

Annual Financial Accountability Management Report

December 12, 2024

Financial Data FYE 2022-23



2024-25 BOARD OF TRUSTEES



Juan J. Ramirez Jr.
District 1, President



Goyo M. Lopez
District 5, Vice-President



Veronica V. Orduno
District 3, Secretary



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Dr. Gilberto "Gil" Martinez Jr.
District 6, Trustee



Monica Garcia
District 7, Trustee

Laredo ISD Receives Highest Rating of "A" for Superior Achievement

The Laredo Independent School District has received the highest rating of "A" for Superior Achievement for the twenty-second time under the Texas School Finance Accountability Rating System for 2023-24 rating year.

The School FIRST (Financial Integrity Rating System of Texas) is the financial accountability system for Texas school districts, developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999 and Senate Bill 218 of the 77th Legislature in 2001. The primary goal of School FIRST is to achieve quality performance in the management of school district's financial resources. Due to the complexity of accounting associated with the Texas school finance system, the goal is now more significant.

The School FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest rating being "A" for Superior Achievement, followed by "B"

for Above Standard Achievement, "C" for Meets Standard, and lowest being "F" for Substandard Achievement.

Within two months of receiving the final financial accountability rating, school districts are required to distribute the financial management report to attendees at a public hearing for school FIRST. The board of trustees is to have the public hearing at a district facility.

SUPERINTENDENT OF SCHOOLS



Dr. Sylvia Guerra Rios

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Overview

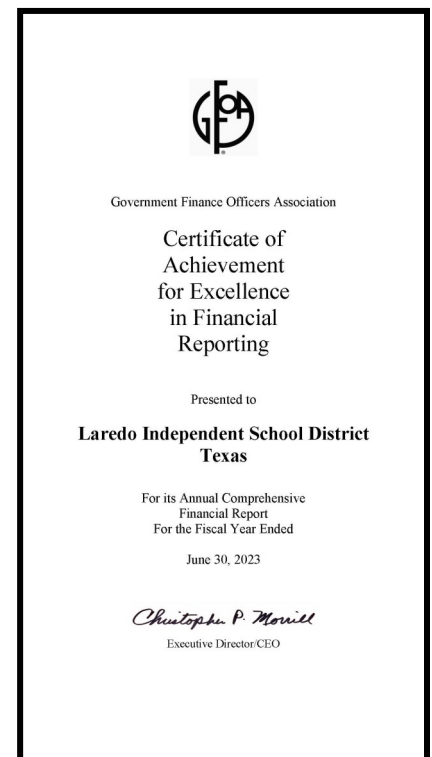
School FIRST was developed in consultation with the Comptroller of Public Accounts. Its development was also initiated from the many comments that were received from school districts and regional education service center personnel. The school district's School FIRST rating is based upon an analysis of staff and student data reported for the 2022-23 school year, including financial data for the 2023 fiscal year. For the Laredo Independent School District, the fiscal period was July 1, 2022 to June 30, 2023.

Senate Bill 218 also requires each school district to prepare the Annual Financial Accountability Management Report. Many business-related issues are covered in this report; however, its focus is on the School FIRST rating worksheet. This worksheet was developed by representatives from the Texas Education Agency (TEA), the Texas Business & Educational Council (TBEC) and the Texas Association of School Business Officials (TASBO). The worksheet is used to rate the District in twenty-one defined indicators. A negative response to any of the first five critical indicators results in districts receiving a rating of "F" for Substandard Achievement. Moreover, additional criteria was added to six ceiling designated indicators that if not met by the school district would result in an assigned predetermined maximum number of points earned and an assigned highest applicable School FIRST rating earned.

TEA improved the FIRST by providing each school district and open-enrollment charter school an A-F rating that better identifies areas of strength and weakness in financial operations and allows for comparison.

Again, Laredo ISD's rating under the 2023-24 School FIRST is "A" for Superior Achievement. This report briefly describes data used to calculate the rating and explains the meaning for each indicator. In addition, the Annual Financial Accountability Management Report complies with the requirement to report the reimbursements made to board members and to the superintendent for the 2022-23 school year. The superintendent's current contract is posted on the District website, <http://www.laredoisd.org>.

In addition to the Superior FIRST rating, Laredo ISD has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA).



2022-23 Board of Trustees



Monica Garcia
District 7, President



Ricardo Garza
District 4, Vice-President



Dr. Gilberto "Gil" Martinez Jr.
District 6, Secretary



Juan J. Ramirez, Jr.
District 1, Trustee



Rodolfo "Rudy" Morales III
District 2, Trustee



Veronica V. Orduno
District 3, Trustee



Goyo M. Lopez
District 5, Trustee

Laredo ISD was 1 of 876 school districts in the state of Texas that received a Rating of "A" for Superior Achievement. The chart below presents Statewide and Region One results.

2023-2024 Ratings Based on 2022-2023 Data	Statewide		Region One	
	Count	% Total	Count	% Total
A = Superior Achievement	876	86.14%	32	84.21%
B = Above Standard Achievement	79	7.77%	4	10.53%
C = Meet Standard Achievement	50	4.92%	2	5.26%
F = Substandard Achievement	12	1.18%	0	0.00%
Total	1,017	100%	38	100%



Financial Integrity Rating System of Texas

2022-23 DATA - DISTRICT STATUS DETAIL

Name: LAREDO ISD(240901)		Publication Level 1: 8/8/2024 6:33:40 PM
Status: Passed		Publication Level 2: 8/8/2024 6:33:40 PM
Rating: A = Superior Achievement		Last Updated: 8/20/2024 2:07:52 PM
District Score: 94		Passing Score: 70
#	Indicator Description	Score
1	<p>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?</p> <p>Response: Laredo ISD's Annual Financial Report for the fiscal year ended June 30, 2023, was filed with the Texas Education Agency within one month of the deadline date of November 27, 2023. The Annual Financial Report for the fiscal year ended June 30, 2022 was also timely filed.</p> <p>This indicator seeks the timely filing of the Annual Financial Report.</p>	Yes
2	<p>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.)</p> <p>Response: Yes, the opinion expressed by our independent auditors on the June 30, 2023 and June 30, 2022 audit report was an Unmodified Opinion.</p> <p>A "modified" version of the auditor's opinion in our annual audit report means that the District needs to correct some of the reporting data or financial controls. A district's goal, therefore, is to receive an "unmodified" on its Annual Financial Report.</p>	Yes
3	<p>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.)</p> <p>Response: Laredo ISD had no instances of default on bonded indebtedness obligations for fiscal years ended 2023 and 2022.</p> <p>This indicator seeks to make certain that our district has timely paid all bills/obligations, including financing arrangements to pay for school construction, school buses, technology, etc.</p>	Yes

#	Indicator Description	Score
4	<p>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.)</p> <p>Response: Laredo ISD made timely payments to government agencies in 2023 and 2022.</p> <p>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.</p>	Yes
5	<p>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.)</p> <p>Response: Laredo ISD had a total net position greater than zero.</p> <p>This indicator determines if the total net position in the governmental activities column of the Statement of Net Position as reported in the Annual Financial Report is greater than zero. A positive net position demonstrates financial solvency.</p>	Ceiling Passed
6	<p>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.)</p> <p>Response: Laredo ISD's average change in fund balances over 3 years was 9.49%.</p> <p>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.</p>	Ceiling Passed

#	Indicator Description	Score
7	<p>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)?</p> <p>Response: Laredo ISD's number of days of cash on hand was 199 days for 2023 and 183 days for 2022.</p> <p>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.</p>	10 of 10
8	<p>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?</p> <p>Response: Laredo ISD's measure of current assets to current liabilities ratio was 2.83 for 2023 and 2.86 for 2022.</p> <p>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.</p>	8 of 10
9	<p>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?</p> <p>Response: Laredo ISD's ratio for the 2023 school year was 1.14%. For the 2022 school year, the ratio was 3.02%.</p> <p>This indicator seeks to prove that general fund revenues equal or exceed expenditures and assigns points based on greater or equal to 0.00% being worth 10 points.</p>	10 of 10
10	This indicator is not being scored.	
11	<p>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 change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)</p> <p>Response: Laredo ISD's ratio of long-term liabilities to total assets was 0.3827 for 2023 and 0.4177 for 2022.</p> <p>This indicator calculates the district's ratio of long-term liabilities to total assets and assigns points based on less than or equal to 0.60 being worth 10 points.</p>	10 of 10
12	<p>What is the correlation between future debt requirements and the district's assessed property value?</p> <p>Response: Laredo ISD's ratio was 4.0487 for 2023 for 8 points and 4.4032 for 2022 for 8 points.</p> <p>This indicator asks about the school district's ability to make debt principal and interest payments.</p>	8 of 10

#	Indicator Description	Score
13	<p>Was the school district's administrative cost ratio equal to or less than the threshold ratio?</p> <p>Response: Laredo ISD's administrative cost ratio was 8.79 for 2023 above the 8.55 ratio and 8.21 for 2022 below the 8.55 ratio for school districts with an ADA above 10,000.</p> <p>This indicator measures the percentage of their budget that Texas school districts spent on administration. Did we exceed the cap in School FIRST for districts our size? For districts in Laredo ISD's category, the administrative cost ratio should fall below 8.55% to be awarded the 10 points.</p>	8 of 10
14	<p>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.</p> <p>Response: Laredo ISD's student to staff ratio decline was 3.16% for 2023.</p> <p>This indicator measures if the decline in total staff is in proportion to the declining enrollment over a 3-year period.</p>	10 of 10
15	This indicator is not being evaluated.	
16	<p>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?</p> <p>Response: Laredo ISD's data quality measure was 0.00% for 2023 and 0.00% for 2022.</p> <p>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 three percent, the district "fails" this measure and receives zero points. If the district fails this indicator, the maximum points and highest rating the district may receive is 89 points and a B, which is equal to above standard achievement.</p>	Ceiling Passed
17	<p>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.) (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.)</p> <p>Response: Laredo ISD's external auditors indicated the Annual Financial Report (AFR) for 2023, as well as for 2022, was free of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds.</p> <p>A clean audit of the Annual Financial Report would state that our district has no material weaknesses in internal controls. Any internal weaknesses create a risk of our 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 is equal to above standard achievement.</p>	Ceiling Passed

#	Indicator Description	Score
18	<p>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.)</p> <p>Response: Laredo ISD's external auditors indicated the AFR was free of material non-compliance in 2023 and 2022.</p> <p>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.</p>	10 of 10
19	<p>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?</p> <p>Response: Laredo ISD did post the required financial information on its website.</p> <p>This indicator measures whether the district is complying with legal requirements related to financial transparency by posting all required information.</p>	5 of 5
20	<p>Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</p> <p>Response: Laredo ISD did discuss the district's property values at a board meeting within 120 days of adopting its budget.</p> <p>This indicator measures whether the school board had the opportunity to consider the impact of changes in property value on the finances of the district. If the district fails this indicator, the maximum points and highest rating the district may receive is 89 points and a B, which is equal to above standard achievement.</p>	Ceiling Passed
21	<p>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?</p> <p>Response: Laredo ISD did not receive an adjusted repayment schedule for more than one fiscal year.</p> <p>This indicator determines if the district has an adjusted repayment schedule for an overallocation of FSP funds.</p>	Ceiling Passed

REIMBURSEMENTS, OUTSIDE COMPENSATION, GIFTS AND OTHER TRANSACTIONS

Board Members' Reimbursements

For the Twelve-Month Period
Ended June 30, 2023

Description	Mr. Juan J.	Mr. Rudy	Mr. Guadalupe	Mrs. Veronica	Mr. Ricardo	Mr. Goyo M.	Dr. Gilberto	Mrs. Monica
	Ramirez	Morales III	Gomez	Orduño	Garza	Lopez	Martinez	Garcia
Meals	\$545.00	\$200.00	\$0.00	\$345.00	\$225.00	\$200.00	\$0.00	\$400.00
Lodging	2,584.95	924.17	0.00	1,051.68	773.90	1,386.15	0.00	920.28
Transportation	1,054.55	205.67	0.00	501.73	467.97	933.59	0.00	205.67
Motor Fuel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	<u>269.55</u>	<u>139.65</u>	<u>0.00</u>	<u>624.65</u>	<u>1,085.00</u>	<u>0.00</u>	<u>425.00</u>	<u>660.00</u>
Total	<u>\$4,454.05</u>	<u>\$1,469.49</u>	<u>\$0.00</u>	<u>\$2,523.06</u>	<u>\$2,551.87</u>	<u>\$2,719.74</u>	<u>\$425.00</u>	<u>\$1,985.95</u>

Superintendent's Reimbursements

For the Twelve-Month Period
Ended June 30, 2023

Description	Dr. Sylvia Rios Superintendent
Meals	\$ 1,008.00
Lodging	2,544.84
Transportation	2,845.11
Motor Fuel	0.00
Other	<u>1,560.00</u>
Total	<u>\$ 7,957.95</u>

Gifts Received by Executive Officers 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)

Name(s) of Entity(ies)	Amount Received
None	\$ 0.00
Total	<u>\$ 0.00</u>

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

Name(s) of Entity(ies)	Dr. Sylvia Rios Superintendent
None	\$ 0.00
Total	<u>\$ 0.00</u>

Business Transactions Between School District and Board Members

Name(s) of Entity(ies)	Amount Received
None	\$ 0.00
Total	<u>\$ 0.00</u>

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

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

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

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

- The General Fund
- Special Revenue Funds (Federal Programs, Federally Funded Shared Services, State Programs, Shared State/Local Services, Local Programs)
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds for the National School Breakfast and Lunch Program

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

Assigned Fund Balance: The assigned fund balance represents tentative plans for the future

use of financial resources. Assignments require executive management (per board policy to assign this responsibility to executive management prior to end of fiscal year) 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. Texas Education Agency (TEA) is charged with review of the independent audit of the local education agencies.

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

Budget: The projected financial data for the current school year. Budget data are collected for the general fund, food service fund, and debt service fund.

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

Capital Outlay: This term is used as both a Function and an Object. Expenditures for land, buildings, and equipment are covered under Object 6600. The amount spent on acquisitions, construction, or major renovation of school



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district facilities are reported under Function 80.

Capital Project Funds: Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds.)

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

Chapter 49: A key "equity" chapter in the Texas Education Code (TEC) is Chapter 41. This chapter is devoted to wealth equalization through the mechanism of recapture, the recovery of financial resources from districts defined by the state as high property wealth. Resources are recovered for the purpose of sharing them with low-wealth districts. Districts that are subject to the provisions of Chapter 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).

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

Debt Services: Two function areas (70 and 71) and one Object (6500) are identified using this terminology "debt services." Function 70 is a major functional area that is used for expenditures that are used for the payment of debt principal and interest including Function 71. Expenditures that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest fall under Function 71. Object 6500 covers all expenditures for debt service.

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.

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

Excess (Deficiency): Represents receivables due (excess) or owed (deficiency) at the end of the school year. This amount is recorded as Asset Object 1200.

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

Federal Revenues: Revenues paid either directly to the district or indirectly through a local

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or state government entity for Federally-subsidized programs including the School Breakfast Program, National School Lunch Program, and School Health and Related Services Program. This amount is recorded as Revenue Object 5900.

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

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

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

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

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

Fund Balance: The difference between assets

and liabilities reported in a governmental fund.

General Administration: The amount spent on managing or governing the school district as an overall entity. Expenditures associated with this functional area are reported under Function 41.

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

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

Incremental Costs: The amount spent by a school district with excess wealth per WADA on the purchase of attendance credits either from the state or from other school district(s). Expenditures associated with this functional area are reported under Function 92.

Instruction: The amount spent on direct classroom instruction and other activities that deliver, enhance or direct the delivery of learning situations to students regardless of location or medium. Expenditures associated with this functional area are reported under Function 11.

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

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



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under Function 90.

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. This amount is recorded under Object 5700.

Local Tax: This is all revenues from local real and personal property taxes, including recaptured funds from 1) Contracted Instructional Services Between Public Schools (Function 91) and 2) Incremental Costs associated with Chapter 41 of the Texas Education Code (Function 92).

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

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.

No New Revenue Tax Rate: Provides the unit with approximately the same amount of local tax revenue it had the year before on properties taxes in both years. A comparison of the no new revenue tax rate to the taxing unit's proposed tax rate shows if there will be a tax increase.

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 eight major object groupings it belongs:

- 1000 Assets
- 2000 Liabilities
- 3000 Fund Balances
- 5000 Revenue
- 6000 Expenditures/Expenses
- 7000 Other Resources/NonOperating Revenue/Residual Equity Transfers In
- 8000 Other Uses/NonOperating Revenue/Residual Equity Transfers Out

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

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

Operating Revenues and Expenses: Term used in connection with the proprietary fund statement of revenues, expenses, and changes in Net 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. This amount is recorded as Expenditure/Expense Object 6400.

Other Resources: This amount is credited to total actual other resources or non-operating revenues received or residual equity transfers in. This amount is recorded under Object 7020.

Payments for Shared Services

Arrangements: Payments made either from a member district to a fiscal agent or payments from a fiscal agent to a member district as part of a Shared Services Arrangement (SSA). The most common types of SSAs relate to special education services, adult education services, and activities funded by the Elementary and Secondary Education Act (ESEA). Expenditures associated with this functional area are reported under Function 93.

Payroll: Payroll costs include the gross salaries or wages and benefit costs for services or tasks performed by employees at the general direction of the school district. This amount is recorded as Expenditure/Expense Object 6100. *(NOTE: Payroll amounts do not include salaries for contract workers, e.g., for food service and maintenance. Therefore, this figure will vary significantly between districts and campuses that use contract workers and those that do not.)*

PEIMS: A state-wide data management system for public education information in the State of Texas. One of the basic goals of PEIMS, as adopted by the State Board of Education in 1986, is to improve education practices of local school districts. PEIMS is a major improvement over previous information

sources gathered from aggregated data available on paper reports. School districts submit their data via standardized computer files. These are defined in a yearly publication, the [PEIMS Data Standards](#).

Plant Maintenance & Operations: The amount spent on the maintenance and operation of the physical plant and grounds and for warehousing and receiving services. Expenditures associated with this functional area are reported under Function 51.

Property /Refined ADA: The district's Comptroller Certified Property Value divided by its total Refined ADA.

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

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

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.

Robin Hood Funds: See Wealth Equalization Transfer.

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

Special Revenue Fund: A governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital



GLOSSARY



projects) that are legally restricted to expenditures for specified purposes.

State Revenues: Revenues realized from the Texas Education Agency, other state agencies, shared services arrangements, or allocated on the basis of state laws relating to the Foundation School Program Act. This amount is recorded as Revenue Object 5800.

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: The term Net Position refers to the amount of total assets less total liabilities. Unrestricted Net Position balance refers to the portion of total Net Position that is neither invested in capital assets nor restricted.

Voter Approved Tax Rate: Provides governments other than school districts with approximately the same amount of tax revenue it spent the previous year for day-to-day operations plus an extra 8 percent cushion, and sufficient funds to pay its debts in the coming year. For school districts, the M&O portion of the rollback tax rate allows school districts to add four cents (\$0.04) 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, not 8 percent. The rollback rate is the highest rate that the taxing unit may adopt before voters can petition for an election to roll back the adopted rate to the rollback rate. For school districts, no petition is required; it's an automatic election if the adopted rate exceeds the rollback rate.

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

Wealth Equalization Transfer: The amount budgeted by districts for the cost of reducing their property wealth to the required equalized wealth level (Function 91). Sometimes referred to as Robin Hood Funds.



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