSEMENTS: Repayments from the funds or blended component units of the primary government responsible for particular expenditures or expenses to the funds or blended component units of the primary government that initially paid for them. [SGAS 34]

INTERFUND SERVICES PROVIDED AND USED: Sales and purchases of goods and services between funds and blended component units of the primary government for a price approximating their external exchange value. [SGAS 34]

INTERFUND TRANSFERS: Flows of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for repayment. [SGAS 34].

INTERNAL AUDITING: An appraisal of the diverse operations and controls within a government entity to determine whether acceptable policies and procedures are followed, established standards are met, resources are used efficiently and economically, and the organization's objectives are being achieved. The term covers all forms of appraisal of activities undertaken by auditors working for and within an organization.

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INTERNAL CONTROL FRAMEWORK: An integrated set of policies and procedures designed to assist management to achieve its goals and objectives. To be truly comprehensive, a government's internal control framework must (a) provide a favorable control environment, (b) provide for the continuing assessment of risk, (c) must provide for the design, implementation, and maintenance of effective control-related policies and procedures, (d) must provide for the effective communication of information, and (e) must provide for the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

INTERNAL FINANCIAL REPORTING: Financial reporting specifically designed to meet the needs of management.

INTERNAL SERVICE FUNDS: Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. [SGAS 34]

INTRODUCTORY SECTION: The first of three essential components of any comprehensive annual financial report. The introductory section typically provides general information on a government's structure and personnel as well as information useful in assessing the government's financial condition. The contents of the introductory section normally fall outside the scope of the independent audit of the financial statements.

INVESTING ACTIVITIES: Term used in connection with cash flows reporting. Investing activities include making and collecting loans (except program loans) and acquiring and disposing of debt or equity instruments. [SGAS 9]

INVESTMENT 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.

INVESTMENT SECTION: One of the sections of a comprehensive annual financial report for an investment pool or public employee retirement system.

INVESTMENT TRUST FUNDS: Fiduciary fund type used to report governmental external investment pools in separately issued reports and the external portion of these same pools when reported by the sponsoring government. [SGAS 34]

INVITATION TO COMMENT: A due-process document that may be released by the GASB to solicit the views of interested parties on a topic under study by the board prior to the release of an exposure draft.

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LAPSE PERIOD: A specified time at the beginning of a given budget period during which encumbrances outstanding at the end of the prior budget period may be liquidated using the prior year's budgetary authority. Many governments avoid the use of a lapse period by automatically appropriating as part of each new budget an amount sufficient to cover encumbrances outstanding at the end of the prior budget period.

LEGAL DEBT MARGIN: The excess of the amount of debt legally authorized over the amount of debt outstanding.

LEGAL DEFEASANCE: A situation that occurs when debt is legally satisfied based on certain provisions in the debt instrument even though the debt is not actually paid. When debt is defeased, it is no longer reported as a liability on the face of the statement of position; only the new debt, if any, is reported as a liability. [SGAS 7]

LEGAL LEVEL OF BUDGETARY CONTROL: The level at which a government's management may not reallocate resources without special approval from the legislative body.

LEVEL (1-4) GUIDANCE: In the context of the hierarchy of GAAP for state and local governments, a reference to the relative authority of a given source of GAAP guidance.

LEVEL OF EFFORT REQUIREMENTS: A requirement that a grant recipient not use grant resources to reduce its own participation in a given program or activity.

LIEN DATE: For property (ad valorem) taxes, the date when an enforceable legal claim to taxable property arises. Generally the lien date is specified in the relevant enabling legislation. Many governments use the term *lien date* even though a lien is not formally placed on the property at that date. Alternatively, the term *assessment date* is used to describe this same date. [SGAS 33]

LOAN PREMIUM OR FEE: Term used in connection with securities lending arrangements. Payments from the borrower to the lender as compensation for the use of the underlying securities when the borrower provides securities or letters of credit as collateral. [SGAS 28]

MAJOR FUND: A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users. [SGAS 34]

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MAJOR PROGRAM: Term used in the context of Single Audits. As part of the Single Audit, the independent auditor must gain an understanding of internal controls over compliance for each major federal award program and then test those controls. In addition, the independent auditor must render an opinion on whether the government complied with laws, regulations, and provisions of contracts or grant agreements that could have a direct and material effect on each major federal award program.

MANAGEMENT LETTER: A term used in connection with the independent audit of the financial statements. A formal communication by the auditor to management that focuses on internal control weaknesses discovered in the course of the audit of the financial statements. A management letter typically would be redundant in an audit conducted in accordance with GAGAS, which require that the independent auditor publish internal control weaknesses and instances of noncompliance in conjunction with a formal report on internal controls and compliance. The management letter, as just described, should be distinguished from the management *representation* letter. The latter is a communication by management to the independent auditor in which management takes formal responsibility for the fair presentation of the financial statements and makes certain specific representations regarding their contents.

MANAGEMENT'S DISCUSSION AND ANALYSIS: A component of required supplementary information used to introduce the basic financial statements and provide an analytical overview of the government's financial activities. [SGAS 34]

MATCHING REQUIREMENT: A requirement that a grant recipient contribute resources to a program that equal or exceed a predetermined percentage of amounts provided by the grantor.

MATERIAL WEAKNESS: A reportable condition (internal control weakness) of such magnitude that it could potentially result in a material misstatement of the financial statements.

MATERIALITY: The magnitude of an o¹mission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.²

MEASUREMENT FOCUS: The objective of a measurement, that is, what is being expressed in reporting an entity's financial performance and position. A particular measurement focus is accomplished by considering not only which resources are measured (for example, financial or economic resources), but also when the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

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MODIFIED ACCRUAL BASIS OF ACCOUNTING: Basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due. [NCGA Statement 1]

MODIFIED APPROACH: The election *not* to depreciate infrastructure assets that are part of a network or subsystem of a network that meet two specific requirements. First, the government manages the eligible infrastructure assets using an asset management system that has certain specified characteristics; second, the government documents that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the government. [SGAS 34]

MONEY MARKET INVESTMENT: A short-term, highly liquid debt instrument, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Asset-backed securities, derivatives, and structured notes are not included in this term. [SGAS 31]

MULTI-PURPOSE GRANTS: Term used in connection with the identification of program revenues. Grants intended to finance activities reported in different functional categories in the government-wide statement of activities. Multipurpose grants that do not provide for specific identification of the programs and amounts should be reported as general revenues. [SGAS 34]

MUNICIPAL FINANCE OFFICERS ASSOCIATION: Original name of the Government Finance Officers Association of the United States and Canada.

NATIONAL ADVISORY COUNCIL ON STATE AND LOCAL BUDGETING (NACSLB): A working group created by eight public-sector organizations to establish a comprehensive framework for public-sector budgeting that could be used by state and local governments as an ideal against which to measure and improve the quality of their own budget practices. The Government Finance Officers Association has formally recommended the NACSLB's guidelines to its members.

NATIONAL COMMITTEE ON MUNICIPAL ACCOUNTING (NCMA): A committee of the Municipal Finance Officers Association that served as the authoritative accounting and financial reporting standard-setting body for local governments prior to 1946. The NCMA was one of the predecessors of the GASB.

NATIONAL COMMITTEE ON GOVERNMENTAL ACCOUNTING: A committee of the Municipal Finance Officers Association that served as the authoritative accounting and financial reporting standard-setting body for local governments from the late 1940s until the establishment of the National Council on Governmental Accounting in the 1970s.

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NATIONAL COUNCIL ON GOVERNMENTAL ACCOUNTING (NCGA): The immediate predecessor of the GASB as the authoritative accounting and financial reporting standard-setting body for state and local governments. The NCGA issued 7 statements and 11 interpretations prior to its dissolution in June 1984. These statements and interpretations remain effective unless superseded by a subsequent GASB pronouncement.

NEGOTIABLE CERTIFICATES OF DEPOSIT: Transferable certificates of deposit. Because they are transferable, negotiable certificates of deposit are subject to custodial credit risk.

NET COST: Term used in the context of the government-wide statement of activities. The difference between functional expenses and program revenues.

NET GENERAL OBLIGATION DEBT: General obligation debt reduced by amounts being paid with other than general resources (e.g., general obligation debt associated with proprietary funds and special assessment debt), as well as amounts available in sinking funds for debt repayment.

NET PENSION OBLIGATION: Term used in connection with defined benefit pension plans. The cumulative difference between annual pension cost and the employer's contributions to the plan, including the pension liability (asset) at transition to SGAS 27, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to pension-related debt. [SGAS 27]

NO-COMMITMENT SPECIAL ASSESSMENT DEBT: Special assessment debt that is secured solely by liens on assessed properties and resources provided from bond proceeds and is not backed by either the full faith and credit of the government or by any other type of general government commitment.

NONCAPITAL FINANCING ACTIVITIES: Term used in connection with cash flows reporting. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings (such as revenue anticipation notes) not clearly attributable to acquisition, construction, or improvement of capital assets, regardless of the form of the borrowing. Also included are certain other interfund and intergovernmental receipts and payments. [SGAS 9]

NONEXCHANGE TRANSACTIONS: A transaction in which a government (including the federal government, as a provider) either gives value (benefit) to another party without directly receiving equal value in exchange or receives value (benefit) from another party without directly giving equal value in exchange. [SGAS 33]

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NONFINANCIAL ASSETS: A term used in connection with the current financial resources measurement focus and the modified accrual basis of accounting. Assets that are expected to be used in the provision of goods or services rather than converted to cash. Financial statement preparers have the option of treating prepaid items and the inventories of supplies as either a financial asset (consumption method) or as a nonfinancial asset (purchases method).

NONOPERATING REVENUES AND EXPENSES: A term used in connection with the proprietary fund statement of revenues, expenses, and changes in net assets. Revenues and expenses not qualifying as operating items, which typically include interest revenue and expense, taxes, and grants that are not equivalent to contracts for services.

NONPARTICIPATING INTEREST-EARNING INVESTMENT CONTRACTS: Investment contracts whose value is not affected by market (interest rate) changes (e.g., nonnegotiable certificates of deposit with redemption terms that do not consider market rates). This definition excludes investment contracts that are negotiable or transferable, or whose redemption value considers market rates. [SGAS 31]

NONRECIPROCAL INTERFUND ACTIVITY: The internal counterpart to nonexchange transactions. This category includes both interfund transfers and interfund reimbursements. [SGAS 34]

NORMALLY: Term used in connection with the application of the modified accrual basis of accounting to certain long-term liabilities. Specifically, certain accrued liabilities are recognized as expenditures in governmental funds only when they are *normally* expected to be liquidated with current available financial resources (e.g., compensated absences, claims and judgments, special termination benefits, landfill closure and postclosure care costs). For this purpose, the term *normally* should be interpreted from the perspective of the practice of state and local governments generally.

NUMBER OF FUNDS PRINCIPLE: The principle that only the minimum number of funds consistent with legal and operating requirements should be established, since unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration. [NCGA Statement 1]

OBJECT: A term used in connection with the classification of expenditures. The article purchased or the service obtained, rather than the purpose for which the article or service was purchased or obtained (e.g., *personal services, contractual services, materials and supplies*).

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OBLIGATED IN SOME MANNER: Term used in connection with special assessment debt and the determination of the financial reporting entity. A government is obligated in some manner for debt if (a) it is legally obligated to assume all or part of the debt in the event of default or (b) the government may take certain actions to assume secondary liability for all or part of the debt—and the government takes, or has given indications that it will take, those actions. Stated differently, the phrase *obligated in some manner* is intended to include all situations *other than* those in which (a) the government is *prohibited* (by constitution, charter, statute, ordinance, or contract) from assuming the debt in the event of default or (b) the government is not legally liable for assuming the debt and makes no statement, or gives no indication, that it will, or may, honor the debt in the event of default. [SGAS 6]

OFFICE OF MANAGEMENT AND BUDGET (OMB): An agency of the federal government with regulatory oversight of Single Audits. In fulfillment of this responsibility the OMB has issued Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

ON-BEHALF PAYMENTS OF FRINGE BENEFITS AND SALARIES: Direct payments made by one entity (the paying entity or paying government) to a third-party recipient for the employees of another, legally separate entity (the employer entity or employer government). They include payments made by governmental entities on behalf of nongovernmental entities and payments made by nongovernmental entities on behalf of governmental entities, and may be made for volunteers as well as for paid employees of the employer entity. [SGAS 24]

OPEN AMORTIZATION PERIOD: Term used in connection with defined benefit pension plans. An open amortization period (open basis) is one that begins again or is recalculated at each actuarial valuation date. Within a maximum number of years specified by law or policy (for example, 30 years), the period may increase, decrease, or remain stable. [SGAS 25]

OPEN-END MUTUAL FUNDS: An open-end mutual fund is one that continuously offers its shares for sale to the public, compared with a closed-end company, which may issue only a limited number of shares. Mutual funds generally do not issue share certificates; instead, they send out periodic statements showing deposits, withdrawals, and dividends credited to the investor's account. [SGAS 3]

OPERATING ACTIVITIES: Term used in connection with cash flows reporting. Operating activities generally result from providing services and producing and delivering goods, and include all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities. [SGAS 9]

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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. [SGAS 34]

OPERATIONAL ACCOUNTABILITY: Governments' responsibility to report the extent to which they have met their operating objectives efficiently and effectively, using all resources available for that purpose, and whether they can continue to meet their objectives for the foreseeable future. [SGAS 34]

ORIGINAL BUDGET: The first complete appropriated budget. The original budget may be adjusted by reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes before the beginning of the fiscal year. The original budget should also include actual appropriation amounts automatically carried over from prior years by law. For example, a legal provision may require the automatic rolling forward of appropriations to cover prior-year encumbrances. [SGAS 34]

OTHER FINANCING SOURCE: An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the *other financing sources* category is limited to items so classified by GAAP.

OTHER FINANCING USE: A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of the *other financing uses* category is limited to items so classified by GAAP.

OTHER POSTEMPLOYMENT BENEFITS (OPEB): Postemployment benefits provided by an employer to plan participants, beneficiaries, and covered dependents through a plan or other arrangement that is separate from a plan to provide retirement income. OPEB also includes postemployment health care benefits provided through a public employee retirement system or pension plan. In addition to postemployment health care benefits (such as illness, dental, vision, and hearing), OPEB may include, for example, life insurance, disability income, tuition assistance, legal services, and other assistance programs. [SGAS 12]

OTHER SOURCES OF GAAP: Potential sources of accounting and financial reporting guidance that may be used in the absence of authoritative guidance on one of the four levels of the hierarchy of GAAP for state and local governments set forth in SAS No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report*. Examples of other sources of GAAP for state and local governments include concepts statements of the GASB, pronouncements of the FASB that are not authoritative for government, professional publications, textbooks, and position papers of professional organizations. GASB Concepts Statements take precedence as another source of GAAP.

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OUTCOME MEASURES: Term used in connection with service efforts and accomplishments reporting. Indicators that measure accomplishments or results that occur (at least partially) because of services provided. Results also include measures of public perceptions of outcomes. [SGAC 2]

OUTPUT MEASURES: Term used in connection with service efforts and a accomplishments reporting. Indicators that measure the quantity of services provided. Output measures include both measures of the *quantity of service provided* and measures of the *quantity of a service provided that meets a certain quality requirement*. [SGAC 2]

OVERLAPPING DEBT: Proportionate share that property within a government must bear of the debts of other local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessments receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, and to total assessments receivable, which will be used wholly or in part for this purpose.

OVERLAPPING GOVERNMENTS: All local governments located wholly or in part within the geographic boundaries of the reporting government.

PARTICIPATING INTEREST-EARNING INVESTMENT CONTRACTS: Interest-earning investment contracts whose value is affected by market (interest rate) changes (e.g., contracts that are negotiable or transferable, or whose redemption value considers market rates). [SGAS 31]

PASS-THROUGH GRANTS: Grants and other financial assistance received by a governmental entity to transfer to or spend on behalf of a secondary recipient. [SGAS 24]

PAYMENT IN LIEU OF TAXES: A payment that a property owner not subject to taxation makes to a government to compensate it for services that the property owner receives that normally are financed through property taxes.

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS: A fiduciary fund type used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans. [SGAS 34]

PENSION COST: A measure of the periodic cost of an employer's participation in a defined benefit pension plan. [SGAS 27]

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PENSION PLAN: An arrangement for the provision of pension benefits in which all assets accumulated for the payment of benefits may legally be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the plan. [SGAS 25]

PENSION-RELATED DEBT: All long-term liabilities of an employer to a pension plan, the payment of which is not included in the annual required contributions of a sole or agent employer or the actuarially determined required contributions of a cost-sharing employer. Payments generally are made in accordance with installment contracts that usually include interest. Examples include contractually deferred contributions and amounts assessed to an employer upon joining a multiple-employer plan. [SGAS 27]

PENSION TREND DATA: Actuarially based data over time concerning the funding progress of a defined benefit pension plan and employers' actual and annual required contributions to the plan.

PERFORMANCE AUDITING: Auditing designed to evaluate the effectiveness or efficiency of an organization, program, or activity.

PERFORMANCE MEASUREMENT: Commonly used term for service efforts and accomplishments reporting.

PERMANENT FUNDS: A fiduciary fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry.

PERSPECTIVE DIFFERENCES: Differences between the budgetary basis of accounting and GAAP that result when the structure of financial information used for GAAP financial reporting differs from the structure of financial information used for budgetary purposes. [NCGA Interpretation 10]

POPULAR ANNUAL FINANCIAL REPORTING: Supplementary financial reporting designed to meet the special needs of interested parties who are either unable or unwilling to use the more detailed financial information provided in traditional comprehensive annual financial reports.

POPULAR ANNUAL FINANCIAL REPORTING AWARD: An awards program sponsored by the Government Finance Officers Association with the objective of encouraging and assisting governments to prepare and publish high quality popular annual financial reports.

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POTENTIALLY MISLEADING TO EXCLUDE: Term used in connection with defining the financial reporting entity. Basis for including a legally separate entity within the financial reporting entity even though that separate entity does not meet either of the normal criteria for inclusion as a component unit (i.e., board appointment or fiscal dependency).

PRELIMINARY VIEWS: A due-process document issued by the GASB soliciting comments from interested parties on a proposed authoritative pronouncement prior to the issuance of an exposure draft.

PREMIUM DEFICIENCY: Term used in connection with public-entity risk pools. A situation that occurs if the sum of expected claims costs (including incurred but not reported claims) and all expected claim adjustment expenses, expected dividends to policy holders or pool participants, and unamortized acquisition costs exceeds related unearned premiums. [SGAS 30]

PRIMARY GOVERNMENT: Term used in connection with defining the financial reporting entity. A state government or general purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The primary government is the focus of the financial reporting entities. [SGAS 14]

PRIMARY USERS OF GENERAL-PURPOSE EXTERNAL FINANCIAL REPORTS: Those groups of financial statement users whose needs guide the development of GAAP. For state and local governments, the primary users of general-purpose external financial reports are (a) those to whom government is primarily accountable (the citizenry), (b) those who directly represent the citizens (legislative and oversight bodies), and (c) those who lend or who participate in the lending process (investors and creditors). [SGAC 1]

PRIVATE-PURPOSE TRUST FUNDS: A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. [SGAS 34]

PROGRAM: Group activities, operations or organizational units directed to attaining specific purposes or objectives.

PROGRAM REVENUE: Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues. [SGAS 34]

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PROPRIETARY FUNDS: Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

PUBLIC EMPLOYEE RETIREMENT SYSTEM (PERS): A state or local governmental entity entrusted with administering one or more pension plans; it also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compension plans. A public employee retirement system also may be an employer that provides or participates in a pension plan or other types of employee benefit plans for employees of the system. [SGAS 25]

PUBLIC-ENTITY RISK POOL: A cooperative group of governmental entities joining together to finance an exposure, liability, or risk. Risk may include property and liability, workers' compensation, or employee health care. A pool may be a stand-alone entity or included as part of a larger governmental entity that acts as the pool's sponsor. [SGAS 10]

PURE CASH CONDUIT: Term used in connection with pass-through grants. A grantor that merely transmits grantor-supplied moneys without having administrative or direct financial involvement in the program. [SGAS 24]

PURPOSE RESTRICTIONS: Term used in connection with government-mandated and voluntary nonexchange transactions. Legal limitations that specify the purpose or purposes for which resources are required to be used. [SGAS 33]

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.

QUESTIONED COST: Term used in connection with Single Audits. A determination by the independent auditor that an expenditure under a federal grant does not meet all of the grantor's requirements and therefore may be subject to refund to the grantor.

REALIZED GAINS AND LOSSES: The cumulative effect of appreciation and depreciation in the value of investments reported at fair value at the time those investments are sold.

REAPPROPRIATION: The inclusion of a balance from the prior year's budget as part of the budget of the subsequent fiscal year. Reappropriation is common for encumbrances outstanding at the end of a fiscal year that a government intends to honor in the subsequent fiscal year.

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REASONABLE ASSURANCE: A term used in connection with financial auditing. The principle that the goal of the independent audit of the financial statements is to ensure that financial statements are free from *material* misstatement. The principle of reasonable assurance rests upon the assumption that it is not cost beneficial to attempt to ensure that financial statements are free of immaterial misstatements.

REBATABLE ARBITRAGE: A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

RECIPROCAL INTERFUND ACTIVITY: The interfund counterpart to exchange and exchange-like transactions. This category includes both interfund loans and interfund services provided and used. [SGAS 34]

REFUNDING: The issuance of new debt whose proceeds are used to repay previously issued debt. The proceeds may be used immediately for this purpose (a current refunding), or they may be placed with an escrow agent and invested until they are used to pay principal and interest on the old debt at a future time (an advance refunding). [SGAS 23]

REGULATED ENTERPRISES: Enterprises for which (a) rates for regulated services or products are either established by, or subject to approval by an independent, third-party regulator (or the governing board itself if it is empowered by statute or contract to establish rates that bind customers), (b) the regulated rates are designed to recover the specific enterprise's costs of providing regulated services or products, and (c) it is reasonable to assume that the regulated activity can set and collect charges sufficient to recover its costs. Regulated enterprises have the *option* of adopting certain specialized guidance issued by the FASB. In practice, the term "regulated enterprise" normally is applied only to enterprises that elect this option.

REIMBURSEMENT GRANT: A grant for which a potential recipient must first incur qualifying expenditures to be eligible. Reimbursement grants are also referred to as *expenditure-driven grants*.

REINSURANCE: A transaction in which an assuming enterprise (reinsurer), for a consideration (premium), assumes all or part of a risk undertaken originally by another insurer (ceding enterprise). However, the legal rights of the insured are not affected by the reinsurance transaction, and the ceding enterprise issuing the original insurance contract remains liable to the insured for payment of policy benefits. [SGAS 10]

RELATED ORGANIZATION: Term used in connection with defining the financial reporting entity. An organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not *financially* accountable. [SGAS 14]

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RELATED PARTY TRANSACTION: A transaction that an informed observer might reasonably believe reflects considerations other than economic self interest based upon the relationship that exists between the parties to the transaction. The term often is used in contrast to an *arm's-length transaction*.

RELATIVE ORDER OF LIQUIDITY: An order for presenting assets and liabilities on the statement of net assets based upon how readily they may be converted to cash or will require the use of cash. [SGAS 34]

RELEVANCE: The principle that there should be a close logical relationship between the financial information provided and the purpose for which it is needed. Information is relevant if it is capable of making a difference in a user's assessment of a problem, condition, or event. [SGAC 1]

RELIABILITY: The principle that financial information should be verifiable, free from bias, and faithfully represent what it purports to represent. [SGAC1]

REPORTABLE CONDITION: Term used in connection with financial auditing. A significant deficiency in internal controls discovered in the course of the financial statement audit that must be communicated by the independent auditor to the entity's audit committee or its equivalent.

REPORTING PACKAGE: Term used in connection with Single Audits. A package that the independent auditor must communicate to the Federal Audit Clearing House that includes (a) the government's financial statements, (b) the government's supplementary schedule of expenditures of federal awards, (c) the auditor's reports, (d) a summary schedule of prior audit findings, and (e) a corrective action plan. The reporting package must be accompanied by a special data collection form that summarizes the information contained in the reporting package.

REPURCHASE AGREEMENT: A transaction in which the governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the governmental entity and promises to repay the cash plus interest in exchange for the return of the same securities. [SGAS 3]

REQUIRED SUPPLEMENTARY INFORMATION: Statements, schedules, statistical data, or other information that the GASB has determined to be necessary to supplement, although not required to be a part of, the basic statements. [SGAS 5]

RESERVED FUND BALANCE: The portion of a governmental fund's net assets that is not available for appropriation.

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RESTRICTED ASSETS: Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enable legislation. [SGAS 34]

RESTRICTED NET ASSETS: A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

RETROSPECTIVELY (EXPERIENCE) RATED POLICY: Term used in connection with public-entity risk pools. An insurance policy for which the final amount of the premium is determined by adjusting the initial premium based on actual experience during the period of coverage (sometimes subject to maximum and minimum limits). A retrospectively rated policy is designed to encourage safety by the insured and to compensate the insurer if larger-than-expected losses are incurred. [SGAS 10]

REVENUE AND CLAIMS DEVELOPMENT TREND DATA: Required supplementary information mandated by the GASB for public-entity risk pools.

REVENUE ANTICIPATION NOTE: Short-term, interest-bearing note issued by a government in anticipation of revenues to be received at a later date. The note is retired from the revenues to which it is related.

REVERSE REPURCHASE AGREEMENT: An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfer securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for the same securities or for different securities. [SGAS 3]

RISK-SHARING POOLS: One of four different types of public-entity risk pools. An arrangement by which governments pool risks and funds and share in the cost of losses. [SGAS 10]

SALARY-RELATED PAYMENTS: Term used in connection with compensated absences. Payments by an employer that are directly and incrementally associated with payments made for compensated absences on termination. Such salary-related payments include the employer's share of social security and Medicare taxes and also might include, for example, the employer's contributions to pension plans. [SGAS 16]

SCHEDULE OF EMPLOYER CONTRIBUTIONS: Term used in connection with defined benefit pension plans. Trend data on employers' annual required contribution to a pension plan and actual contributions.

SCHEDULE OF FUNDING PROGRESS: Term used in connection with defined benefit pension plans. Trend data on the relationship between the actuarial value of pension plan assets and the related actuarial accrued liability.

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SEC 2A7-LIKE POOL: An external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 (17 Code of Federal Regulations §270.2a-7). Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the market value of the portfolio deviates from amortized cost by a specified amount. [SGAS 31]

SECURITIES LENDING TRANSACTIONS: Transactions in which governmental entities transfer their securities to broker-dealers and other entities for collateral—which may be cash, securities, or letters of credit—and simultaneously agree to return the collateral for the same securities in the future. [SGAS 28]

SEGMENT: An identifiable activity (or grouping of activities) required to be accounted for separately which is reported as or within an enterprise fund or an other stand-alone entity for which one or more revenue bonds or other revenue-backed debt instruments (such as certificates of participation) are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains and losses, assets, and liabilities that can be identified. [SGAS 34]

SEGREGATION OF INCOMPATIBLE DUTIES: Term used in connection with the evaluation of internal control. The principle that no single employee should be placed in a position that allows that employee both to commit and conceal an irregularity in the ordinary course of the employee's duties.

SERVICE EFFORTS AND ACCOMPLISHMENTS REPORTING: Term used by the GASB to describe the presentation of performance measures in connection with general purpose external financial reporting.

SINGLE AUDIT: An audit performed in accordance with the Single Audit Act of 1984 (as amended) and Office of Management and Budget (OMB) Circular A-133, *Audits of states, Local Governments, and Non-Profit Organizations*. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.

SINGLE AUDIT ACT OF 1984: Federal legislation that provides for state and local government recipients of federal financial awards to have one audit performed to meet the needs of all federal grantor agencies. The Single Audit Act was amended in 1996.

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SINGLE-PROGRAM GOVERNMENTS: Term used in connection with financial reporting. A government that budgets, manages, and accounts for its activities as a single program. Single-program governments that use only governmental funds have the option to combine their fund financial statements and their government-wide financial statements into a single, combining presentation.

SOLVENCY TEST: Term used in connection with pension plan financial reporting. Comparison of a pension plan's present assets to the aggregate accrued liabilities classified into the following categories: (a) liability for active member contributions on deposit, (b) liability for future benefits to present retired lives, and (c) liability for service already rendered by active members. In preparing this schedule, valuation assets are arbitrarily allocated first to the liability for active member contributions on deposit, second to the liability for future benefits to present retired lives, and third to the liability for service already rendered by active members, regardless of the method used for asset allocation.

SPECIAL ASSESSMENT: A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

SPECIAL FUNDING SITUATIONS: Term used in connection with pensions. A situation in which a governmental entity is legally responsible for contributions to pension plans that cover the employees of another governmental entity or entities. For example, a state government may be legally responsible for the annual "employer" contributions to a pension plan that covers employees of school districts within the state. [SGAS 27]

SPECIAL ITEMS: Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. [SGAS 34]

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. [NCGA Statement 1]

SPECIAL TERMINATION BENEFITS: Benefits offered for a short period of time to employees in connection with their termination of employment. Special termination benefits serve as an inducement to take early retirement, and often are used to help alleviate near-term budgetary problems.

STANDARD COSTING: Method of estimating the historical cost of a capital asset by establishing the average cost of obtaining the same or a similar asset at the time of acquisition.

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STATISTICAL SECTION: The third of three essential comprehensive annual financial report. The statistical section provides a broad range of trend data covering key financial indicators from the past 10 fiscal years (e.g., general government revenues and expenditures, property tax collections, debt burden). It also contains demographic and miscellaneous data useful in assessing a government's financial condition. The contents of the statistical section normally fall outside the scope of the independent audit of the financial statements.

SUBJECT: A subdivision within an expenditure object classification (e.g., *regular employees* is a possible subject classification within the *personal services—salaries and wages* expenditure object classification).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (SSAP): The first of the notes to the financial statements or a separate section immediately preceding the notes to the financial statements. The basic authoritative guidance governing the contents of the SSAP is provided in Accounting Principles Board (APB) Opinion No. 22, *Disclosure of Significant Accounting Policies*.

SUPPLEMENTARY INFORMATION: Financial information presented together with basic financial statements that is not included within the scope of the audit of those statements. When the presentation of certain supplementary information is mandated by the GASB it is referred to as *required supplementary information*.

SUSCEPTIBLE TO ACCRUAL: Term used in connection with the application of the modified accrual basis of accounting. Revenues that are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. [NCGA Statement 1]

SYSTEM DEVELOPMENT FEES: Fees charged to join or to extend an existing utility system. Also referred to as *tap fees* or *connection fees*.

TAX ANTICIPATION NOTE: Short-term, interest-bearing note issued by a government in anticipation of tax revenues to be received at a later date. The note is retired from the tax revenues to which it is related.

TAX-INCREMENT FINANCING: Financing secured by the anticipated incremental increase in tax revenues, resulting from the redevelopment of an area.

TECHNICAL AGENDA: Term used in connection with the operation of the GASB. A list of research projects formally undertaken by the GASB as part of its development of authoritative standards of accounting and financial reporting.

TECHNICAL BULLETIN: A document issued by the staff of the GASB to provide guidance for applying GASB statements and interpretations and resolving accounting issues not directly addressed by them. [TB 84-1]

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TEMPORARY ACCOUNTS: Accounts that close to net assets at the end of an accounting period (e.g., revenues and expenses).

TEN PERCENT CRITERION: The first of two tests used to determine whether a given governmental fund or enterprise fund must be reported as a major fund in the basic financial statements. For governmental funds, this test is applied to the total assets, liabilities, revenues, and expenditures of all governmental funds. For enterprise funds, this test is applied to the total assets, liabilities, revenues, and expenses of all enterprise funds. The test need be met for only one of these four items.

TERMINATION PAYMENTS METHOD: A method of calculating the liability for earned sick leave for which it is probable that the benefits will result in termination payments. Under this method, the amount of the liability is estimated based on a governmental entity's past experience of making termination payments for sick leave, adjusted for the effect of changes in its termination policy and other factors. [SGAS 16]

TIMELINESS: The principle that financial statements must be issued soon enough after the reported events to affect decisions. [SGAC 1]

TIMING DIFFERENCES: Differences between the budgetary basis of accounting and GAAP that occur when the period used for budgeting differs from the period used for GAAP reporting (e.g., a special revenue fund that uses a grant-year budget rather than a fiscal-year budget).

TRI-PARTY ARRANGEMENTS: Term used in connection with repurchase agreements. An arrangement in which the custodian serves as agent both of the buyer-lender and of the seller-borrower by agreeing, in the event of default by one, to protect the interests of the other. The custodian holds the securities underlying the agreement in the names of both repurchase agreement parties (the buyer-lender as pledgee and seller-borrower is owner). [SGAS 3, Q&A]

TYPE A PROGRAM: Term used in connection with the determination of major programs for purposes of Single Audits. Type A programs are defined on the basis of the relationship between program expenditures and total federal awards expended.

TYPE B PROGRAM: Term used in connection with the determination of major programs for purposes of Single Audits. A Type B program is any program with insufficient program expenditures to qualify as a Type A program.

UNALLOCATED CLAIM ADJUSTMENT EXPENSES: Term used in connection with risk financing. Costs that cannot be associated with specific claims but are related to claims paid or in the process of settlement, such as salaries and other internal costs of the pool's claims department. [SGAS 10]

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UNALLOCATED DEPRECIATION: Term used in connection with the government-wide statement of activities. Depreciation not properly reported as a direct expense of a functional category.

UNCOMMITTED BALANCE OF APPROPRIATIONS: The portion of an appropriation remaining after the deduction of expenditures and encumbrances.

UNDERSTANDABILITY: The principle that information in financial reports should be expressed as simply as possible. [SGAC 1]

UNDESIGNATED UNRESERVED FUND BALANCE: Available expendable financial resources in a governmental fund that are not the object of tentative management plans (i.e., designations).

UNEARNED REVENUE: A type of deferred revenue account used in connection with resources that have not yet been earned.

UNQUALIFIED OPINION: An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNREALIZED GAINS AND LOSSES: Term used in connection with the valuation of investments. Cumulative change in the market value of investments prior to their disposition.

UNREALIZED REVENUES: Term used in connection with budgeting. The difference between estimated revenues and actual revenues.

UNRESTRICTED NET ASSETS: That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

VESTING METHOD: A method of calculating the liability for earned sick leave for which it is probable that the benefits will result in termination payments. Under this method, the amount of the liability is estimated based on the sick leave accumulated at the date of the statement of position for those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. In calculating the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or classes or groups of employees will become eligible to receive termination payments. [SGAS 16]

VOLUNTARY NONEXCHANGE TRANSACTIONS: Transactions that result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement (for example, certain grants and private donations). [SGAS 33]

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VOTING MAJORITY: Term used in connection with defining the financial reporting entity. A situation in which the number of the primary government's appointees to a component unit's board is sufficient to control decisions of the component unit. [SGAS 14, Q&A]

VULNERABILITY ASSESSMENT: Term used in connection with evaluations of internal controls. The risk-based systematic prioritization of internal control evaluations.

WIDELY RECOGNIZED AND PREVALENT PRACTICE: Term used in connection with the hierarchy of GAAP for state and local governments established by *SAS No. 69, The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report*. The principle that accounting and financial reporting practice should itself serve as a source of GAAP in the absence of high level guidance.

YELLOW BOOK: Term used in connection with public-sector auditing. A non-technical term commonly used to describe the General Accounting Office's publication *Government Auditing Standards*.

YIELD MAINTENANCE REPURCHASE—REVERSE REPURCHASE AGREEMENT: A repurchase agreement or a reverse repurchase agreement where the parties agree that the securities returned will provide the seller-borrower with a yield as specified in the agreement. [SGAS 3]

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