DRIPPING SPRINGS

Independent School District

Annual Financial Accountability Management Report

2025-2026 Rating

2024-2025 Fiscal Year Data

Dripping Springs Independent School District
Annual Financial Accountability Management Report

Introduction

The Financial Integrity Rating System of Texas (School FIRST) was established by the Texas Legislature in 1999 and implemented by the Texas Education Agency (TEA) beginning with the 2001–2002 school year. The primary purpose of School FIRST is to promote financial accountability, transparency, and sound financial management practices among Texas public school districts.

The School FIRST accountability system has undergone several changes since its implementation, including significant revisions resulting from House Bill 5 in 2013. These changes placed greater emphasis on evaluating a district's financial solvency and long-term financial stability. Today, the system evaluates districts using financial indicators that address financial management, solvency, and compliance with applicable laws and regulations.

School districts receive one of four financial accountability ratings: A — Superior Achievement, B — Above Standard Achievement, C — Meets Standard Achievement, or F — Substandard Achievement. Certain critical indicators must be met to avoid an automatic failing rating, regardless of the district's overall score.

Dripping Springs ISD received a C rating in 2021–2022 related to audit adjustments. Following improvements to financial policies and procedures, the District returned to an A rating in 2022–2023, earned 98 out of 100 points in 2023–2024, and achieved 100 out of 100 points in 2024–2025.

For the 2025–2026 School FIRST rating, based on 2024–2025 fiscal year data, Dripping Springs ISD received an **A — Superior Achievement, with 98 out of 100 points**. The District earned 8 out of 10 points on Indicator 8, which measures the ratio of current assets to current liabilities, with a ratio of 2.6352. The District earned full points on all other scored indicators and passed all applicable critical and ceiling indicators. For the 2025–2026 rating year, Indicator 10, which measures the variance between budgeted and actual revenues over three fiscal years, was scored after not being evaluated in the prior year. Indicator 13, which measures administrative costs, was evaluated in the prior year but was not scored this year.

State rules require the District to prepare and present a School FIRST Annual Financial Management Report at a public hearing. This report includes the District's financial accountability rating, its performance under each indicator for the current and previous rating years, and required financial disclosures. The public hearing is scheduled for October 26, 2026.

Required Disclosures for
Dripping Springs Independent School District
2025-2026 FIRST Rating
October 26, 2026

Required Supplementary Information

The District's annual financial management report must include specific disclosures regarding the superintendent's contract, reimbursements received by the superintendent and board members and other compensation and gifts received. This information is being presented below to comply with the requirements.

Superintendent's Current Employment Contract

A copy of the superintendent's current employment contract at the time of the School FIRST hearing is to be provided. In lieu of publication in the annual School FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's internet site. If published on the internet, the contract is to remain accessible for twelve months.

A copy of the superintendent's current employment contract is published on the district's internet site.

Reimbursements Received by the Superintendent and Board Members

A summary schedule for the twelve-month period of total reimbursements received by the superintendent and each board member is to be included in the annual financial management report. All reimbursement expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. The summary schedule is to report separately items per category including:

Meals – Meals consumed off of the school district's premises, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals);
Lodging – Hotel charges for district related business;
Transportation – Airfare, car rental (can include fuel on rental), taxis, mileage reimbursements, leased cars, parking and tolls);
Motor fuel – Gasoline for district related business;
Other – Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board members not defined above.

The disclosure of reimbursements received by the Superintendent and Board Members is provided within this report.

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services

A summary schedule for the fiscal year of the dollar amount of compensation and/or fees received by the superintendent from another school district or any other outside entity in exchange for professional consulting and/or other personal services is to be reported.
The disclosure of outside compensation received by the Superintendent for professional consulting and/or other personal services is provided within this report.

Gifts Received by Executive Officers and Board Members

An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

The disclosure of gifts received by Executive Officers and Board Members is provided within this report.

Business Transactions Between School District and Board Members

Finally, a summary schedule for the fiscal year of the dollar amount by board member for the aggregate amount of business transactions with the school district is to be included. This reporting requirement is not to duplicate the items disclosed in the schedule of reimbursements.

The disclosure of business transactions between the school district and Board Members is provided within this report.

Dripping Springs Independent School District

Reimbursements Received by the Superintendent and Board Members for Fiscal Year 2024-2025

For the Twelve-Month Period Ended June 30, 2025	Superintendent	Board Members						
	Dr. Holly Morris-Kuentz	*Dr. Stefani Reinold*	*Dr. Mary Jane Hetrick*	*Olivia Barnard*	*Shanda DeLeon*	*Tricia Quintero*	*Rob McClelland*	*Kim Cousins*
Description of Reimbursements								
Meals	$ 138.87	$ -	$ 128.63	$ 30.87	$ -	$ -	$ 30.87	$ -
Lodging	1,983.48	1,487.10	-	1,881.27	1,716.45	1,754.61	1,928.50	1,874.56
Transportation	202.16	32.10	-	-	-	-	-	-
Motor Fuel	-	-	-	-	-	-	-	-
Other-Registrations	1,585.00	1,120.00	-	1,120.00	920.00	1,070.00	1,120.00	1,120.00
Total	**$ 3,909.51**	**$ 2,639.20**	**$ 128.63**	**$ 3,032.14**	**$ 2,636.45**	**$ 2,824.61**	**$ 3,079.37**	**$ 2,994.56**

All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order are to be reported. Items to be reported per category include:

Meals *– Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).*

Lodging *- Hotel charges.*

Transportation *- Airfare, car rental (can include fuel on rental, taxis, mileage reimbursements, leased cars, parking and tolls).*

Motor fuel *– Gasoline.*

Other *: - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.*

Dripping Springs Independent School District

Gifts Received by the Superintendent and Board Members (and first degree relatives, if any)
(gifts that had an economic value of $250 or more in the aggregate in the fiscal year) for Fiscal Year 2024-2025

For the Twelve-Month Period Ended June 30, 2025	Superintendent	Board Members						
	Dr. Holly Morris-Kuentz	*Dr. Stefani Reinold*	*Dr. Mary Jane Hetrick*	*Olivia Barnard*	*Shanda DeLeon*	*Tricia Quintero*	*Rob McClelland*	*Kim Cousins*
Description of Gifts Received								
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Note *– An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.*

Dripping Springs Independent School District

Business Transaction between School District and Superintendent and Board Members for Fiscal Year 2024-2025

For the Twelve-Month Period Ended June 30, 2025	Superintendent	Board Members						
	Dr. Holly Morris-Kuentz	*Dr. Stefani Reinold*	*Dr. Mary Jane Hetrick*	*Olivia Barnard*	*Shanda DeLeon*	*Tricia Quintero*	*Rob McClelland*	*Kim Cousins*
Business Transactions								
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Note - The summary amounts reported under this disclosure are not to duplicate the items disclosed in the summary schedule of reimbursements received by board members.

Dripping Springs Independent School District

Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services in Fiscal Year 2024-2025

For the Twelve-Month Period Ended June 30, 2025	Superintendent
	Dr. Holly Morris-Kuentz
Description of Compensation	
	$ -
Total	**$ -**

Compensation does not include business revenues generated from a family business (farming, ranching, etc.) that has no relation to school district business.

Financial Accountability Ratings Worksheet
Dripping Springs Independent School District
2025-2026 FIRST Rating
October 26, 2026

The accompanying 2025–2026 FIRST Rating worksheet provides the District's results for each indicator. The official TEA District Status Detail confirms the ***District's rating of A — Superior Achievement*** *and a total score of* ***98 out of 100****.*

School District FIRST Rating
Financial Integrity Rating System of Texas
Dripping Springs Independent School District
2025 - 2026 Rating based on 2024 - 2025 Data

	State Indicator	Indicator Background	Passed or Total Points Avail.	DSISD 24-25 Result
1.	**Was the complete annual financial report (AFR) and data submitted to the TEA on or before February 27, 2026?**	Was the Annual Financial Report filed with TEA by the deadline?	Yes	Yes
	Additional Information: *Dripping Springs ISD's fiscal year ends on June 30, which normally requires the annual financial report (AFR) to be submitted in November. However, for the 2024–2025 fiscal year, TEA extended the submission deadline to February 27, 2026, due to updates to the FIRST portal. The District submitted its AFR on February 19, 2026, within the extended deadline.*			
2.	**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.)*	A "modified" version of the auditor's opinion in the annual audit report means that there are corrections needed in reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its Annual Financial Report. This is a simple "Yes" or "No" indicator.	Yes	Yes
	Additional Information: *Whitley Penn, L.L.P., the District's external auditors, issued an unmodified opinion for the year ending June 30, 2025.*			
3.	**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.)*	This indicator seeks to make certain the district has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, photocopiers, etc.	Yes	Yes
	Additional Information: *Dripping Springs ISD has never defaulted on any of its bond indebtedness obligations. Payments on all debt agreements were made timely.*			
4.	**Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?** *(If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)*	This indicator seeks to make sure the district fulfilled its obligation to the TRS, TWC and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the district.	Yes	Yes
	Dripping Springs ISD is current on all payroll liabilities and payments to other agencies were made timely.			
5.	**Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero?** *(If it is not, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement, unless the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership. If the school district has an increase of students in membership over 5 years of 7 percent or more or 1,000 or more students in membership, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)*	This indicator measures solvency for the school district and indicates whether or not the school district has sufficient governmental activity assets at the end of the fiscal year to cover its liabilities net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits.	Ceiling Passed	Ceiling Passed
	Additional Information: *The District's total net position in the governmental activities on the June 30, 2025 audit report was $139,019,234.*			
6.	**Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures?** *(If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)*	This indicator measures the percentage change in fund balance to see whether the fund balance is declining too quickly, and if it is declining, whether sufficient fund balance remains to operate for at least 75 days.	Ceiling Passed	Ceiling Passed
	Additional Information:			

	The District passed the Indicator as fund balance increased over the three year period and the assigned and unassigned fund balance of $49.6 million exceeded 75 days of expenditures ($18.3 million).			
7.	**Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?**	This indicator measures how long in days after the end of the fiscal year the school district could have disbursed funds for its operating expenditures without receiving any new revenues. Did the district meet or exceed the target amount in School FIRST?	10	10
	Additional Information: *Points are earned based on where the District's ratio falls on a sliding scale. To achieve the full 10 points assigned to this measure, the District's cash on hand and current investments must exceed 90 days. For the 2024-2025 period, the District's cash on hand and current investments was equivalent to 146 days.*			
8.	**Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?**	This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities. Did the district meet or exceed the target amount in School FIRST?	10	8
	Additional Information: *Points are earned based on where the district's ratio falls on a sliding scale. The District's ratio of current assets to current liabilities was 2.6352 which resulted in earning 8 points.*			
9.	**Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?**	This indicator simply asks "did the district spend more than it earned?" If the district had at least 60 days cash on hand the indicator is automatically passed.	10	10
	Additional Information: *For 2024-2025, general fund revenues exceeded expenditures and the number of days of cash on hand was 146.*			
10.	**Did the school district average less than a 10 percent variance (90% to 110%) when comparing budgeted revenues to actual revenues for the last 3 fiscal years?**	This indicator measures the accuracy of budgeted local and state revenue by comparing the amounts budgeted in the general fund to the actual amounts earned for the last three years.	10	10
	Additional Information: *This indicator measures the average percentage difference between budgeted and actual revenues over the past three fiscal years. The District's three-year average variance was approximately -4.67%, which was within the allowable 10% variance and resulted in earning all 10 points.*			
11.	**Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency?** *(If the school district's increase of students in membership over 5 years was 7 percent or more or 1,000 or more students in membership, then the school district passes this indicator.)*	This indicator questions the district's debt to "market value" of the assets that debt is attributable to. This indicator recognizes that fast-growth districts incur additional operating costs to open new campuses.	10	10
	Additional Information: *Points are earned based on where the district's ratio falls on a sliding scale. While total assets exceeded the District's long-term liabilities, the District's student membership also increased by 7% for the five year period between 2021 and 2025.*			
12.	**What is the correlation between future debt requirements and the district's assessed property value?**	This indicator asks about the school district's ability to make debt principal and interest payments.	10	10
	Additional Information: *Points are earned based on a range. To earn the maximum 10 points, a district's ratio of debt per $100 of assessed property value must be under 4. The District's ratio of debt per $100 of property value was 2.957.*			
13.	**This indicator is not being evaluated.**		10	10
14.	**Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? If the student enrollment did not decrease, the school district will automatically pass this indicator.**	This indicator measures whether or not staff ratios fluctuate accordingly with declines in student enrollment over multiple years.	10	10
	Additional Information: *The student to staff ratio decreased by .15% over three years from 2023 to 2025 resulting in earning the maximum 10 points.*			
15.	**Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA? If the district did not submit pupil projections to TEA, did it certify TEA's projections?**	This indicator measures how well the district was able to project average daily attendance for the coming biennium for payment purposes. Projected ADA is compared to actual.	5	5
	Additional Information: *Points are earned based on a range. For the size of the district, to earn the maximum 5 points, the variance cannot be greater or lesser than 10%.*			

16.	**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?** *(If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)*	This indicator measures the quality of data reported to PEIMS and in the Annual Financial Report to make certain that the data reported in each case "matches up." If the difference in numbers reported in any fund type is more than 3 percent, the district "fails" this measure.	Ceiling Passed	Ceiling Passed
	Additional Information: *There were no significant differences between the Annual Financial Report and the PEIMS financial data.*			
17.	**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 and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.)** *(If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)*	A clean audit of the Annual Financial Report would state the district has no material weaknesses in the internal controls. Any internal weaknesses create a risk of the district not being able to properly account for its use of public funds, and should be immediately addressed. If the district fails this indicator, the maximum points and highest rating the district may receive is 79 points and a C, which meets standard achievement.	Ceiling Passed	Ceiling Passed
	Additional Information: *Whitley Penn, L.L.P., the District's external auditors for 2024-2025, reported no material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds.*			
18.	**Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?** *(The AICPA defines material noncompliance.)*	This indicator measures whether the district is complying with laws, rules and regulations related to the expenditure of grant funds, contracts, and other state and federal funds.	10	10
	Additional Information: *Whitley Penn, L.L.P., the District's external auditors for 2024-2025, reported no material noncompliance for grants, contracts, and laws related to local, state, or federal funds.*			
19.	**Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?**	This indicator measures whether the district is complying with legal requirements related to financial transparency by posting all required information.	5	5
	Additional Information: *The District posted required financial information in compliance with the law.*			
20.	**Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?**	This indicator measures whether the District's administration and Board discussed changes to local, state, and federal funding and their potential impact within 120 days before adopting the budget.	Ceiling Passed	Ceiling Passed
	Additional Information: *As part of the budget development and adoption process, the District discussed changes in property values, state funding, and other revenue sources with the Board during the spring budget workshops.*			
21.	**Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?**	This indicator measures whether the District received an extended repayment schedule from TEA due to financial hardship resulting from an overpayment of Foundation School Program funds.	Ceiling Passed	Ceiling Passed
	Additional Information: *The district did not receive an adjusted payment schedule nor does it face financial hardship.*			
		Total Points Available/Earned	**100**	**98**

GLOSSARY

Accounting: A standard school fiscal accounting system must be adopted and installed by the board of trustees of each school district. The accounting system must conform to generally accepted accounting principles. This accounting system must also meet at least the minimum requirements prescribed by the state board of education, subject to review and comment by the state auditor.

Ad Valorem Property Tax: Literally, the term means "according to value." Ad valorem taxes are based on a fixed proportion of the value of the property with respect to which the tax is assessed. General property taxes are almost invariably of this type. Ad valorem property taxes are based on ownership of the property, and are payable regardless of whether the property is used or not and whether it generates income for the owner (although these factors may affect the assessed value).

Adopted Tax Rate: The tax rate set by the school district to meet its legally adopted budget for a specific calendar year.

All Funds: A school district's accounting system is organized and operated on a fund basis where each fund is a separate fiscal entity in the school district much the same as various corporate subsidiaries are fiscally separate in private enterprise. All Funds refers to the combined total of all the funds listed below:

- The General Fund
- Special Revenue Funds (Federal Programs, Federally Funded Shared Services, State Programs, Shared State/Local Services, Local Programs)
- Debt Service Funds
- Capital Projects Funds

Annual Financial Report (AFR): The audited annual report required by TEC section 44.008, that is due to TEA by no later than 150 days after the close of a school district's or an open-enrollment charter school's fiscal year.

Assessed Valuation: A valuation set upon real property or other property by a government as a basis for levying taxes.

Assigned Fund Balance: The assigned fund balance represents tentative plans for the future use of financial resources. Assignments require executive management (if approved per board policy to assign this responsibility to executive management) action to earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time. The assignment and dollar amount for the assignment may be determined after the end of the fiscal year when final fund balance is known.

Auditing: Accounting documents and records must be audited annually by an independent auditor. TEA is charged with review of the independent audit of the local education agencies.

Beginning Fund Balance: The fund balance on the first day of a new fiscal year. For most school districts this is equivalent to the fund balance at the end of the previous fiscal year.

Budget: The projected financial data for the current school year. Budget data are collected for the General Fund, Food Service Fund, and Debt Service Fund.

Budgeting: Not later than June 20 of each year, the superintendent (or designee) must prepare a budget for the school district if the fiscal year begins on July 1. (For those districts with fiscal years beginning September 1, this date would be August 20.) The legal requirements for funds to be budgeted are included in the Budgeting module of the TEA Resource Guide. The budget must be adopted before expenditures can be made, and this adoption must be prior to the setting of the tax rate for the budget year. The budget must be itemized in detail according to classification and purpose of expenditure, and must be prepared according to the rules and regulations established by the state board of education. The adopted budget, as necessarily amended, shall be filed with TEA through the Public Education Information Management System (PEIMS) as of the date prescribed by TEA.

Capital Outlay: This term is used as both a Function and an Object. Expenditures for land, buildings, and equipment are covered under the object, Capital Outlay. The amount spent on acquisitions, construction, or major renovation of school district facilities are reported under the function, Capital Outlay.

Capital Project Funds: Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Cash: The term, as used in connection with cash flows reporting, includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Chapter 49: A key “equity” chapter in the Texas Education Code (TEC) is Chapter 49. This chapter is devoted to wealth equalization through the mechanism of recapture, the recovery of financial resources from districts defined by the state as high property wealth. Resources are recovered for the purpose of sharing them with low-wealth districts. Districts that are subject to the provisions of Chapter 49 must make a choice among several options in order to reduce their property wealth and share financial resources.

Committed Fund Balance: The committed fund balance represents constraints made by the board of trustees for planned future use of financial resources through a resolution by the board, for various specified purposes including commitments of fund balance earned through campus activity fund activities. Commitments are to be made as to purpose prior to the end of

the fiscal year. The dollar amount for the commitment may be determined after the end of the fiscal year when final fund balance is known.

Comptroller Certified Property Value: The District's total taxable property value as certified by the Comptroller's Property Tax Division (Comptroller Valuation) and used for state funding purposes.

Days of Cash on Hand: The number of days the school district can disburse funds for its operating expenditures without receiving any new revenues.

Debt Service: The function, Debt Service, is a major functional area that is used for expenditures that are used for the payment of debt principal and interest. Expenditures that are for the retirement of general obligation bonds, capital lease principal, and other debt, related debt service fees, and for all debt interest fall under this function. The object, Debt Service, covers all expenditures for debt service.

Debt Service Fund: Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt Service Coverage Ratio: This ratio measures an organization's ability to make debt principal and interest payments that will become due during the year.

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.

Effective Tax Rate: Represents the tax rate which generates the same revenue as in the previous year, using current year property values.

Ending Fund Balance: The amount of unencumbered surplus fund balance reported by the District at the end of the specified fiscal year. For most school districts, this will be equivalent to the fund balance at the beginning of the next fiscal year.

Excess (Deficiency): Represents receivables due (excess) or owed (deficiency) at the end of the fiscal year.

Existing Debt Allotment (EDA): Is the amount of state funds to be allocated to the District for assistance with existing bonded indebtedness.

Federal Revenues: Revenues paid either directly to the District or indirectly through a local or state government entity for federally-subsidized programs including the School Breakfast Program, National School Lunch Program, and School Health and Related Services Program.

Financial Integrity Rating System of Texas (FIRST): The financial accountability rating system administered by the TEA in accordance with the TEC sections 39.082 and 39.085. The system

provides additional transparency to public education finance and meaningful financial oversight and improvement for school districts (School FIRST) and open-enrollment charter schools and charter schools operated by a public institution of higher education under TEC, Chapter 12, Subchapters D and E (Charter FIRST).

Fiscal Year: A period of 12 consecutive months legislatively selected as a basis for annual financial reporting, planning, and budgeting. The fiscal year may run September 1 through August 31 or July 1 through June 30.

Foundation School Program (FSP) Status: The shared financial arrangement between the state and the school district, where property taxes are blended with revenues from the state to cover the cost of basic and mandated programs. The nature of this arrangement falls in one of the following status categories: Regular, Special Statutory, State Administered, Education Service Center, or Open Enrollment Charter School District.

FTE: Full-Time Equivalent (FTE) measures the extent to which one individual or student occupies a full-time position or provides instruction, e.g., a person who works four hours a day or a student that attends a half of a day represents a .5 FTE.

Function: Function codes identify the expenditures of an operational area or a group of related activities. For example, in order to provide the appropriate atmosphere for learning, school districts transport students to school, teach students, feed students and provide health services. Each of these activities is a function. The major functional areas are:

- Instruction and Instructional-Related Services
- Instructional and School Leadership
- Support Services – Student
- Administrative Support Services
- Support Services - Non-Student Based
- Ancillary Services
- Debt Service
- Capital Outlay
- Intergovernmental Charges

Fund Balance: The difference between assets and liabilities reported in a governmental fund.

General Administration: The amount spent on managing or governing the school district as an overall entity.

General Fund: This fund finances the fundamental operations of the District in partnership with the community. All revenues and expenditures not accounted for by other funds are included. This is a budgeted fund and any fund balances are considered resources available for current operations.

I&S Tax Rate: The tax rate calculated to provide the revenues needed to cover Interest and Sinking (I&S) (also referred to as Debt Service). I&S includes the interest and principal on bonds and other debt secured by property tax revenues.

Incremental Costs: The amount spent by a school district with excess wealth per Weighted Average Daily Attendance (WADA) on the purchase of attendance credits either from the state or from other school district(s).

Instruction: The amount spent on direct classroom instruction and other activities that deliver, enhance or direct the delivery of learning situations to students regardless of location or medium.

Instructional Facilities Allotment (IFA): State Aid provides assistance to school districts in making debt service payments on qualifying bonds and lease-purchase agreements. Proceeds must be used for the construction or renovation of an instructional facility.

Intergovernmental Charges: "Intergovernmental" is a classification used when one governmental unit transfers resources to another. In particular, when a Revenue Sharing District purchases WADA or where one school district pays another school district to educate transfer students.

Investments in Capital Assets, Net of Related Debt: One of three components of net position that must be reported in both government-wide and proprietary fund financial statements. Related debt, for this purpose, includes the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets of the government.

Local & Intermediate Revenues: All revenues from local taxes and other local and intermediate revenues. For specifics, see the definitions for Local Tax and Other Local & Intermediate Revenues.

Local Tax: This is all revenues from local real and personal property taxes, including recaptured funds from 1) Contracted Instructional Services Between Public Schools and 2) Incremental Costs associated with Chapter 49 of the Texas Education Code.

M&O Tax Rate: The tax rate calculated to provide the revenues needed to cover Maintenance & Operations (M&O). M&O includes such things as salaries, utilities, and day-to-day operations.

Modified Opinion: Term used in connection with financial auditing. A modification of the independent auditor's report means there exists one or more specific exceptions to the auditor's general assertion that the district's financial statements present fairly the financial information contained therein according to generally accepted accounting principles.

Nonspendable Fund Balance: The portion of fund balance that is in non-liquid form, including inventories, prepaid items, deferred expenditures, long-term receivables and encumbrances (if

significant). Nonspendable fund balance may also be in the form of an endowment fund balance that is required to remain intact.

Object: An object is the highest level of accounting classification used to identify either the transaction posted or the source to which the associated monies are related. Each object is assigned a code that identifies in which of the following major object groupings it belongs:

- Assets
- Liabilities
- Fund Balances
- Revenue
- Expenditures/Expenses
- Other Resources/Nonoperating Revenue/Residual Equity Transfers In
- Other Uses/Nonoperating Revenue/Residual Equity Transfers Out

Operating Expenditures: A wide variety of expenditures necessary to a district's operations fall into this category with the largest portion going to payroll and related employee benefits and the purchase of goods and services.

Operating Expenditures/Student: Total operating expenditures divided by the total number of enrolled students.

Operating Revenues and Expenses: Term used in connection with the proprietary fund statement of revenues, expenses, and changes in net position. The term is not defined as such in the authoritative accounting and financial reporting standards, although financial statement preparers are advised to consider the definition of operating activities for cash flows reporting in establishing their own definition.

Other Local & Intermediate Revenues: All local and intermediate revenues NOT from local real and personal property taxes including:

- Revenues Realized as a Result of Services Rendered to Other School Districts
- Tuition and Fees
- Rental payments, interest, investment income
- Sale of food and revenues from athletic and extra/co-curricular activities
- Revenues from counties, municipalities, utility districts, etc.

Other Operating Costs: Expenditures necessary for the operation of the school district that are NOT covered by Payroll Costs, Professional and Contracted Services, Supplies and Materials, Debt Services, and Capital Outlay fall into this category and include travel, insurance and bonding costs, election costs, and depreciation.

Other Resources: Non-operating revenues received, sale of property, bonds issued or residual equity transfers in.

Payments for Shared Services Arrangements: Payments made either from a member district to a fiscal agent or payments from a fiscal agent to a member district as part of a Shared Services Arrangement (SSA). The most common types of SSAs relate to special education services, adult education services, and activities funded by the Elementary and Secondary Education Act (ESEA).

Payroll: Payroll costs include the gross salaries or wages and benefit costs for services or tasks performed by employees at the general direction of the school district. (NOTE: Payroll amounts do not include salaries for contract workers employed by outsource companies, e.g., for child nutrition and maintenance. Therefore, this figure will vary significantly between districts and campuses that use contract workers and those that do not.)

PEIMS: Public Education Information Management System, a state-wide data management system for public education information in the State of Texas. One of the basic goals of PEIMS, as adopted by the State Board of Education in 1986, is to improve education practices of local school districts. PEIMS is a major improvement over previous information sources gathered from aggregated data available on paper reports. School districts submit their data via standardized computer files. These are defined in a yearly publication, the PEIMS Data Standards.

Plant Maintenance & Operations: The amount spent on the maintenance and operation of the physical plant and grounds and for warehousing.

Property/Refined ADA: The District's Comptroller Property Value divided by its total Refined Average Daily Attendance (RADA).

Property/WADA: The district's Comptroller Property Value divided by its total WADA.

Refined ADA: Refined Average Daily Attendance (also called RADA) is based on the number of days of instruction in the school year. The aggregate eligible day's attendance is divided by the number of days of instruction to compute the refined average daily attendance.

Restricted Fund Balance: This is the portion of fund balance that has externally enforceable constraints made by outside parties

Revenues: Any increase in a school district's financial resources from property taxes, foundation fund entitlements, user charges, grants, and other sources. Revenues fall into the three broad sources of revenues: Local & Intermediate, State, and Federal.

School Year: The twelve months beginning July 1 of one year and ending June 30 of the following year or beginning September 1 and ending August 31. Districts now have two options.

Special Revenue Fund: A governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes.

State Revenues: Revenues realized from the TEA, other state agencies, shared services arrangements, or allocated on the basis of state laws relating to the Foundation School Program Act.

Summary of Finances (SOF) Report: The document of record for FSP allocations. An SOF report is produced for each school district and open-enrollment charter school by the TEA division responsible for state funding that describes the school district's or open-enrollment charter school's funding elements and FSP state aid.

Unassigned Fund Balances: Available expendable financial resources in a governmental fund that are not the object of tentative management plans (i.e., committed or assigned). One primary criterion of rating agencies for school bonds is the relative amount of unassigned fund balance. Bond rating agencies view unassigned fund balances as a reflection of the financial strength of school districts and show concern when district fund balances decrease.

Unmodified Opinion: Term used in connection with financial auditing. An unmodified independent auditor's opinion means there are no stated exceptions to the auditor's general assertion that the district's financial statements present fairly the financial information contained according to generally accepted accounting principles.

Unrestricted Net Position Balance: Unrestricted net position balance refers to the portion of total net position that is neither invested in capital assets nor restricted.

Voter Approval Tax Rate: The M&O portion of the rollback tax rate allows school districts to add five cents ($0.05) to the lesser of the prior tax year compressed operating tax rate or the effective M&O rate to generate operating funds. School districts will get to add to the compressed operating rate any additional cents approved by voters at a 2006 or subsequent rollback election. The rollback rate is the highest rate that the taxing unit may adopt before an election is required.

WADA: Weighted Average Daily Attendance (WADA) is used to measure the extent students are participating in special programs. The concept of WADA in effect converts all of a school district's students with their different weights to a calculated number of regular students required to raise the same amount of revenue. The greater the number of students eligible for special entitlements, the greater a school district's WADA will be.

Wealth Equalization Transfer: The amount budgeted by districts for the cost of reducing their property wealth to the required equalized wealth level (sometimes referred to as Robin Hood Funds).