Financial Accountability System Resource Guide v. 20
Change Document

Note: This Change Document highlights changes to the text of update 20 of the Financial Accountability System Resource Guide (FASRG). Changes to the FASRG text are in **bold**. Deletions to the FASRG text are in ~~strikethrough~~. Additional plain text from the FASRG is included to better understand the context of the changes. The changes are organized by in order by module number.

Note: Extra spaces have been removed, and various grammar, style, and spelling changes have been made.

Note: Module 6 has been deleted in its entirety.

Type of Change	Changes to FASRG v. 20
Revision Module 1	Financial Accountability System Resource Guide, Update **20** Module 1: Financial Accounting and Reporting Texas Education Agency **2026**
Revision Module 1	Notes on Using This Module The purpose of this module is to specify the financial accounting and reporting requirements that the following local education agencies (LEAs) must meet: • school district • regional education service center • county education district • open-enrollment charter school operated by a governmental entity • open-enrollment charter school operated by an institution of higher education, as defined by the Texas Education Code (TEC), §61.003**, as any public technical institute, public junior college, public senior college or university, medical or dental unit, public state college, or other agency of higher education as defined in the section** The term "school district" or "district" is used throughout the module to refer to any of these LEAs. The term Texas Student Data System Public Education Information Management System (TSDS PEIMS) is used throughout the module to refer to the PEIMS data reported through the TSDS. For financial accounting information, specific to charter schools operated by a nonprofit organization or by a private or **independent** institution of higher education, see Module 2: Charter Schools.

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Type of Change	Changes to FASRG v. 20
Revision Module 1	*1.1.2.1 Statutory and Regulatory Requirements* • Appendix XI to Part 200—**Compliance Supplement is a set of federal regulatory requirements related to single audits. Auditors should use the most recent Compliance Supplement published by the OMB.** (This regulation was formerly known as OMB Circular A-133 Compliance Supplement.)
Revision Module 1	1.1.3 Budget Requirements **The notice of a district's school board meeting at which a budget will be discussed or adopted must include a physical copy of the proposed budget or ensure the proposed budget is clearly accessible on the district's website. The notice of the meeting must also include a taxpayer impact statement that compares the property tax bill for the current fiscal year to the upcoming fiscal year in accordance with Government Code, §551.043.** In addition, your district must post the adopted budget on the district's website, and the adopted budget, including amendments, must remain in a prominent place on the website for three years from the date the budget was originally adopted.
Revision Module 1	*1.2.4.3 Capitalization of Assets* Purchased capital assets must always be capitalized if: • the unit cost of the asset is **$10,000** or more, and • the useful life of the capital asset is estimated at one year or more. However, your school district may wish to establish accounting policies with a lower capitalization limit for items recorded as capital assets. **A district may capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are "significant."**[1] In addition, your district may wish to maintain accountability for certain assets even if they do not meet the district's capitalization policy. For example, certain audiovisual or computer equipment may not be capitalized (i.e., not recorded as a capital asset), but a listing of such assets and their location may be maintained for control and accountability purposes.

[1] GASB Implementation Guide No. 2021-1, Implementation Guidance Update—2021

Type of Change	Changes to FASRG v. 20
	The capitalization threshold for assets purchased with federal funds must comply with the guidelines in the OMB's Compliance Supplement. With no establishment of a capitalization threshold for lease assets by GASB or TEA, a school district may set its own capitalization threshold for lease assets. [1] GASB Implementation Guide No. 2021-1, Implementation Guidance Update—2021
Revision Module 1	*1.2.5.3 Payroll Liabilities* For example, if a teacher employed for 187 days begins work on August 13, **2024**, and completes the contract on June 6, **2025**, the salary is to be accrued for the appropriate number of days worked in each of the months of August through June. In this example, the salary earned in August is expended in the fiscal year ending August 31, **2024**, using the appropriate expenditure codes(s) for that fiscal year.
Revision Module 1	*1.2.5.4 Arbitrage Rebate Liabilities* Exhibit 1.2.A Recording Arbitrage Rebate Liabilities Example of How to Calculate the Dollar Amount for the Journal Entry

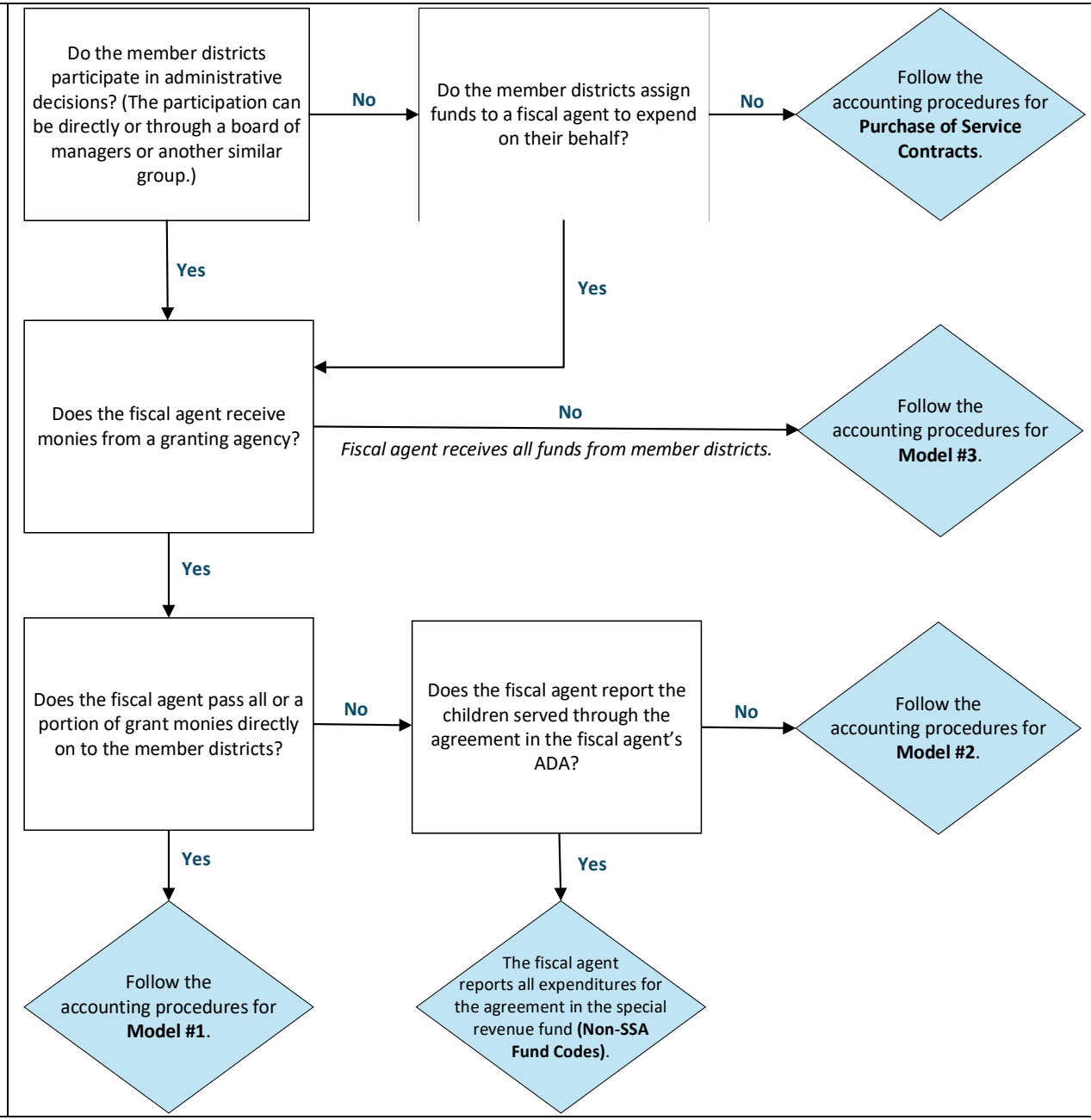
Bond Issuance	**2023** Receivable (Liability)	**2024** (Increase) Decrease in Liability	**2024** Receivable (Liability)
School Building Unlimited Tax Bonds, Series **2019**	$(250,000)	$(45,000)	$(295,000)
School Building Unlimited Tax Bonds, Series **2021**	50,000	10,000	60,000
Unlimited Tax Refunding Bonds, Series **2023**	(100,000)	15,000	(85,000)

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td>
<table>
<tr><td>Amount Recorded in Financial Statements as Arbitrage Liability</td><td>$(300,000)</td><td></td><td>$(320,000)</td></tr>
</table>

Example of a Journal Entry
<table>
<tr><td></td><td>Debit</td><td>Credit</td><td></td></tr>
<tr><td>Interest Expense
599-71-6529-00-000-Y</td><td>$20,000</td><td></td><td></td></tr>
<tr><td>Other Long-Term Debt
599-00-2590-00-000-Y</td><td></td><td>$20,000</td><td></td></tr>
</table>
End of Exhibit 1.2.A
</td></tr>
<tr><td>Deletion Module 1 (struck through text only)</td><td>
1.2.6.1 Types of Debt Instruments
The rules for lease accounting are complex. For information about lease accounting, see the following:
• GASB Statement No. 87: Leases
• GASB Statement No. 17: Measurement Focus and Basis of Accounting—Governmental Fund Operating Statements: Amendment of the Effective Dates of GASB Statement No. 11 and Related Statements (an amendment of GASB Statements No. 10, 11, and 13)
• [~~GASB web page: “What You Need to Know About Accounting for Leases”~~
• ~~GASB web page: “Leases—Reexamination of NCGA Statement 5 and GASB Statement 13”~~]
</td></tr>
<tr><td>Revision Module 1</td><td>
1.2.9.2 Net Position

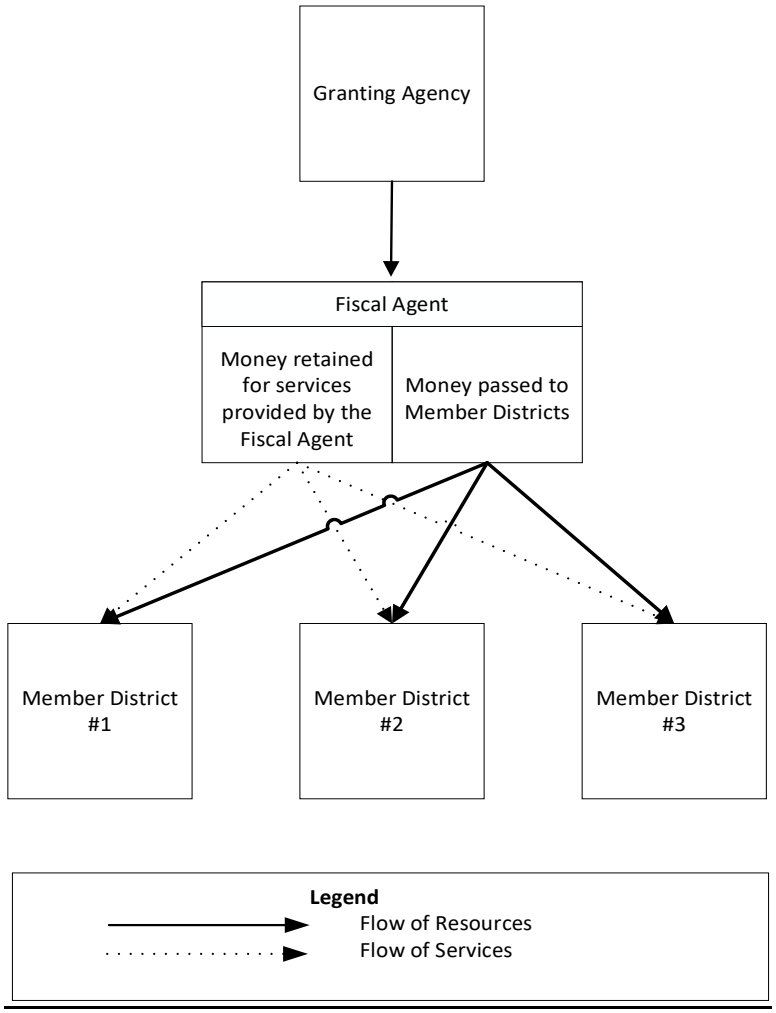
Unrestricted Net Position
Is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position (GASB Statement No. 63).
</td></tr>
</table>

Type of Change	Changes to FASRG v. 20
	The total net position of a district represents what the district owns and what it owes (the resources the district can use to provide services and operate the district versus the district's liabilities or obligations to others). A **positive net position** demonstrates that the district is financially solvent. A negative net position **may imply financial vulnerability for the district or** demonstrates that the district is financially **insolvent. In some situations, net position may be significantly affected by the recognition of a deferred inflow or outflow of resources, or the recognition of a large net pension liability (NPL) and other postemployment benefits (OPEB) liability. The district may provide an explanation of the effect on its net position in the notes to the financial statements.** A negative net position also demonstrates a lack of financial prudency. A district's total net position can be tracked overtime to assess whether a district's financial health is improving or deteriorating.
Revision Module 1	*1.2.10.5 Governmental Fund Financial Statements* There are several required note disclosures for governmental funds financial statements:[2] 2 GASB Concepts Statement No. 7: Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements
Revision Module 1	1.2.14 Expenditures and Expenses In full accrual accounting, the GASB defines expenses as "**a decrease** in net position resulting from the using **up or** outflows of assets in the course of operating a district and providing goods and services."
Addition Module 1 (including exhibit and exhibit text)	*1.3.1.5 Determination of Accounting and Reporting Treatment for SSAs* **There are three methods of participating in shared services arrangements. The diagram below provides the information to determine which of the models of shared services arrangements is to be used based on the determining factors.** **Exhibit 1.3.1.5.A Determining Accounting and Reporting Treatment**


Do the member districts participate in administrative decisions? (The participation can be directly or through a board of managers or another similar group.)
No
Do the member districts assign funds to a fiscal agent to expend on their behalf?
No
Follow the accounting procedures for **Purchase of Service Contracts**.
Yes
Yes
Does the fiscal agent receive monies from a granting agency?
No
Fiscal agent receives all funds from member districts.
Follow the accounting procedures for **Model #3**.
Yes
Does the fiscal agent pass all or a portion of grant monies directly on to the member districts?
No
Does the fiscal agent report the children served through the agreement in the fiscal agent's ADA?
No
Follow the accounting procedures for **Model #2**.
Yes
Yes
Follow the accounting procedures for **Model #1**.
The fiscal agent reports all expenditures for the agreement in the special revenue fund **(Non-SSA Fund Codes)**.

Type of Change	Changes to FASRG v. 20
	End of Exhibit 1.3.1.5.A **Revenue** **Shared services arrangements are to be accounted for in the Special Revenue Funds of the fiscal agent. Special sections of funds have been reserved for that purpose. The transactions that are recorded in member districts' accounting records are also recorded in the special revenue funds. However, member districts do not use the same fund number as fiscal agents.** **For each defined fund for shared services arrangements, there is a corresponding fund for use by member districts or districts that are not participating in shared services arrangements. For example, Fund 211 is defined as Title I, Part A—Improving Basic Programs Operated by Local Education Agencies, and Title I, Part D, Subpart 2—LEA programs with locally operated correctional facilities and is to be used by school districts that are not acting as a fiscal agent. Fund 300 is defined as Shared Services Arrangements—Title I, Part A—Improving Basic Programs Operated by Local Educational Agencies and is to be used only by the fiscal agent for recording transactions related to the shared services arrangement.** **Revenue object codes for shared services arrangements are as follows:** • **5722 Shared Services Arrangements—Local Revenues from Member Districts** • **5723 Shared Services Arrangements—Local Revenues from Fiscal Agent** • **5841 Shared Services Arrangements—State Revenues from Member Districts** • **5842 Shared Servies Arrangements—State Revenues from Fiscal Agent** • **5849 Shared Services Arrangements—State Revenues** • **5951 Shared Services Arrangements—Federal Revenues from Member Districts** • **5952 Shared Services Arrangements—Federal Revenues from Fiscal Agent** • **5959 Shared Services Arrangements—Federal Revenues** **Revenues must be distinguishable among the various funding sources. Because of audit schedules (including the Schedule for Federal Financial Assistance), the fiscal agent and member districts should be certain to use the appropriate revenue object code(s).** **Expenditures** **Expenditure codes are defined for payments between fiscal agents and member districts. They are as follows:** • **6492 Payments to Fiscal Agents of Shared Services Arrangements**

Type of Change	Changes to FASRG v. 20
	• **6493 Payments to Member Districts of Shared Services Arrangements** **Funds** **In most instances the fiscal agent is also a participating member district. The fiscal agent district must use one fund code when recording transactions in the capacity of fiscal agent and a different fund code for recording transactions as a member district. As shown in Model #1, a fiscal agent should use the shared services fund code for all expenditures made on behalf of the SSA as a whole and for any function 93 expenditures representing a pass-through to member districts.** **When the fiscal agent receives its portion of the pass-through money, it receives the money as a member district. At this point the member district who is the fiscal agent of the arrangement must use the same accounting treatments as any other member district would for receipt of these funds. Therefore, the revenue and expenditures should be recorded in a regular special revenue fund rather than a shared service arrangement special revenue fund. The expenditures within this regular special revenue fund should be accounted for in the same manner as any other member district.**
Addition Module 1 (including exhibits and exhibit text)	*1.3.1.6 Shared Services Arrangement Models* **The shared services arrangement models each have unique characteristics. Each model is presented graphically and followed by general information and guidance for the fiscal agent and member school districts. State reporting requirements are also included for each model.** **Shared Services Arrangement Model #1** **The fiscal agent receives the program funds from the granting agency. The fiscal agent retains a portion of the monies for the administrative services provided by the fiscal agent for the shared service arrangement and flows the rest of the monies to participating member school districts. The fiscal agent records the receipt of the monies and the related disbursement activity in the appropriate shared services arrangement special revenue and/or general funds. The member school districts record all activity in the appropriate special revenue fund. The fiscal agent files the necessary federal reports. In such an arrangement, the fiscal agent may be a program participant or may be only an entity used to flow monies to participants.** **Exhibit 1.3.1.6.A Shared Services Arrangement Model #1**

Type of Change	Changes to FASRG v. 20
	Model #1  **End of Exhibit 1.3.1.6.A**

Type of Change	Changes to FASRG v. 20

Model #1: Fiscal Agent – Shared Services Arrangement Special Revenue Fund Entries

Salary benefits and extra pay should be coded from the same fund, function, organization, fiscal year and program intent code as the salary. For illustrative purposes, the following entries do not reflect benefits and extra pay.

A shared services arrangement is formed for a Title I, Part A—Improving Basic Programs project. The funds are received from TEA. The combined entitlements for the two participating members are $200,000. One member district (Member District #1) that acts as fiscal agent will pay $45,000 for a remedial reading teacher at campus 101. The other member district (Member District #2) will pay $50,000 for a remedial reading teacher at campus 041. The fiscal agent will retain $50,000 to employ a remedial math teacher that will work 50% of the time at both schools, at the same campus as the reading programs. The remaining $55,000 will be retained by the fiscal agent to employ a program director to serve both school districts.

A. The fiscal agent receives $200,000 from the granting agency (TEA in this case).

Account	Debit	Credit
Cash 300-00-1110-00-000-Y-00-0-00	$200,000	
Federal Revenues Distributed by TEA Title I, Part A—Improving Basic Programs 300-00-5929-00-000-Y-00-0-00		$200,000

B. The fiscal agent pays each member district its portion of the funds.

Account	Debit	Credit
Payment to Member District #1 of Shared Services Arrangement 300-93-6493-00-751-Y-99-0-00	$45,000	
Payment to Member District #2 of Shared Services Arrangement 300-93-6493-00-751-Y-99-0-00	$50,000	
Cash 300-00-1110-00-000-Y-00-0-00		$95,000

C. **The fiscal agent incurs expenditures for a remedial math teacher and program director.**

Type of Change	Changes to FASRG v. 20

Account	Debit	Credit
Expenditures – Professional Salaries (Teachers) On Behalf of Member District #1 300-11-6119-00-751-Y-24-0-00	$25,000	
Expenditures – Professional Salaries (Teachers) On Behalf of Member District #2 300-11-6119-00-751-Y-24-0-00	$25,000	
Expenditures – Professional Salaries (Program Director) 300-21-6119-00-751-Y-24-0-00	$55,000	
Cash		
300-00-1110-00-000-Y-00-0-00		$105,000

The fiscal agent provides PEIMS a special record that states each member school district's total expenditures from the shared services arrangement fund. The member school districts' share of the revenue and expenditures are allocated by the predetermined criteria. It should be noted that the fiscal agent is not required to use a campus organization code for Function 11 Payroll Costs. Instead, either organization code 751 (Fiscal Agent of a Shared Services Arrangement) or 999 (Undistributed Organization Unit) should be used.

Model #1: Member School District – Special Revenue Fund Entries

A. Member District #1 receives funds from fiscal agent.

Account	Debit	Credit
Cash 211-00-1110-00-000-Y-00-0-00	$45,000	
Shared Services Arrangement – Federal Revenues from Fiscal Agent 211-00-5952-00-000-Y-00-0-00		$45,000

B. Member District #1 records salary expenditures.

Account	Debit	Credit
Expenditures – Professional Salaries (Teachers) 211-11-6119-00-101-Y-24-0-00	$45,000	
Cash		

Type of Change	Changes to FASRG v. 20

211-00-1110-00-000-Y-00-0-00		$45,000

C. Member District #2 receives funds from fiscal agent.

Account	Debit	Credit
Cash 211-00-1110-00-000-Y-00-0-00	$50,000	
Shared Services Arrangement – Federal Revenues from Fiscal Agent 211-00-5952-00-000-Y-00-0-00		$50,000

D. Member District #2 records salary expenditures.

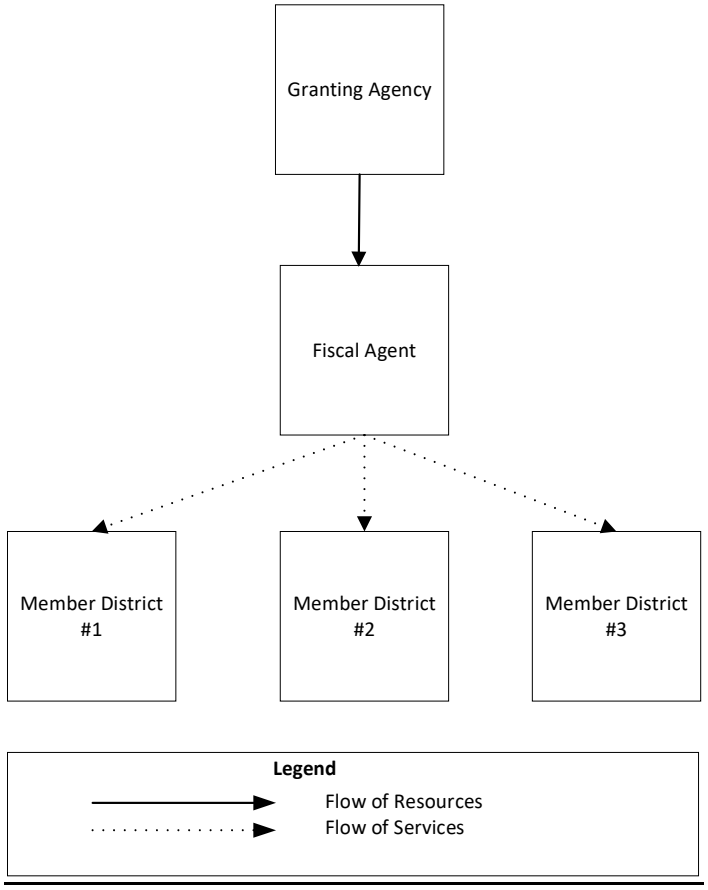
Account	Debit	Credit
Expenditures – Professional Salaries (Teachers)		
211-11-6119-00-041-Y-24-0-00	$50,000	
Cash		
211-00-1110-00-000-Y-00-0-00		$50,000

If the fiscal agent is also a member of the shared services arrangement, the member-related entries apply to the fiscal agent's member activities.

Model #1: State Reporting Requirements
For the shared services arrangements special revenue fund, the fiscal agent reports the total expenditures made on behalf of member districts by each member district in a special PEIMS record.

- The fiscal agent completes and submits expenditure reports for the entire shared services arrangement.
- The fiscal agent's audit report includes a footnote which describes the nature and composition (i.e., number of member school districts) of the shared services arrangement. The footnote also denotes the total expenditures for the fiscal agent and the total expenditures for all other members of the shared services arrangement.

Type of Change	Changes to FASRG v. 20
	• **The member school districts report the revenues and expenditures associated with the monies transferred to them from the fiscal agent in the appropriate special revenue and/or general fund.** **Shared Services Arrangement Model #2** **The fiscal agent receives the monies from the granting agency and administers the program. The fiscal agent manages the shared services arrangement's financial matters, including budgeting, accounting, auditing, and reporting. For example, the fiscal agent maintains all supporting files, does all the purchasing, prepares the payroll, pays all the bills, files the proper reports, and prepares the budget. Certain management decisions may be made by an executive board or committee of participating members.** **The fiscal agent records the receipt of monies and the related disbursement activity in the shared services arrangement special revenue fund. At year end, the fiscal agent informs the member school districts of the shared services arrangement's activity and the member school districts' share of the expenditures. The fiscal agent allocates expenditures of the arrangement based on predetermined allocation rates. The fiscal agent files a special PEIMS record to identify each member school district's share of the shared services arrangement's expenditures.** **Exhibit 1.3.1.6.B Shared Services Arrangement Model #2**

Type of Change	Changes to FASRG v. 20
	Model #2  **End of Exhibit 1.3.1.6.B** ***Model #2: Fiscal Agent – Shared Services Arrangement Special Revenue Fund Entries*** **Salary benefits and extra pay should be coded from the same fund, function, organization, fiscal year and program intent code as the salary. For illustrative purposes, the following entries do not show benefits and extra pay.**

Type of Change	Changes to FASRG v. 20

The education service center acts as fiscal agent for a Title I, Part C—Education of Migratory Children project funded through TEA. All services are provided by the fiscal agent and no funds are passed through to the three member districts. The combined entitlement is $75,000. The education service center provides each school district teacher stipends of $25,000 per year for the 5th grade. These teachers provide services which result in the extension of the school day to 5:00 p.m. While the curriculum is basic, the extended day assists the students in completing courses in a shorter school year.

A. Record the receipt of revenue from TEA.

Account	Debit	Credit
Cash 301-00-1110-00-000-Y-00-0-00	$75,000	
Federal Revenues Distributed by TEA Title I, Part C—Education of Migratory Children 301-00-5929-00-000-Y-00-0-00		$75,000

B. Record payments of expenditures made on behalf of school districts.

Account	Debit	Credit
Expenditures – Professional Salaries (Teachers) 301-11-6119-00-999-Y-25-0-00	$75,000	
Cash 301-00-1110-00-000-Y-00-0-00		$75,000

Model #2: Treatment of Excess/Deficit Revenues by Fiscal Agent
In the event that revenues received do not equal expenditures, the fiscal agent is to (1) defer excess revenue; or (2) record an accounts receivable from either member districts or the granting agency for deficit revenue.

A. In the preceding example, if revenues (assume $75,000 received) exceed expenditures (assume $70,000 expended), reduce revenue to an amount that equals expenditures plus indirect costs, if applicable.

Account	Debit	Credit
Federal Revenues Distributed by TEA Title I, Part C—Education of Migratory Children		

Type of Change	Changes to FASRG v. 20

301-00-5929-00-000-Y-00-0-00	$5,000	
Unearned Revenue 301-00-2310-00-000-Y-00-0-00		$5,000

B. Reciprocally, if expenditures and indirect costs, if applicable, (assume $74,000), exceed revenues (assume $70,000), record an accounts receivable.

Account	Debit	Credit
Due from State 301-00-1241-00-000-Y-00-0-00	$4,000	
Federal Revenues Distributed by TEA Title I, Part C—Education of Migratory Children 301-00-5929-00-000-Y-00-0-00		$4,000

The fiscal agent provides member school districts and PEIMS each district's total revenue and expenditure information. The allocation is based on the predetermined criteria.

Member school districts receive a report from the fiscal agent detailing their portion of the shared services arrangement's expenditures. This amount is reported by the fiscal agent for the member districts.

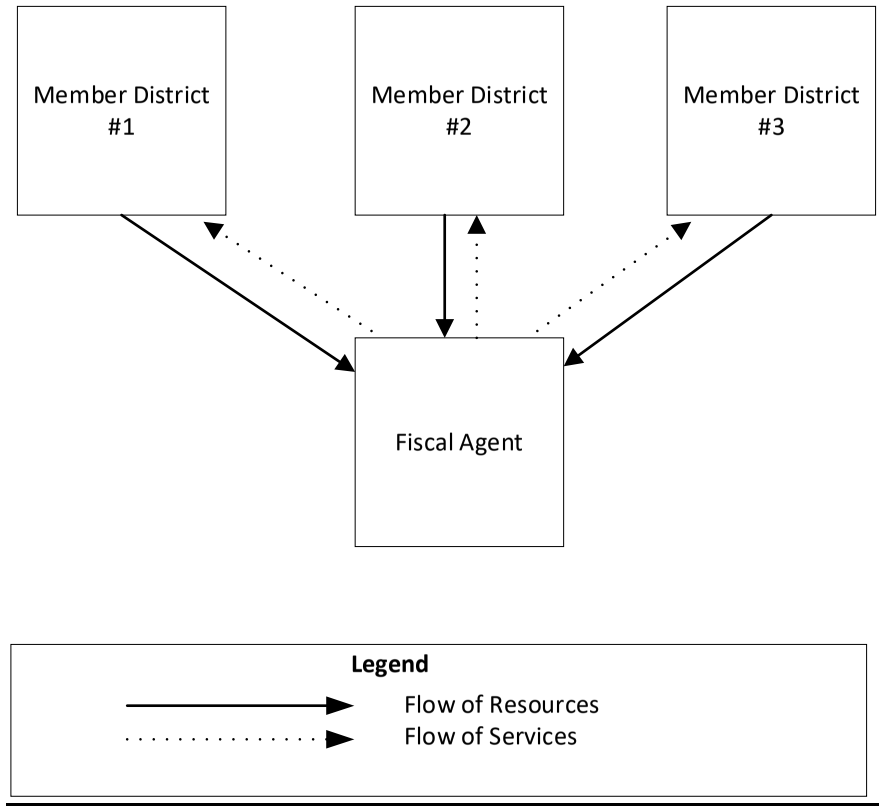
Model #2: State Reporting Requirements
For the shared services arrangements special revenue fund, the fiscal agent reports the total expenditures for each member school district in a special PEIMS record.

The fiscal agent's audit report includes a footnote which describes the nature and composition (i.e., number of member school districts) of the shared services arrangement. The footnote also denotes the total expenditures for the fiscal agent and the total expenditures for all other members of the shared services arrangement.

Shared Services Arrangement Model #3

Member school districts agree to combine resources to provide a certain service. The fiscal agent manages the shared service arrangement's financial matters, including the budgeting, accounting, auditing and reporting. For example, the fiscal agent maintains all supporting files, does all the purchasing, prepares the payroll, pays all the bills, and prepares the budget. Certain management decisions may be made by an executive board or committee of participating members.

Type of Change	Changes to FASRG v. 20
	The fiscal agent records the receipt of the member school districts' monies and the related disbursement activity in the appropriate special revenue fund. At year end, the fiscal agent informs the member school districts of the shared service arrangement's activity and the member school districts' share of the expenditures. The fiscal agent allocates the arrangement costs based on predetermined allocation rates. The fiscal agent files a special PEIMS record to identify each member school district's share of the expenditures of the arrangement. **Exhibit: 1.3.1.6.C Shared Services Arrangement Model #3**

Type of Change	Changes to FASRG v. 20
	Model #3  **End of Exhibit 1.3.1.6.C** ***Model #3: Fiscal Agent - Shared Services Arrangement Special Revenue Fund Entries*** **Salary benefits and extra pay should be coded from the same fund, function, organization, fiscal year, and program intent code as the salary. For illustrative purposes, the following entries do not show benefits and extra pay.**

Type of Change	Changes to FASRG v. 20

Member district #1 acts as fiscal agent for a state/locally funded special education shared services arrangement that includes one other school district. The following expenditures are anticipated, with the costs allocated by the percentages shown.

Quantity/Item	Total Cost	Member District #1		Member District #2	
		Cost	%	Cost	%
2 Counselors	$100,000	$57,000	57.00%	$43,000	43.00%
1 Diagnostician	$40,000	$20,000	50.00%	$20,000	50.00%
Audit	$5,000	$2,500	50.00%	$2,500	50.00%
Total	$145,000	$79,500	54.83%	$65,500	45.17%

A. Record the receipt of revenue from the member districts.

Account	Debit	Credit
Cash 438-00-1110-00-000-Y-00-0-00	$145,000	
Shared Services Arrangement – Revenues from Member Districts (Member District #1)		
438-00-5722-00-000-Y-00-0-00 Shared Services Arrangement – Revenues from Member Districts (Member District #2)		$79,500
438-00-5722-00-000-Y-00-0-00		$65,500

B. Record payments of expenditures.

Account	Debit	Credit
Expenditures – Counselors and Diagnosticians 438-31-6119-00-751-Y-23-0-00	$140,000	
Expenditures – Audit 438-41-6212-00-751-Y-23-0-00	$5,000	
Cash 438-00-1110-00-000-Y-00-0-00		$145,000

Model #3: Treatment of Excess/Deficit Revenues by Fiscal Agent

Type of Change	Changes to FASRG v. 20
	In the event that revenues received do not correspond to expenditures, the fiscal agent is to (1) defer excess revenue; or (2) record an accounts receivable for deficit revenue.

A. In the preceding example, if revenues (assume $145,000 received) exceed expenditures (assume $144,500 expended), reduce revenue to an amount equal to expenditures.

Account	Debit	Credit
Shared Services Arrangement – Local Revenues from Member Districts (Member District #1) 438-00-5722-00-000-Y-00-0-00	$250	
Shared Services Arrangement – Local Revenues from Member Districts (Member District #2) 438-00-5722-00-000-Y-00-0-00	$250	
Unearned Revenue 438-00-2310-00-000-Y-00-0-00		$500

B. Reciprocally, if expenditures (assume $145,000) exceed revenues (assume $142,000), record an accounts receivable:

Account	Debit	Credit
Due from Member District #1 438-00-1243-00-000-Y-00-0-00	$1,250	
Due from Member District #2 438-00-1243-00-000-Y-00-0-00	$1,250	
Shared Services Arrangement – Local Revenues from Member Districts (Member District #2) 438-00-5722-00-000-Y-00-0-00		$2,500

The fiscal agent provides member school districts each district's total revenue and expenditure information.

Model #3: Member School Districts

Member school districts receive revenue from various sources (foundation fund revenue, tax revenue, etc.). These revenues are recorded in the General Fund and are to be used as the district deems appropriate with written established guidelines for operating purposes. The monies paid to the fiscal agent may not be identifiable as being from a specific revenue source.

Type of Change	Changes to FASRG v. 20

Periodically during the year, member school districts pay monies to the fiscal agent. Member school districts determine the payment amount based on predetermined criteria established in the shared services arrangement agreement.

A. Record the payment of expenditures from Member District #1 to the fiscal agent.

Account	Debit	Credit
Payment to Fiscal Agent of Shared Services Arrangement 199-93-6492-00-999-Y-23-0-00	$77,000	
Payment to Fiscal Agent of Shared Services Arrangement 199-93-6492-00-999-Y-23-0-00	$2,500	
Cash 199-00-1110-00-000-Y-00-0-00		$79,500

B. Record the payment of expenditures from Member District #2 to the fiscal agent.

Account	Debit	Credit
Payment to Fiscal Agent of Shared Services Arrangement 199-93-6492-00-999-Y-23-0-00	$63,000	
Payment to Fiscal Agent of Shared Services Arrangement 199-93-6492-00-999-Y-23-0-00	$2,500	
Cash 199-00-1110-00-000-Y-00-0-00		$65,500

Model #3: State Reporting Requirements
For the shared services arrangement special revenue fund, the fiscal agent reports the total expenditures for each member district in a special PEIMS record.

The fiscal agent's audit report includes a footnote which describes the nature and composition (i.e., number of member school districts) of the shared services arrangement. The footnote also denotes the total expenditures for the fiscal agent and the total expenditures for all other members of the shared arrangement.

After the member school districts receive their final report of the share services arrangement's expenditures from the fiscal agent, the member school districts adjust the expenditure accounts to reflect actual expenditures.

Type of Change	Changes to FASRG v. 20

If the amount paid to the fiscal agent is less than the member's share of expenditures (in the preceding example, assume that Member District #1 paid $4,000 less to the fiscal agent than was expended on their behalf):

A. Record the payment of additional expenditures from Member District #2 to the fiscal agent.

Account	Debit	Credit
Payment to Fiscal Agent of Shared Services Arrangement 199-93-6492-00-999-Y-23-0-00	$4,000	
Due to Other Governments – Fiscal Agent 199-00-2183-00-000-Y-00-0-00		$4,000

If the amount paid to the fiscal agent is greater than the member's share of expenditures (in the preceding example, assume that Member District #1 paid $4,000 more to the fiscal agent than was expended on their behalf):

B. Record an accounts receivable from the fiscal agent. Reduce expenditures accordingly.

Account	Debit	Credit
Due from Other Governments – Fiscal Agent 199-00-1243-00-000-Y-00-0-00	$4,000	
Payment to Fiscal Agent of Shared Services Arrangement 199-93-6492-00-999-Y-23-0-00		$4,000

Multiple Source Funding

In many instances, a shared services arrangement will be funded from multiple sources. For example, a special education shared services arrangement might include state and local funds from member districts to pay for the director, counselors, diagnosticians, and shared teachers. The accounting treatment in Model #3 would be applied to this portion of the shared services arrangement. Additionally, IDEA funds might flow from the granting agency to the fiscal agent for other services provided to the students. Depending on how the grant is written, the accounting treatment in either Model #1 or Model #2 would apply to that portion of the funds.

Normally, when funds are received from multiple sources, (1) each source will be recorded in a separate fund; and (2) the accounting treatment should be determined independently for each fund to avoid confusion.

Type of Change	Changes to FASRG v. 20
	Sample Notes to the Financial Statements **Fiscal agents are required to disclose SSAs in notes to the financial statements. The following is an example of a note with the required disclosures. Multiple SSAs may be listed with multiple columns in a table-type listing. Districts and ESCs may expand on the information included and are not required to follow this example, but they should ensure all relevant information is included. Details of the disclosure should be based on each SSA agreement, whether written or not, as the terms and methods of operation vary among SSAs.** ***Shared Services Arrangement – Fiscal Agent*** ***The district is the fiscal agent for a Shared Services Arrangement ("SSA") which provides an Alternative Education Program for at risk students to the member districts below. All services are provided by the fiscal agent. The district has accounted for the activities of the SSA using Model 3 according to the Resource Guide. Expenditures of the SSA are summarized below:*** ***Member districts*** | ***Expenditures*** ***District A*** | ***$ xxx,xxx*** ***District B*** | ***xxx,xxx*** ***Total*** | ***$ xxx,xxx*** **Some districts also choose to disclose participation as a member of a SSA. The following is an example of a note regarding membership in a SSA.** ***Shared Services Arrangement – Membership*** ***The district participates in a shared services arrangement ("SSA") for Special Education with the following school districts:*** ***Member Districts*** ***District A*** | ***District C*** | ***District E*** ***District B*** | ***District D*** | ***District F*** ***The district does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The district neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the district have a net equity interest in the fiscal agent. The fiscal agent manager is responsible for all financial activities of the SSA.***

Type of Change	Changes to FASRG v. 20
Deletion Module 1 (struck through text only)	*1.3.2.3 Revenue Recognition* If your district uses the purchase method of accounting in its governmental funds and the consumption method produces different results, the difference should be included in the reconciliations of governmental funds to governmental activities [~~(Guide to Implementation of GASB Statement 34 and Related Pronouncements)~~].
Revision Module 1	*1.3.2.4 Fund Balance* Auditors should use the most recent **Compliance Supplement** published by the **OMB. An** SFA must operate its food services on a nonprofit basis; all revenue generated by the school food service must be used to operate and improve its food services.
Revision Module 1	*1.3.3.1 Overview of Teacher Retirement Contributions and Payments* For more information on TRS contributions and reporting requirements, refer to the **TRS RE Payroll Manual.**
Revision Module 1	*1.3.4.2 Definition of Terms Related to Pension Accounting for GASB 68 and 75* Measurement date—the end of the fiscal year of the pension plan and the period for which pension expense is calculated by the TRS. For example, if the TRS uses a measurement date of August 31, **2024**, and a district has a fiscal year end of August 31, **2025**, then that district must use the measurement date of August 31, **2024**, because the audited financial statements of the **2025** pension plan will not be available in time for the district's financial reporting for **2025**. Items that occur after the measurement date but before the district's fiscal year end that would normally be pension expense/(revenue) during the plan fiscal year will be recorded as deferred outflows/(inflows) of resources.
Deletion Module 1	~~*[1.5.2.1 State Compensatory Education Audit*~~ ~~For information on required reports related to State Compensatory Education, see~~ • ~~Module 6: Compensatory Education, Guidelines, Financial Treatment, and an Auditing and Reporting System and~~ • ~~the State Compensatory Education page on the Division of Financial Compliance website.~~]
Revision Module 1	

Type of Change	Changes to FASRG v. 20
	*1.5.2.**1** State Reporting for Bonds* Exhibit 1.5.2.**1**.A State Bond Reporting Requirements and Related Issue *1.5.2.**2** Other State-Required Report—Municipal Advisory Council* *1.5.2.**3** TSDS PEIMS Reporting* *1.5.2.**4** District Reporting Schedule*
Revision Module 1	1.7.1 List of Publications The following IRS publications address tax issues that come up frequently for school districts: • Publication 15: (Circular E), Employer's Tax Guide • Publication 463: Travel, Entertainment, Gift, and Car Expenses • **Form 3903: Moving Expenses** • Publication 525: Taxable and Nontaxable Income • **Business Expense Resources**
Revision Module 1	*1.7.4.6 Social Security Taxes* For additional information, see **Tax information for federal, state and local government** on the IRS website.
Deletion Module 1	Bibliography [~~American Institute of Certified Public Accountants. Statements on Auditing Standards.~~ ~~American Institute of Certified Public Accountants. Accounting Principles Bulletin.~~

Type of Change	Changes to FASRG v. 20
	~~Opinions.~~ ~~American Institute of Certified Public Accountants. AICPA Accounting Standards Executive Committee (AcSEC) Practice Bulletins.~~ ~~American Institute of Certified Public Accountants. AICPA Issues Papers.~~ ~~American Institute of Certified Public Accountants. AICPA Professional Standards.~~] [~~Financial Accounting Standards Board. FASB Interpretation.~~ ~~Government Finance Officers Association. GAAFR Review.~~]
Revision FAR Appendices	Financial Accountability System Resource Guide, Update **20** Financial Accounting and Reporting Appendices Texas Education Agency **2026**
Revision FAR Appendices	A.2 Fund Codes 100–600 GOVERNMENTAL FUND TYPES Texas school districts use the following five governmental fund types: • General Fund—Used to account for all financial resources except those required to be accounted for in another fund. • Special Revenue—Used to account for the proceeds of specific revenue sources, other than trusts for individuals, private organizations, or other **governments, or** major projects. Expenditures are for a specified purpose other than the debt service or capital projects funds.
Revision FAR Appendices	A.2 Fund Codes

Type of Change	Changes to FASRG v. 20
	ℛ214 **Title IV, Part A—Student Support and Academic Enrichment** **This code is used to account for funds granted to increase the capacity of school systems, campuses, and communities to:** • **provide all students with access to a well-rounded education,** • **improve school conditions for student learning, and** • **improve the use of technology in order to improve the academic achievement and digital literacy of all students.** **(ALN 84.424A)**
Revision FAR Appendices	A.2 Fund Codes ℛ241 Regional Education Service Center Child Nutrition **This code is used by** regional education service **centers to** account for funds to operate a regional program of administrative support for the child nutrition program.
Revision FAR Appendices	A.2 Fund Codes ℛ255 Title II, Part A—**Supporting Effective Instruction** This code is used to account for funds used to: • **increase student achievement consistent with the challenging state academic standards** • **improve the quality and effectiveness of teachers, principals, and other school leaders** • **increase the number of teachers, principals, and other school leaders who are effective in improving student academic achievement in schools, and**

Type of Change	Changes to FASRG v. 20
	• **provide low-income and minority students greater access to effective teachers, principals, and other school leaders.** (ALN 84.367A)
Revision FAR Appendices	A.2 Fund Codes ℛ258 Charter School **Program** This code is used to account for funds granted to public charter schools for **the planning, program design, and initial implementation of charter schools, and to support the growth of high-quality charter schools.** (ALN 84.282)
Revision FAR Appendices	A.2 Fund Codes ℛ270 Title V, Part B, Subpart 2—Rural and **Low-income** School Grant Program This code is used to account for funds allocated to **rural school districts to address their unique needs**. (ALN 84.358B)
Deletion FAR Appendices	A.2 Fund Codes ~~[ℛ273 **Mathematics and Science Partnerships**~~ ~~This code is used to account 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~~ ~~• recruiting math, engineering, and science majors to teaching.~~

Type of Change	Changes to FASRG v. 20
	~~(ALN 84.336B)~~]
Deletion FAR Appendices (footnotes only)	A.2 Fund Codes ℛ276 Title I School Improvement Program (SIP) Academy Grant Every Student Succeeds Act of 2015 (ESSA), which reauthorized Elementary and Secondary Education Act (ESEA), replaced the No Child Left Behind Act of 2001 (NCLB Act). ESSA authorizes funds to help TEA and districts address the needs of campuses in improvement, corrective action, and restructuring in order to improve student achievement.[~~3~~] In addition, a portion of SIP funds[~~4~~] must be used to leverage change and improve technical assistance[~~5~~] provided through TEA's and districts' targeting activities toward measurable outcomes as required by the US Department of Education (USDE). Expected results from the use of these grants include: [~~3 NCLB Act, §1003(g)~~] [~~4 NCLB Act, §1003(a)~~] [~~5 NCLB Act, §1116 and §1117~~]
Deletion FAR Appendices	A.2 Fund Codes ~~[ℛ277 Coronavirus Relief Fund – CARES Act~~ ~~This code is used to account for federal stimulus Coronavirus Relief Funds granted to LEAs through the CARES Act for necessary expenditures incurred due to the public health emergency with respect to the COVID-19 pandemic. Funds are to reimburse LEAs for expenses related to COVID-19 that were incurred between March 1, 2020, and December 30, 2020.~~ ~~(ALN 21.019)~~]

Financial Accountability System Resource Guide v. 20
Change Document

Type of Change	Changes to FASRG v. 20
Revision FAR Appendices	A.2 Fund Codes ℛ342 Shared Services Arrangements—Title II, Part A—Teacher and Principal Training and Recruiting The fiscal agent of a shared services arrangement uses this code to account for financial assistance to districts to: • **increase student achievement consistent with the challenging state academic standards,** • **improve the quality and effectiveness of teachers, principals, and other school leaders,** • **increase the number of teachers, principals, and other school leaders who are effective in improving student academic achievement in schools, and** • **provide low-income and minority students greater access to effective teachers, principals, and other school leaders.**
Revision FAR Appendices	A.2 Fund Codes ℛ350 Shared Services Arrangements—Title III, Part A—English Language Acquisition, Language Enhancement, and Academic Achievement Act The fiscal agent of a shared services arrangement uses this code to account for funds granted to help children who have limited English proficiency to learn English and meet **challenging academic achievement** standards. (ALN 84.365A)
Deletion FAR Appendices	A.2 Fund Codes [~~ℛ357 **Shared Services Arrangements—Mathematics and Science Partnerships**~~ ~~The fiscal agent of a shared services arrangement uses this code to account 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. (ALN 84.336B)~~]

Type of Change	Changes to FASRG v. 20
Deletion FAR Appendices	## A.2 Fund Codes [~~R862 Custodial Fund for Instructional Material Waiver Refunds~~ ~~This code was used for a clearing account for refunds received from TEA because of waivers granted for instructional materials. TEA discontinued the instructional materials waiver process beginning with the 2011–2012 school year. This code is not reported through the TSDS PEIMS.~~]
Revision FAR Appendices	*A.2.1 Unavailable or Reserved Fund Codes* The following table lists codes that are unavailable or reserved for future state definition. When a code is no longer being used, it is placed in "unavailable" status for 10 years to prevent **it from** being used with two different meanings. After it has been unavailable for 10 years, its status is changed to "reserved for future state definition," which means that it may be assigned to a new use as the need arises.

		Reserved for Future State Definition
100–600, Governmental Fund Types		
100, General Fund		
	104, 105	103 106–160
200, 300, 400, Special Revenue Funds		
201–289, Special Revenue: Federal Programs		
	202 204 207, 208 210 **215–**217 219 221 231–235	201

Type of Change	Changes to FASRG v. 20			
		237 243 249 252 254 256, 257 260–262 **273** **277** 286–287		
	291–379, Special Revenue: Shared Services Arrangements—Federally Funded			
		291 293 295–297 299 302–304 306 310 318 320–324 326 330 336 339 341 343 348, 349 351 353 356 **357**	305 308 344 346 362, 363	

Type of Change	Changes to FASRG v. 20		
		358–361	
	381–429, Special Revenue: State-Funded Programs		
		389 394 401 411 413 417 418 420, 421 423–426 428	
	431–459, Special Revenue: Shared Services Arrangements—State Funded or Locally Funded		
			440, 443–445
	461–499, Special Revenue: Local Programs		
			462–469 470–471
	500, Debt Service Funds		
			501–510
	600, Capital Projects Funds		
		601	602–615
	700, Proprietary Fund Types		
	701–749, Enterprise Funds		
		702	703–710
	751–799, Internal Service Funds		
			756–769
	800, Fiduciary Fund Types and Similar Component Units		
	811–829, Private-Purpose Trust Funds		
		811–815	

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td>
<table>
<tr><td colspan="3">831–849, Investment Trust Funds</td></tr>
<tr><td></td><td>831
833</td><td>832
834
835</td></tr>
<tr><td colspan="3">851–859, Pension and Other Employee Benefit Trust Funds</td></tr>
<tr><td colspan="3">861–899, Custodial Funds</td></tr>
<tr><td></td><td>866–872</td><td>801-810
862-864
873–875</td></tr>
<tr><td colspan="3">900, General Capital Assets and Long-Term Debt</td></tr>
<tr><td></td><td></td><td>903–999</td></tr>
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</td></tr>
<tr><td>Deletion FAR Appendices

(Function Code 41 chart, Costs to Exclude column)</td><td>

A.3 Function Codes

- [~~incremental costs of tax collection due to purchase of weighted average daily attendance (WADA) from either the state or other school districts (function code 92)~~]

</td></tr>
<tr><td>Revision FAR Appendices</td><td>

A.3 Function Codes

ℛ91 **Purchase of WADA to Reduce Excess Local Revenue**

This code is used exclusively **by school districts with local revenue in excess of entitlement** for the purchase of weighted average daily attendance (WADA) from either the state or other school districts **to reduce the district's local revenue level**.

</td></tr>
</table>

Type of Change	Changes to FASRG v. 20
Deletion FAR Appendices	

A.3 Function Codes

[~~R~~92 ~~**Incremental Costs Associated with the Purchase of WADA under the Texas Education Code, Chapter 49**~~

~~This code is for costs to position a school district with excess wealth per student in weighted average daily attendance (WADA) to purchase attendance credits either from the state or from another school district.~~

~~For costs classified with this function code, your school district must use program intent code 99 (Undistributed) and organization code 999 (Undistributed).~~

~~**Function Code 92—Costs to Include:**~~	~~**Function Code 92—Costs to Exclude (correct function code appears in parentheses):**~~
• ~~salaries and expenditures related to the cost of collecting excess taxes to purchase WADA~~ • ~~salaries and expenditures related to the cost of legal fees or election expenses incurred to purchase WADA~~	• ~~normal tax collection costs of the school district (function code 41)~~ • ~~normal legal and election costs of the school district (function code 41)~~ • ~~amounts collected as "costs" from a taxpayer and subsequently paid to an attorney for collecting delinquent taxes (liability object code 2110, Accounts Payable)~~]

Revision FAR Appendices	*A.3.1 Unavailable or Reserved Function Codes*

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td>
<table>
<tr><th>Category of Funds</th><th>Unavailable</th><th>Reserved for Future State Definition</th></tr>
<tr><td colspan="3">Function Codes</td></tr>
<tr><td></td><td>92
98</td><td>14-19
22
24-29
37-39
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72-79
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96</td></tr>
</table>
</td></tr>
<tr><td>Deletion
FAR
Appendices</td><td>A.4.1 Asset Object Codes

[R <s>1420 Capitalized Bond and Other Debt Issuance Costs</s>

<s>This code is used to record certain bond and other debt issuance costs, including lease and financed purchase issuance costs that are capitalized.</s>]</td></tr>
<tr><td>Revision
FAR
Appendices</td><td>A.4.1 Asset Object Codes

1530–1539 Furniture and Equipment

The codes in this series are used to record the value of furniture and equipment meeting the following capital outlay criteria:

• $10,000 cost per unit or more
• and a useful life of more than one year (see the 6600 series of expenditure or expense object codes).</td></tr>
</table>

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td>Revision
FAR
Appendices</td><td>

A.4.1 Asset Object Codes

1540–1549 Capital Assets—District Defined (Purchased or Financed Purchase)

This code is used at the discretion of your school district if district policy requires the capitalization of items that individually or, as a group,

- are less than the **$10,000** criterion identified in the 1530 series of accounts (see the 6600 series of expenditure or expense object codes), or
- meet local criteria for grouped assets.

</td></tr>
<tr><td>Revision
FAR
Appendices</td><td>

A.4.2 Liability Object Codes

2300 **UNEARNED** REVENUE (INFLOWS OF RESOURCES)

ℛ2310 **Unearned** Revenue

This code is used to account for unearned revenues, which are a liability that represents amounts received, but not yet earned. Unearned revenue is cash or other assets received for a service or product that has yet to be provided or delivered.

<table>
<tr><th>Object Code 2310—Unearned Revenue to Include:</th><th>Object Code 2310—Unearned Revenue to Exclude:</th></tr>
<tr><td>

- advance payment of tuition **received by the district**
- **advance rent payments to the district**
- **fees received for prepaid services**
- preseason football ticket **sales**

</td><td>

- all receipts recognized as revenues
- **intra-entity sales of future revenues**

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</table>

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</table>

Type of Change	Changes to FASRG v. 20
Revision FAR Appendices	*A.4.2 Liability Object Codes* 2600 **DEFERRED INFLOWS OF RESOURCES** Deferred inflows of a school district are recorded using the 2600 series of codes. Deferred inflows, like revenues, increase net position, but the increase applies to a future period, not to the current period. This account has a negative effect on net position similar to that of liabilities. A key point is that the inflow of resources has already occurred but applies to a future period; hence it is deferred. The following formula applies: Net Position = assets + deferred outflows – liabilities – deferred inflows. GASB Concepts Statement No. 4 indicates that recognition of deferrals should be limited to items specifically identified by GASB. See GASB Statement No. 65, paragraphs 5 through 33. Some examples of deferred inflows of resources are as follows: • grants received in advance of meeting timing requirements • taxes received in advance • deferred amounts from refunding of debt (credit entries – cr) • proceeds from sales of future revenues • unavailable revenue in governmental funds **that represents amounts earned, but which are not available (not collectible in the relatively near future or when all eligibility requirements other than time requirements have been met), such as current and delinquent property taxes due** **Unavailable Revenue = Beginning Unavailable Revenue + Current Year Tax Levied – Current Year Tax Uncollectable – Tax Collections** • loan origination fees not including points • commitment fees related to exercise or expiration of contract options • fees for sale of loans

Type of Change	Changes to FASRG v. 20
Revision FAR Appendices	*A.4.5 Revenue Object Codes* 5950 SHARED SERVICES ARRANGEMENTS—FEDERAL REVENUES **For purposes of these revenue object codes, federal revenues are defined as federal funds granted through an application where the entire grant is funded by the federal government, even though a state government may distribute the funds. Examples of federal funds included in these revenue object codes are:** • **Federally funded Adult Basic Education programs** • **Title I, Part A—Improving Basic Programs** • **Title I, Part C—Education of Migratory Children** Federal revenues from shared services arrangements **include** federal funds received from either: • a member district by a fiscal agent or • a fiscal agent by a member district.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* ℛ 6139 Employee Allowances Questions regarding taxable income for the employee for these allowances should be directed to the Internal Revenue Service. See Module 1, section **1.7**, Tax Concerns and Obligations for further guidance.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* ℛ 6144 Teacher Retirement or TRS Care—On-Behalf Payments and Medicare Part D Payments

Type of Change	Changes to FASRG v. 20
	An equal revenue amount should be recorded using code 5831, Teacher Retirement or TRS Care—On-Behalf **and Medicare Part D** Payments. Medicare Part D payments made by the federal government to the TRS are also recorded to this account with an equal revenue amount to object code 5831, Teacher Retirement or TRS Care—On-Behalf **and Medicare Part D** Payments. For more information, see Module 1, sections 1.2.5.**3** Payroll Liabilities and 1.3.3 On-Behalf Teacher Retirement System Payments.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* 6310–6319 Supplies and Materials for Maintenance and Operations This group of codes is used to classify expenditures or expenses for supplies and materials necessary to maintain or operate furniture, computers, equipment (including telecommunications equipment), vehicles, grounds, and facilities of the school district. **The expenditures or expenses in this group of accounts occur when district employees purchase supplies directly for use rather than when supplies are provided by a contractor as part of a contracted service.**
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* 6320–6329 INSTRUCTIONAL MATERIALS This group of codes is used to classify expenditures or expenses for **the purchase of** instructional materials; magazines, periodicals, newspapers, and reference books, in print or electronic format; and technological **equipment placed** in the classroom or in an office.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* ℛ6329 Reading Materials

Type of Change	Changes to FASRG v. 20
	This code is used to classify all expenditures or expenses for magazine subscriptions and newspaper subscriptions that are placed in classrooms, offices, or libraries, whether in print or electronic format. Also included are reference books and other reading materials placed in a classroom or office that are not cataloged and controlled by the library. This code also includes library books and media that do not meet the capitalization criteria of the school and have a per unit value of less than **$10,000** or a useful life of one year or less.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* **ℛ6339** **Testing Materials** This code is used to classify expenditures or expenses for testing materials and study materials related to those tests**, including booklets, study guides, practice exams, and online resources.**
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* ℛ6341 Food This code is used to classify expenditures or expenses for food **and** related costs**,** such as transportation, handling, processing, etc. ℛ6342 Nonfood This code is used to classify expenditures or expenses for nonfood items such as napkins, straws, brooms, etc.**, for food service.**
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* ℛ6399 General Supplies

Type of Change	Changes to FASRG v. 20
	This code is used to classify expenditures or expenses for those items of relatively low per unit cost (cost less than the capitalization rate, which may not exceed $**10,000**, even though used in large quantities) necessary for the instruction process or for administration.

Object Code 6399—Expenditures to Include:	Object Code 6399—Expenditures to Exclude:
• consumable teaching and office items such as paper, pencils, forms, postage, etc. • workbooks • audio-visual aids, such as video, CD, or DVD disks; flash drives, software • site licenses, single or limited use software, such as apps for tablets, etc. that have a per unit cost of less than $**10,000** • supplies for a satellite dish and other supplies for technology	• purchase of furniture, technology equipment, software, and capital outlay items having a per unit cost of $**10,000** or more (object code 6639) • items that do not meet the individual $**10,000** capital asset criterion, but by district policy, are defined to be capital assets or aggregated items that equal or exceed $**10,000** (for example, library books) (object code 6649 or 6669) • site licenses, single or limited use software, such as apps for tablets, etc. that have a per unit cost that is equal to or exceeds $**10,000** (object code 6639 or 6659) • **contracts for the right to use another party's information technology software that is defined as a Subscription-Based Information Technology Arrangement (SBITA) (see 1.2.4**

Type of Change	Changes to FASRG v. 20
	Capital Assets and Contractual Arrangements in Module 1) Note: Any local option codes that your district uses must be converted to object code 6399 for the TSDS PEIMS reporting. Certain items, such as software, mentioned in this definition may be recorded under the 666X account series according to local policies for capitalization. For more clarification, see FASRG Module 1 1.2.4 Capital Assets **and Contractual Arrangements.**
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* 6410 Travel, **Training,** Subsistence, and Stipends These expenditure object codes must be used to classify travel, **training**, subsistence, and stipends to both employees and nonemployees.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* 6417–6418 Travel**, Training,** and Subsistence—Locally Defined These codes are used, at the option of your district, to classify travel and subsistence not specifically defined elsewhere.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* ℛ6419 Travel, Training, and Subsistence—Nonemployees

Type of Change	Changes to FASRG v. 20

	This code is used to classify the costs of travel and subsistence that are:
	• associated with traveling on official school business and
	• incurred by persons who are participating in district-controlled or district-directed activities and who are not employed by the district, including:
	  ○ parents
	  ○ board members
	  ○ other nonemployees
	
	Expenditures or expenses classified in this object code include:
	• transportation, meals, room, and other travel costs not specified elsewhere;
	• registration fees associated with attending conferences, seminars, in-service training, etc. **(virtually or in-person)**; and
	• allowances related to participating in district-controlled or district-directed activities.

Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* ℛ6492 Payments to Fiscal Agents of Shared Services Arrangements This code is used to classify expenditures or expenses for amounts **that a member district of a shared services arrangement paid to the fiscal agent of the shared services arrangement.** The expenditure is classified in function code 93, Payments to the Fiscal Agent or Member Districts of Shared Services Arrangements. ℛ6493 Payments to Member Districts of Shared Services Arrangements This code is used to classify expenditures or expenses for amounts **that a fiscal agent of a shared services arrangement paid to a member district of a shared services arrangement**. The expenditure is classified in function code 93, Payments to the Fiscal Agent or Member Districts of Shared Services Arrangements.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes*

Type of Change	Changes to FASRG v. 20
	ℛ6495 Dues This code is used to classify expenditures or expenses for dues paid to clubs, committees, or other organizations. Examples of organizations include the Texas Association of School Administrators (TASA), Texas Association of School Psychologists (TASP), Texas Association of School Boards (TASB), Lions Club, Rotary Club, [~~and~~] local chambers of commerce, and other associations. This does not include any registration fees associated with attending conferences or seminars, which are classified in object code 6411, Travel**, Training,** and Subsistence—Employee Only.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* ℛ6514 SBITA–Principal This code is used to classify expenditures to retire the principal of subscription-based information technology **arrangements for leases** with a term greater than 12 months. 6517–6518 Debt **Principal**—Locally Defined These codes are used, at the option of the school district, to classify principal on debt service not defined above.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* 6600 CAPITAL OUTLAY—LAND, BUILDINGS, AND EQUIPMENT This major classification is used to classify expenditures for capital assets. See FASRG Module 1 section 1.2.4 Capital Assets **and Contractual Agreements** for capital asset requirements.
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* 6630 Furniture and Equipment

Type of Change	Changes to FASRG v. 20
	This code is used to classify expenditures for the purchase of furniture and equipment having a per unit cost of **$10,000** or more and a useful life of more than one year as listed below. If the per unit cost is less than **$10,000** and the district, by policy, elects to capitalize the expenditure, the district should use the code series 6640, Capital Assets—District Defined. ℛ6631 Vehicles Per-Unit Cost of **$10,000** or More This code is used to classify expenditures for the purchase of vehicles having a per unit cost of **$10,000** or more and a useful life of more than one year. If the per unit cost is less than **$10,000** and the district, by policy, elects to capitalize the expenditure, the district should use the code series 6640, Capital Assets—District Defined. 6635–6638 Furniture**, Equipment, and Software**—Locally Defined These codes are used, at the option of your district, to classify expenditures for furniture**, equipment, and software**. Note: For the TSDS PEIMS reporting, these codes are converted to object code 6639. ℛ6639 Furniture, Equipment and Software This code is used to classify expenditures for all equipment, furniture, technology equipment, and capital outlay items **with** a per unit cost of **$10,000** or more and a useful life of more than one year not classified elsewhere. Note: Any local option codes that your district uses must be converted to object code 6639 for the TSDS PEIMS reporting. Object Code 6639—Expenditures to Include: • telephone systems • intercommunication and telecommunication systems Object Code 6639—Expenditures to Exclude: • contract programming non-ownership (object code 6219) • lease-purchases with **$10,000** or more per unit costs (object code 6659)

Type of Change	Changes to FASRG v. 20
	• mainframes, servers, and other computer or network equipment • high capacity copy machines • purchase or lease of site licenses, single use software, software applications (apps), such as apps for tablets, etc., if more than **$10,000** or more per unit costs • maintenance fees and/or upgrades (object code 6249) • purchase or lease of site licenses, single use software, apps for tablets, network fees, etc. under **$10,000** per unit cost (object code 6399 or 6659) • items that do not meet the individual **$10,000** capital asset criterion, but by school district policy are defined to be a capital asset or aggregated items that equal or exceed **$10,000** (example: library books) (object code 6649 or 6669)
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* 6640 CAPITAL ASSETS—DISTRICT DEFINED These expenditure object codes are used to classify any items that do not meet the individual **$10,000** capital asset criterion, but by school district policy, are required to be recorded as capital assets either: • when your district policy requires an item costing less than **$10,000** to be defined as a capital asset; or, • when aggregate amounts purchased equal or exceed **$10,000**. ℛ6641 Vehicles Per-Unit Cost of Less than **$10,000** This code is used to classify expenditures for the purchase of vehicles having: • a per unit cost of less than **$10,000** and

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td>

- a useful life of more than one year.

ℛ6649 Capital Assets—Other—Locally Defined Groupings

This code is used at the discretion of your district if the district policy requires the capitalization of items that individually, or as a group, are less than the **$10,000** criterion identified in the 6630 series of accounts. If a school district does not account for these items under object code 6649, then the items must be classified under object code 6399, General Supplies.

</td></tr>
<tr><td>Revision FAR Appendices</td><td>

A.4.6 Expenditure and Expense Object Codes

ℛ6649 Capital Assets—Other—Locally Defined Groupings

This code is used at the discretion of your district if the district policy requires the capitalization of items that individually, or as a group, are less than the **$10,000** criterion identified in the 6630 series of accounts. If a school district does not account for these items under object code 6649, then the items must be classified under object code 6399, General Supplies.

</td></tr>
<tr><td>Revision FAR Appendices</td><td>

A.4.6 Expenditure and Expense Object Codes

<table>
<tr><th>Object Code 6659—Expenditures and Expenses to Include:</th><th>Object Code 6659—Expenditures and Expenses to Exclude:</th></tr>
<tr><td>

- lease-purchase of:
  - telephone systems
  - intercommunication and telecommunication systems

</td><td>

- contract programming nonownership (object code 6219)
- maintenance fees and/or upgrades (object code 6249)
- purchase of site licenses, single use software, such as apps for

</td></tr>
</table>

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</table>

Type of Change	Changes to FASRG v. 20
	○ mainframes, servers, and other computer hardware or network equipment ○ high capacity copy machines tablets, network fees, etc. (object code 6399 if less than **$10,000,** or code 6669, if in the library)
Revision FAR Appendices	*A.4.6 Expenditure and Expense Object Codes* ℛ6669 Library Books and Media This code is used to classify expenditures for books and videos that meet one or more of the following criteria: • have one year or more useful life and • meet the capitalization criteria of the school, or • have a per unit value of equal to or greater than **$10,000** and • are catalogued and controlled by the library.
Revision FAR Appendices	*A.4.7 Other Resource and Nonoperating Revenue Object Codes* Other resource is a resource such as proceeds from • the sale of bonds or real and personal property, • **leases**, and • operating transfers in.
Revision FAR Appendices	*A.4.7 Other Resource and Nonoperating Revenue Object Codes* ℛ7913 Proceeds from Right to Use Leased Assets **and SBITAs**
Revision	*A.4.7 Other Resource and Nonoperating Revenue Object Codes*

Type of Change	Changes to FASRG v. 20

FAR Appendices	ℛ7919 **Unusual or Infrequent** Items
	
	This code is used to classify resources for events and transactions that are either unusual in nature or infrequent in occurrence.
	
	Either of the following criteria must be met to classify an event or transaction as unusual in nature or infrequent in occurrence[6]:
	
	• **Unusual nature—The underlying event or transaction should possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity, taking into account the environment in which the entity operates.**
	
	• **Infrequency of occurrence—The underlying event or transaction should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the entity operates.**
	
	Included as unusual or infrequent items are:
	• insurance proceeds to cover significant costs related to:
	  ○ a natural disaster caused by fire, flood, **or tornado; or**
	  ○ **an environmental disaster; or**
	• **a large bequest to a small government by a private citizen.**
	
	[6] **GASB Statement 103 states that inflows and outflows related to each unusual or infrequent item should be presented separately and not netted on the government-wide statement of activities; the governmental fund statement of revenues, expenditures, and changes in fund balances; and the proprietary fund statement of revenues, expenses, and changes in fund net position.**

[6] GASB Statement 103 states that inflows and outflows related to each unusual or infrequent item should be presented separately and not netted on the government-wide statement of activities; the governmental fund statement of revenues, expenditures, and changes in fund balances; and the proprietary fund statement of revenues, expenses, and changes in fund net position.

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td>Revision
FAR
Appendices</td><td>A.4.8 Other Uses and Nonoperating Expenses Object Codes

8900 OTHER USES, SPECIAL ITEMS, AND NONOPERATING EXPENSES</td></tr>
<tr><td>Revision
FAR
Appendices</td><td>A.4.8 Other Uses and Nonoperating Expenses Object Codes

ℛ8913 Unusual or Infrequent Items

This code is used to classify events and transactions that are either unusual in nature or infrequent in occurrence.

Either of the following criteria must be met to classify an event or transaction as unusual in nature or infrequent in occurrence:

• Unusual nature—The underlying event or transaction should possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity, taking into account the environment in which the entity operates.
• Infrequency of occurrence—The underlying event or transaction should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the entity operates.

This code may include significant costs for unusual or infrequent events and transactions related to:
• a natural disaster caused by fire, flood, or tornado; or
• an environmental disaster.</td></tr>
<tr><td>Revision
FAR
Appendices</td><td>A.4.9 Unavailable or Reserved Object Codes
<table><tr><th>Category of Object Codes</th><th>Unavailable</th><th>Reserved for Future State Definition</th></tr><tr><td colspan="3">Asset Object Codes</td></tr><tr><td></td><td>1430</td><td>1600–1699</td></tr></table></td></tr>
</table>

Type of Change	Changes to FASRG v. 20		
	Fund Balance or Net Position Object Codes		
		3420 3440	3100 3300
	Revenue Object Codes		
		5747 5832	5713–5715 5724–5726 5731–5734 5756 5761–5765 5770–5790 5814–5816 5821–5825 5833–5835 5843–5845 5850–5890 5911–5915 5924–5926 5933–5935 5942–5945 5953–5955 5960–5990
	Expenditure and Expense Object Codes		
		6132	6111 6113–6115 6123–6124 6133 6150-6190 6215 6225–6226 6231–6233 6241–6243 6251–6254 6261–6263

Type of Change	Changes to FASRG v. 20
	6270–6289 6292–6293 6312–6314 6322–6324 6331–6333 6345–6347 6350–6380 6391–6394 6414–6416 6421–6424 6431–6433 6441–6443 6450–6480 6496 651**5**–6516 6530–6580 6591–6593 6611–6613 6621–6623 6632–6634 6642–6643 6652–6653 6661–6664
Revision FAR Appendices	## A.8 Program Intent Codes Your district must monitor expenditures to ensure that the limit on indirect costs is observed and must take necessary steps to meet this requirement. The United States Department of Education (USDE) has given TEA authority to issue indirect cost rates for independent school districts (districts), open-enrollment charter schools, and certain other government entities. For additional guidance in the areas of direct and indirect costs, your district may refer to the Indirect Cost Rates webpage on the TEA website.

Type of Change	Changes to FASRG v. 20
	To ensure compliance with FSP special allotment programs' spending, TEA policy provides maximum flexibility to school districts by averaging costs over a three-year period. Additionally, TEA will integrate the general fund with the ESSER fund codes 266, 281, 282, and 283 in compliance calculations. The inclusion of ESSER funds is for state compliance requirements only and does not apply to federal fiscal compliance requirements. While your district uses unallocated amounts in compliance calculations, TEA uses allocated amounts in **its** calculations for compliance purposes. From a budgeting perspective, your district can budget to meet the minimum spending requirements using unallocated. **Consequently**, when TEA uses allocated amounts, your district would meet the spending requirements.
Deletion FAR Appendices (struck through rows only)	

A.8 Program Intent Codes

Code No.	Name	Description
Basic Services		
[~~26~~	~~Nondisciplinary Alternative Education Programs (AEP)—Basic Services~~	~~Costs for programs to serve students at risk of dropping out~~]
[~~28~~	~~Disciplinary Alternative Education Program (DAEP)—DAEP Basic Services~~	~~Costs incurred to provide general, or basic, education services to students who are moved from the regular classroom into a DAEP~~]
Enhanced Services		
[~~26~~	~~Nondisciplinary Alternative Education Programs (AEP)—Supplemental Services~~	~~Costs of supplemental education services targeted at dropout prevention and recovery of students defined in the authorizing statutes, the TEC, §29.081, and the TEC, §48.104~~]
[~~29~~	~~Disciplinary Alternative Education Program—DAEP State Compensatory Education Supplemental Costs~~	~~Supplemental costs for PIC 28 SCE costs incurred to supplement the general, or basic, education services provided to students who are moved from the regular classroom into a DAEP~~]
[~~30~~	~~Title I, Part A, Schoolwide Activities Related to State~~	~~For Title I, Part A, schoolwide activities related to SCE and other costs on campuses with a current~~

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td>
<table>
<tr><td></td><td>~~Compensatory Education and Other Costs on Campuses with a Current Schoolwide Status~~</td><td>~~Title I, Part A schoolwide status. Note: ESSA allows for schools in which less than 40 percent of the students are from low-income families to apply for a waiver to be eligible to operate a schoolwide program.~~]</td></tr>
</table>
</td></tr>
<tr><td>Revision
FAR
Appendices</td><td>
<h2>A.8 Program Intent Codes</h2>
<table>
<tr><td>Code No.</td><td>Name</td><td>Description</td></tr>
<tr><td colspan="3">Enhanced Services</td></tr>
<tr><td>24</td><td>Compensatory Education Services and Accelerated Instruction</td><td>Costs incurred to provide compensatory education and accelerated instruction to identified at-risk and low socioeconomic status students</td></tr>
</table>
</td></tr>
<tr><td>Revision
Module 3</td><td>
<h3>A.8.1 Program Intent Codes (PICs)—Basic Services and Enhanced Services</h3>
Basic services refer to services in which basic instruction (curriculum available to all students) is provided. These services are provided at regular campuses, disciplinary campuses, and alternative education campuses. The cost for these services should be coded to PIC 11, Basic Educational Services.
</td></tr>
<tr><td>Deletion
FAR
Appendices
(struck through text only)</td><td>A.8.4 Program Intent Codes—Compliance Monitoring</td></tr>
</table>

Type of Change	Changes to FASRG v. 20			
		Program Intent Code 11—Costs to Include:	Program Intent Code 11—Costs to Exclude (with Correct Program Intent Code):	
			Costs incurred related to: • [~~Day care and parenting classes for student teen parents (PIC 24)~~] • [~~Basic services for DAEPs (PIC 28)~~ • ~~Services for alternative education programs (nondisciplinary) that do not represent costs for providing services to students at risk of dropping out of school, as defined under the TEC, §29.081 (PIC 26)~~ • ~~Costs for nondisciplinary alternative education programs (PIC 26)~~] • [~~AEP costs (Basic and Supplemental)~~] • [~~Title I, Part A, schoolwide activities related to State Compensatory Education (SCE) on campuses with a current schoolwide status (PIC 30)~~] • [~~SCE costs incurred to provide supplemental services in~~	

Type of Change	Changes to FASRG v. 20
	~~support of a Title I, Part A, targeted assistance program. (PIC 24)~~] • [~~Services to pre-K students–SCE (ages below five) (PIC 24)~~]
Revision Module 3	*A.8.4 Program Intent Codes (PICs)—Compliance Monitoring*

Program Intent Code 11 Costs to Include:	Program Intent Code 11 Costs to Exclude (with Correct Program Intent Code):
Costs incurred related to: • Basic services for education or instruction (pre-K–12) prescribed by Texas law, including a regular education program for limited English proficiency students • Pre-K funded from basic education allotment during one-half of a full-day program (ages below five) • Pre-K funded from High Quality Pre-K Grant (ages below five) • District or campus improvement plan	Costs incurred related to: • Gifted and talented services (PIC 21) • Advanced placement services designated as part of a gifted and talented program (PIC 21) • Additional salaries and related expenditures or expenses associated with band, UIL speech, debate, science competition, class sponsors, student organizations, social clubs, (for example, NHS, Beta Club, Letterman's Club) (PIC 99)

Type of Change	Changes to FASRG v. 20			
		• Honors and college preparatory courses • Advanced placement courses not designated as part of a gifted and talented program • Adult basic and secondary education services • Section 504 students • Physical education (P.E.) classes when athletic activities take place, but P.E. or P.E. equivalent credit is issued • Foreign language courses • TEKS for foundation curriculum and electives in enrichment curriculum as needed for high school graduation • In-school suspension programs • Services for an elective AEP for students not at risk of dropping out of school • **DAEP programs** • **Services to pre-K students under age five**	• Additional salaries and related expenditures or expenses associated with serving as coaches, athletic directors, drill team sponsors, cheerleader sponsors, pep squad sponsors, or other organized activities to support athletics (for example, additional days employed, reduction of class load, length of day, etc.) (PIC 91) • Services to pre-K students–special education (ages below five) (PIC 33) • Services to pre-K students–Bilingual Education (ages below five) (PIC 25)	
Deletion FAR Appendices (struck through text only)	*A.8.4 Program Intent Codes—Compliance Monitoring*			

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td><table>
<tr><td>Program Intent Code 21—Costs to Include:</td><td>Program Intent Code 21—Costs to Exclude (with Correct Program Intent Code):</td></tr>
<tr><td></td><td>Costs incurred related to:
• [~~All DAEP-related activities (PIC 28 and 29)~~]</td></tr>
</table></td></tr>
<tr><td>Deletion FAR Appendices (struck through text only)</td><td>A.8.4 Program Intent Codes—Compliance Monitoring<table>
<tr><td>Program Intent Code 22—Costs to Include:</td><td>Program Intent Code 22—Costs to Exclude (with Correct Program Intent Code):</td></tr>
<tr><td></td><td>Costs incurred related to:
• [~~All DAEP-related activities (PIC 28 and 29)~~]</td></tr>
</table></td></tr>
<tr><td>Deletion FAR Appendices (struck through text only)</td><td>A.8.4 Program Intent Codes—Compliance Monitoring<table>
<tr><td>Program Intent Code 23—Costs to Include:</td><td>Program Intent Code 23—Costs to Exclude (with Correct Program Intent Code):</td></tr>
<tr><td></td><td>Costs incurred related to:
• [~~All DAEP-related activities (PIC 28 and 29)~~]</td></tr>
</table></td></tr>
</table>

Type of Change	Changes to FASRG v. 20
Revision FAR Appendices	*A.8.4 Program Intent Codes (PICs)—Compliance Monitoring* ℛ24 **Compensatory Education Services and** Accelerated Instruction **This code is used for the costs incurred to provide compensatory education to identified at-risk and low socioeconomic status students. Compensatory education under the TEC, §29.081, provides supplemental programs and services for students identified as at risk of dropping out, including students from low socioeconomic backgrounds. These programs are designed to close achievement gaps through intensive or accelerated instruction, using performance data from STAAR/EOC and other assessments. The goal is to help students reach grade-level performance by the end of the next regular school term and improve graduation rates.** **State Compensatory Education (SCE) funds can also be used on Title I, Part A schoolwide campuses to supplement federal Title I funds. At these campuses, all students may receive allowable supplemental services funded by SCE, even if they do not meet state at-risk criteria. However, all programs must originate from a comprehensive needs assessment, be included in the campus or district improvement plan, and comply with statutory requirements for evaluation and public reporting. The intent is to reduce disparities in academic performance and high school completion rates among at-risk students compared to other students.** **Note: The use of PIC 24 is strongly encouraged but not required. When reporting expenditures in PIC 24 to TEA, the expenditures will be automatically rolled by PEIMS into PIC 11 for state reporting purposes.**
Deletion FAR Appendices	*A.8.4 Program Intent Codes—Compliance Monitoring*

Type of Change	Changes to FASRG v. 20
	[~~Program Intent Code 24 Costs to Include:~~] / [~~Program Intent Code 24 Costs to Exclude (with Correct Program Intent Code):~~]
	[~~Costs incurred related to:~~ • ~~[Intensive or accelerated instructional education programs and activities~~ • ~~Concentrated instruction~~ • ~~Smaller class size for learning enhancement (conducted after staffing ratio requirement is accomplished)~~ • ~~Salary for supplemental staff members and instructional staff paraprofessionals~~ • ~~Staff development activities for the instructional staff that add new competencies specific to the instructional needs of students at risk of dropping out of school~~ • ~~Day care and parenting classes~~[~~7~~] ~~o day care for students' children on the campus or at a day care facility in~~	[~~Costs incurred related to:~~ • ~~Basic education program (PIC 11)~~ • ~~Any activities for nondisciplinary alternative education program services (PIC 26)~~ • ~~DAEP-related activities (PICs 28 and 29)~~ • ~~Title I, Part A, schoolwide activities related to State Compensatory Education on campuses with a current schoolwide status (PIC 30)~~ • ~~In-school suspension programs (PIC 11)~~ • ~~Administrative positions (PIC 99)~~]

[~~7~~ ~~TEC, §48.104(j-1)[(2)](1)~~]

Type of Change	Changes to FASRG v. 20			
		~~close proximity to the campus~~ ~~o transportation for children of students to and from the campus or day care facility~~ • ~~Extending the instructional day, week, or year~~ • ~~Implementing new or additional individual and small-group tutorials~~ • ~~Implementing new or additional individual and small-group project-based learning~~ • ~~Specialized computer-assisted and blended instruction~~ • ~~Instructional and specialized instructional materials, equipment, and supplies required for quality instruction~~ • ~~State assessment remediation, including intervention for end-of-course exams~~ • ~~Dropout recovery, prevention, and intervention services for middle and high school students~~ • ~~Individualized instruction programs~~		

Type of Change	Changes to FASRG v. 20			

		• ~~Extended year, week, day, or intersession programs~~
		• ~~Supplemental teachers~~
		• ~~Supplemental limited English proficient (LEP) programs~~
		• ~~Mentoring programs~~
		• ~~Residential placement programs~~
		• ~~Costs associated with placing students in a juvenile justice alternative education program~~
		• ~~Modified curriculum services~~
		• ~~School social workers employed for the SCE program to serve identified at-risk students~~
		• ~~SCE program and student evaluation~~
		• ~~Supplemental programs and services for students who have dyslexia or a related disorder~~
		• ~~Accelerated instruction~~
		  ~~o targeted supplemental (foundation subject) instruction~~
		  ~~o extended day, week, and year instruction~~
		  ~~o tutoring~~		

Type of Change	Changes to FASRG v. 20			
		~~○ transportation for extended day and year programs~~ ~~○ professional development designed to provide instructors the knowledge and skills to deliver accelerated instruction~~ ~~○ the purchase of supplemental instructional materials, equipment for the provision of accelerated services~~ • ~~Accelerated reading instruction program~~ • ~~Expenditures that are for pre-K and are counted toward the 55 percent direct services requirements to students served under SCE funds~~ • ~~High quality and ongoing professional development designed to provide instructors the knowledge and skills to deliver instruction to the intended population~~ • ~~Providing effective, timely additional assistance to the intended population, including measures to ensure that students' difficulties are identified on a timely basis and~~		

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td><table><tr><td>~~to provide enough information on which to base effective assistance~~]</td><td></td></tr></table></td></tr>
<tr><td>Deletion FAR Appendices (struck through text only)</td><td>A.8.4 Program Intent Codes—Compliance Monitoring<table><tr><th>Program Intent Code 25—Costs to Include:</th><th>Program Intent Code 25—Costs to Exclude (with Correct Program Intent Code):</th></tr><tr><td>Costs incurred related to:</td><td>Costs incurred related to:
[~~All DAEP-related activities~~]
[~~Full salary of bilingual/ESL instructors~~]</td></tr></table></td></tr>
<tr><td>Revision FAR Appendices</td><td>A.8.4 Program Intent Codes—Compliance Monitoring<table><tr><th>Program Intent Code 25—Costs to Include:</th><th>Program Intent Code 25—Costs to Exclude (with Correct Program Intent Code):</th></tr><tr><td>Costs incurred related to:</td><td>Costs incurred related to:</td></tr></table></td></tr>
</table>

Type of Change	Changes to FASRG v. 20		
		• Services intended to make students proficient in English (pre-K–12) • Provision of a bilingual program • Provision of ESL instruction • Instruction in primary language • Increase in cognitive academic language proficiencies • Bilingual services to immigrant students • Program and student evaluation • Instructional materials and equipment • Staff development • Supplemental staff expenses (paraprofessional and teacher aids) • **Full salary of bilingual/ESL instructors** • Supplies required for quality instruction and smaller class size • Salaries for paraprofessional and teacher aides required for smaller class size	• Foreign language courses (PIC 11)

Type of Change	Changes to FASRG v. 20
Deletion FAR Appendices	*A.8.4 Program Intent Codes—Compliance Monitoring* [~~R~~ ~~**26 Nondisciplinary Alternative Education Programs—Basic and Supplemental Services**~~ ~~SCE costs may be incurred to provide basic and supplemental services to students who:~~ ~~• meet the statutory criteria for being at risk of dropping out of school[8] and~~ ~~• are separated from the regular classroom into a nondisciplinary alternative education program (AEP).~~ ~~An AEP may include a private or public community-based dropout recovery education program that provides alternative education programs for students at risk of dropping out of school.~~ ~~SCE expenditures are attributable to the program intent code 26, Nondisciplinary AEP Programs, only when students served meet statutory criteria.[9]~~ ~~All services must meet a need or set of needs identified in the comprehensive needs assessment, be described in the campus or district improvement plan, and comply with statutory requirements[10] to:~~ ~~• evaluate the program's effectiveness and~~ ~~• hold an annual public hearing to consider the program evaluation results.~~] ~~[**Program Intent Code 26—Costs to Include:**]~~ | ~~[**Program Intent Code 26—Costs to Exclude (with Correct Program Intent Code):**]~~ ~~[**PIC 26 costs may include SCE supplemental expenditures, such as:**~~ | ~~[**PIC 26 costs may not include SCE expenditures related to:**~~ ~~• Supplemental programs and services, specifically serving~~ | ~~• Title I, Part A, schoolwide activities related to State Compensatory Education on~~

[~~8~~ ~~TEC, §29.081~~]
[~~9~~ ~~TEC, §29.081~~]
[~~10~~ ~~TEC, §29.081~~]

Type of Change	Changes to FASRG v. 20			
		~~students who meet statutory at-risk criteria~~[11] • ~~Tutoring in foundation curriculum subjects, such as English language arts, mathematics, science, and social studies~~ • ~~Educational and social emotional resources to provide programs to build skills related to managing emotions, establishing, and maintaining positive relationships, and making responsible decisions~~ • ~~Salaries for classroom teachers and paraprofessionals~~ • ~~Counseling services~~ • ~~Security and safety~~ • ~~Mentoring programs~~ • ~~Specialized computer-assisted and blended instruction~~ • ~~Credit recovery instructional programs~~ • ~~Project-based learning instructional programs~~ • ~~Staff development for instructional staff members that adds new competencies~~	~~campuses with a current schoolwide status (PIC 30)~~ • ~~Supplemental services in support of Title I, Part A, targeted assistance programs. (PIC 24)~~ • ~~Services provided under Title I, Part A, schoolwide campuses (PIC 30)~~ • ~~Day care and parenting classes (PIC 24)~~ • ~~In-school suspension programs (PIC 11)~~ • ~~Administrative positions (PIC 99)~~]	

[~~11~~ ~~TEC, §29.081~~]

Type of Change	Changes to FASRG v. 20

~~specific to the instructional needs of students at risk of dropping out of school~~ • ~~Supplemental programs and services for students who have dyslexia or a related disorder~~ • ~~Accelerated reading instruction program~~ • ~~Private or public community-based dropout recovery education program[12]~~]	

[R ~~**28 Disciplinary Alternative Education Program (DAEP)—DAEP Basic Services**~~

~~SCE costs may be incurred to provide general, or basic, education services to students who are moved from the regular classroom into a DAEP. All services must be described in the campus or district improvement plan, meet a defined need or set of needs identified in the comprehensive needs assessment (CNA), and must comply with requirements[13] for an:~~

- ~~evaluation of program effectiveness and~~
- ~~annual public hearing to consider the program evaluation results.~~]

~~[Program Intent Code 28—Costs to Include:]~~	~~[Program Intent Code 28—Costs to Exclude (with Correct Program Intent Code):]~~
~~[Basic DAEP SCE costs related to:~~	~~[Costs incurred related to:~~

[~~[12] TEC, §29.081(e)~~]
[~~[13] TEC, §29.081~~]

Type of Change	Changes to FASRG v. 20			
		• ~~DAEP basic education program costs~~ • ~~English language arts, mathematics, science, and social studies~~ • ~~Educational and social emotional resources to provide programs to build skills related to managing emotions, establishing, and maintaining positive relationships and making responsible decisions~~ • ~~Salaries for classroom teachers and paraprofessionals~~ • ~~Counseling services~~ • ~~Security and safety~~ • ~~Mentoring programs~~ • ~~Specialized computer-assisted and blended instruction~~ • ~~Credit recovery instructional programs~~ • ~~Project-based learning instructional programs~~ • ~~Staff development for instructional staff members that adds new competencies specific to the instructional needs of students at risk of dropping out of school~~	• ~~Supplemental DAEP services (PIC 29)~~ • ~~Administrative positions (PIC 99)~~ • ~~Nondisciplinary AEP costs, basic or supplemental (PIC 26)~~ • ~~Title I, Part A, schoolwide activities related to State Compensatory Education on campuses with a current schoolwide status (PIC 30)~~ • ~~Supplemental services in support of Title I, Part A, targeted assistance programs (PIC 24)~~ • ~~Day care and parenting classes (PIC 24)~~ • ~~In-school suspension programs (PIC 11)~~]	

Type of Change	Changes to FASRG v. 20
	• ~~Supplemental programs and services for students who have dyslexia or a related disorder~~ • ~~Accelerated reading instruction program~~]

[R ~~**29 Disciplinary Alternative Education Program—DAEP State Compensatory Education Supplemental Costs**~~

~~SCE costs may be incurred to supplement the general, or basic, education services provided to students who are moved from the regular classroom into a DAEP. All services must be described in the comprehensive needs assessment and the campus or district improvement plan, and must comply with requirements[14] for an:~~

- ~~evaluation of program effectiveness and~~
- ~~annual public hearing to consider the program evaluation results.~~]

[~~**Program Intent Code 29—Costs to Include:**~~]	[~~**Program Intent Code 29—Costs to Exclude (with Correct Program Intent Code):**~~]
[~~**SCE supplemental costs related to:**~~ • ~~Supplemental programs and services for English language arts, reading, mathematics, science, and history~~ • ~~Programs to build skills related to managing emotions, establishing, and maintaining positive relationships and making responsible decisions~~	[~~**Costs incurred related to:**~~ • ~~Basic DAEP services (PIC 28)~~ • ~~Nondisciplinary AEP costs, basic or supplemental (PIC 26)~~ • ~~Title I, Part A, schoolwide activities related to State Compensatory Education on campuses with a current schoolwide status (PIC 30)~~

[~~[14] TEC, §29.081~~]

Type of Change	Changes to FASRG v. 20
	~~• Social-emotional learning, and self-discipline instructional programs and activities~~ ~~• Educational and behavioral resources~~ ~~• Counseling services~~ ~~• Parental involvement programs and activities~~ ~~• Mentoring programs~~ ~~• Specialized computer-assisted and blended instruction~~ ~~• Credit recovery instructional programs~~ ~~• Project-based learning instructional programs~~] ~~• Supplemental services in support of Title I, Part A, targeted assistance programs (PIC 24)~~ ~~• Day care and parenting classes (PIC 24)~~ ~~• In-school suspension programs, (PIC 11)~~ ~~• Administrative positions (PIC 99)~~]
Deletion FAR Appendices (struck through text only)	*A.8.4 Program Intent Codes—Compliance Monitoring* ~~[R 30 Title I, Part A, Schoolwide Activities Related to State Compensatory Education and Other Costs on Campuses with a Current Schoolwide Status~~ ~~Your district may incur SCE costs to support supplemental programs provided by federal funds at a designated Title I, Part A, schoolwide campus. Verification of schoolwide status is reflected in the most current Schedule SC5000 Title I, Part A, Campus Selection of the ESSA Consolidated Federal Grant Application. The elements of a schoolwide campus must also be addressed in the campus improvement plan. Most importantly, all students enrolled at a schoolwide Title I campus may receive allowable "supplemental" SCE funded services. Though students meeting the~~

Type of Change	Changes to FASRG v. 20
	~~state at-risk criteria are still identified through PEIMS, students not meeting the state identification, e.g., students failing only one foundation course, may be served.~~ ~~All funded SCE services must be described in the comprehensive needs assessment and in the campus or district improvement plan. SCE funds must be part of the campus budget, and all SCE expenditures must track back to the general fund. Title I schoolwide campuses must continue to receive state and local funds for conducting the regular, or basic, education program. SCE expenditures must enhance, or supplement, the basic educational program and must support programs that are eligible under Title I, Part A (ESSA as amended) to ensure students from low-income families have opportunities to meet challenging state assessments.~~ ~~In addition, SCE expenditures must support the intent and purpose of the SCE program, which is to reduce the disparity between students at risk of dropping out of school and all other district students in:~~ • ~~performance on assessment instruments administered under the TEC, Chapter 39, Subchapter B, or~~ • ~~rates of high school completion.~~]

~~[Program Intent Code 30—Costs to Include:]~~	~~[Program Intent Code 30—Costs to Exclude (with Correct Program Intent Code):]~~
~~[Basic or supplemental SCE expenditures related to:~~ • ~~A comprehensive needs assessment of the entire school utilizing academic achievement and growth data, process data, and perception data from school staff, parents, and others in the community. This assessment recognizes the specific academic needs of students and groups of students who are not yet~~	~~[Costs incurred relate to:~~ • ~~Basic and supplemental services at AEPs and DAEPs (PICs 26, 28, and 29)~~ • ~~Supplemental services in support of Title I, Part A, targeted assistance programs (PIC 24)~~ • ~~SCE supplemental services provided on campuses that are *not* Title I, Part A schoolwide or targeted assistance, AEP, or DAEP~~

Type of Change	Changes to FASRG v. 20			
		~~achieving the state's academic standards.~~ • ~~Schoolwide reform strategies that provide opportunities to meet state academic standards, particularly addressing the needs of low-achieving students, such as:~~ ○ ~~accelerated curriculum and enrichment services~~ ○ ~~extended day or year academic services~~ ○ ~~transportation costs for the provision of extended day or year services~~ ○ ~~credit recovery tutoring~~ • ~~Guidance counselors and social workers providing supplemental services~~ • ~~Programs to build skills related to managing emotions, establishing, and maintaining positive relationships and making responsible decisions~~ • ~~Instruction by supplemental teachers~~ • ~~Supplemental instructional materials, equipment, and software~~	~~campuses (PIC 24)~~ • ~~Day care and parenting classes (PIC 24)~~ • ~~In-school suspension programs (PIC 11)~~ • ~~Administrative positions (PIC 99)~~]	

Type of Change	Changes to FASRG v. 20			
		• ~~Instructional coaches providing high quality, school-based professional development pursuant to the TEC, §48.104(j-1)(3)~~ • ~~Increased amount and quality of learning time, and help provide an enriched and accelerated curriculum~~ • ~~High quality and ongoing professional development for instructional staff members that add new competencies specific to the instructional needs of students at risk of dropping out of school~~ • ~~Salaries for instructional staff for the second half of a pre-K program~~ • ~~Provision of effective, timely additional assistance and activities to students, particularly those most at risk, who have difficulty mastering the proficient or advanced levels of academic achievement standards~~ • ~~Development of a schoolwide program in coordination and integration with other federal, state, and local services, resources, and programs~~]		

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td></td></tr>
<tr><td>Deletion FAR Appendices (struck through text only)</td><td>

A.8.4 Program Intent Codes—Compliance Monitoring

<table>
<tr><th>Program Intent Code 33—Costs to Exclude (with Correct Program Intent Code):</th></tr>
<tr><td>Costs incurred related to:
• [~~All DAEP-related activities (PICs 28 and 29)~~]
• [~~Services to Pre-K Students – State Compensatory Education (SCE) (ages below 5) (PIC 24)~~]</td></tr>
</table>

</td></tr>
<tr><td>Deletion FAR Appendices (struck through text only)</td><td>

A.8.4 Program Intent Codes—Compliance Monitoring

<table>
<tr><th>Program Intent Code 36 Costs to Include:</th><th>Program Intent Code 36 Costs to Exclude (with Correct Program Intent Code):</th></tr>
<tr><td></td><td>Costs incurred related to:
• [~~Expenditures that are for pre-K and are counted toward the 55 percent direct services requirements to students~~</td></tr>
</table>

</td></tr>
</table>

Type of Change	Changes to FASRG v. 20
	~~served under SCE funds (PIC 24)~~ • ~~Expenditures relevant to the SCE program that are not for pre-K (PIC 24)~~]
Revision FAR Appendices	*A.8.5 Unavailable or Reserved Program Intent Codes*

Category of Funds	Unavailable	Reserved for Future State Definition
Program Intent Codes		
	26 **28-30** 31 32 34 35	**12–19,** 27, 39–42, 44–70, 92–98

Type of Change	Changes to FASRG v. 20
Revision FAR Appendices	*C.6.3 Accounting for Right to Use Leased Assets*

3. Record the net present value of the right to use leased asset expenditure and proceeds from right to use leased assets in the general fund.

Account	Debit	Credit
Right to Use Leased Capital Assets of Furniture and Equipment		
199-11-6659-00-XXX-Y-11-0-00	$145,673	

Type of Change	Changes to FASRG v. 20
	Proceeds from Right to Use Leased Assets **and SBITAs** | | | 199-00-7913-00-000-Y-00-0-00 | | $145,673
Revision FAR Appendices	*C.6.4 Advance Refunding of Bonds* C. Record the transfer to the escrow agent. Account | Debit | Credit Expenditures—Other Debt Service Fees | | | 599-71-6599-00-999-Y-99-0-00 | $3,000,000 | | Other Uses—Payment to Escrow Agent | | | 599-**00**-8949-00-999-Y-0099-00-00 | $65,665,000 | | Cash and Temporary Investments | | | 599-00-1110-00-000-Y-00-0-00 | | $68,665,000
Revision FAR Appendices	*C.9.1 Right to Use Leased Assets* A school district enters into a **lease-purchase agreement** for an elementary school computer lab to be used in its Title I, Part A—Improving Basic Programs program.
Revision FAR Appendices	C.9.1.1 Year 1 of a Right to Use Leased Asset 3. Record the net present value of the right to use leased asset expenditure and proceeds from right to use leased assets in the special revenue fund. Note: The expenditure and receipt should not be included on the Title I quarterly expenditure report. Therefore, these amounts will represent reconciling items on a school district's Schedule of Federal Financial Assistance in its annual audit report. Account | Debit | Credit

Type of Change	Changes to FASRG v. 20
	Right to Use Leased Capital Assets of Furniture and Equipment 211-11-6659-00-XXX-Y-11-0-00 $145,673 Proceeds from Right to Use Leased Assets **and SBITAs** 211-00-7913-00-000-Y-00-0-00 $145,673
Revision FAR Appendices	C.15.1 Example 1 This example is of a clearing account arrangement and shows a situation **in which** school picture **money (pictures** are sponsored by the student council) is accounted for in a custodial fund.
Revision FAR Appendices	D.1.1.4 Child Nutrition Programs The USDA administers several school nutrition programs: • School Breakfast Program (SBP) (ALN 10.553) • National School Lunch Program (NSLP) (ALN 10.555) • Child and Adult Care Food Program (CACFP) (ALN 10.558) • Special Milk Program (SMP) (ALN 10.556) • Summer Food Service Program **(SUN Meals)** (ALN 10.559) • Fresh Fruit and Vegetable Program (ALN 10.582) In Texas, the Texas Department of Agriculture (TDA) is the state agency that administers school nutrition programs. More information on the SBP, NSLP, SMP, **SUN Meals,** and **Fresh Fruit and Vegetable Program,** administered by the TDA, can be found on the TDA's Square Meals web page.
Revision FAR Appendices	*D.2.1 Pecuniary Interest* School districts **should** have written policies **that** govern the performance of school district employees and school board members in the award and administration of contracts supported by federal funds. No employee or board member **should** participate in **the** selection, award, or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict **arises** when: • the employee or board member;

Type of Change	Changes to FASRG v. 20
	• any member or their immediate family; • their partner; or • an organization **that** employs or is about to employ any of the above, has a financial or other interest in the firm selected for award. The school district's employees and board members **should** neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subagreements. School districts **can** set minimum rules where the financial interest is not substantial, or the gift is an unsolicited item of nominal intrinsic value.
Revision FAR Appendices	*D.2.2 Procurement Standards* School districts **should** use their own procurement procedures **that** reflect applicable state and local laws and regulations, provided that the procedures conform to applicable federal law and the standards identified in this section. • School districts **should** maintain a contract administration system that ensures contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. • School districts **should** ensure that its employees avoid business arrangements or situations resulting in a conflict of interest. (See D.2.1 Pecuniary Interest) • School district procedures **should** provide for a review of proposed procurements to avoid purchases of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. • To foster greater economy and efficiency, school districts are encouraged to enter into state and local intergovernmental agreements for procurement or use of common goods and services. • School districts are encouraged to use federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. • School districts are encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item to ensure that its essential function is provided at the overall lower cost.

Type of Change	Changes to FASRG v. 20
	• School districts **should** make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration **should** be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. • School districts **should** maintain records sufficient to detail the significant history of a procurement. These records **should** include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. • School districts **should** use time and material type contracts only after a determination that no other contract is suitable, and if the contract includes a ceiling price that the contractor exceeds at its own risk. • School districts alone **should** be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the district of any contractual responsibilities under its contracts. Federal agencies **should** not substitute their judgment for that of the district unless the matter is primarily a federal concern. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction. • School districts **should** have protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency.
Revision FAR Appendices	*H.1.2 Student Activity Funds* Money from bona fide[15] student organizations or clubs[16] are classified as student activity funds. [15] Texas Comptroller of Public Accounts, **Taxes — School** Fundraisers, Publication 94-183 [16] Internal Revenue Service Publication 557, Tax-Exempt Status for Your Organization, January 202**4**
Revision FAR Appendices	*I.1.1 State Accountability Legal Requirements* • Concurrently with the publication of notice of the budget above, a school district must post a summary of the proposed budget on its **website** or in its central administrative office if it does not have **a website.**

[15] Texas Comptroller of Public Accounts, Taxes — School Fundraisers, Publication 94-183
[16] Internal Revenue Service Publication 557, Tax-Exempt Status for Your Organization, January 2024

Type of Change	Changes to FASRG v. 20
Revision FAR Appendices	*I.2.1 Ratings* TEA **bases** the financial accountability rating for a rating year on the data from the fiscal year preceding the rating year. For example, if the FIRST rating year is 2020–2021, TEA will use data from fiscal year ended 2020. **Since** the 2015–2016 FIRST rating year, TEA **issues** the following types of FIRST ratings: • A—Superior Achievement • B—Above Standard Achievement • C—Standard Achievement • F—Substandard Achievement The commissioner may lower a financial accountability rating based on the findings of an action conducted under the TEC, Chapter 39. A financial accountability rating remains in effect until replaced by a subsequent financial accountability rating. TEA **issues** preliminary financial accountability ratings to school districts and open-enrollment charter schools on or before August 8 of each year. If a school district or open-enrollment charter school misses the statutory deadline for filing the annual financial and compliance report, under the TEC, §44.008, TEA **does** not delay the issuance of the preliminary or final FIRST ratings. Instead, the school district or open-enrollment charter school **receives** an F rating for substandard achievement. If TEA does not receive a written request for an appeal of a preliminary rating, the preliminary rating **becomes** final on the 31st day after issuance.
Revision FAR Appendices	# Glossary 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 issued Circular A-133, Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations. In 2013, OMB Circular A-133 was superseded by the issuance of 2 CFR §200, subpart F, which, among other things, increased the audit threshold to $750,000. The OMB Circular A-133 Compliance Supplement was later renamed 2 CFR Part 200, Appendix XI—

Type of Change	Changes to FASRG v. 20
	Compliance Supplement. Auditors should use the most recent Compliance Supplement published by the OMB, which currently **is the 2024 Compliance Supplement. The 2024 Compliance Supplement increased the audit threshold to $1,000,000.** SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1984 (as amended) and the Office of Management and Budget (OMB) 2 CFR Part 200, Appendix XI—Compliance Supplement. Auditors should use the most recent Compliance Supplement published by the OMB, which currently is the **2024 Compliance Supplement.** 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.
Revision Module 2	Financial Accountability System Resource Guide, Update **20** Module 2: Special Supplement—Charter Schools Texas Education Agency **2026**
Revision Module 2	2.1.2 Applicability The financial accounting and reporting requirements discussed in the charter school modules do not apply to open-enrollment charter schools operated by: • an institution of higher education [~~as~~] defined in the TEC, §61.003**, as any public technical institute, public junior college, public senior college or university, medical or dental unit, public state college, or other agency of higher education as defined in the section**; or
Revision Module 2	2.1.3 Definitions • "Real property" means real estate as defined in 19 Texas Administrative Code (TAC) §100.1001(**24**). • "Personal property" means personal property as defined in 19 TAC §100.1001(**22**).

Type of Change	Changes to FASRG v. 20
Deletion Module 2 (struck through text only)	*2.2.2.1 Use of State Funds* Special Allotments In addition to the requirements noted above, state funds designated for a specific purpose must be used for purposes consistent with the applicable requirements of the program. Certain Foundation School Program (FSP) funds paid to the charter holder may represent special allotments for: • • special education • [compensatory education]
Revision Module 2	*2.2.2.1 Use of State Funds* Special Allotments In addition to the requirements noted above, state funds designated for a specific purpose must be used for purposes consistent with the applicable requirements of the program. Certain Foundation School Program (FSP) funds paid to the charter holder may represent special allotments for: • special education • bilingual education or special language • **early education**
Revision Module 2	*2.2.2.2 Adjustments to Funds* Audits **19 TAC §100.1043** authorizes TEA to conduct routine audits, monitoring, and other investigations of the charter school or charter holder to determine compliance with the terms of the open-enrollment charter, with the terms of federal or state grants, or as authorized in the Texas Education Code or other law. Student Attendance Accounting

Type of Change	Changes to FASRG v. 20
	Charter school attendance records may be audited by TEA. TEA auditors have the authority to examine attendance records for any year the charter school is required to retain records. An audit, as authorized by **19 TAC §100.1043**, is performed in accordance with Government Auditing Standards and includes tests of the student attendance accounting procedures as considered necessary in the circumstances.
Revision Module 2	*2.2.2.2 Adjustments to Funds* Expansion Amendment According to **19 TAC §100.1061(c)**, if a charter holder, before or without approval for an expansion amendment under **19 TAC §100.1035** (relating to Charter Amendment), extends the grade levels it serves, adds or changes the address of a campus, facility, or site, expands its geographic boundaries, or exceeds its maximum allowable enrollment, then the charter holder is not eligible to receive state funds for the activities of the unapproved amendment of its charter school operations (such as receive funds or the attendance of students who are served on the campus that has engaged in an unapproved expansion of its charter school operations).
Revision Module 2	2.2.3 Federal Funds Federal funds designated for a specific purpose must be used consistent with the project approved by the grantor office and the applicable requirements of the grant or program. As stated in **19 TAC §100.1067**, a charter holder that receives federal funds must comply fully with federal standards for financial management systems, 34 CFR, §80.20, Office of Management and Budget (OMB) Circular A-87, and/or other applicable federal standards.
Revision Module 2	2.2.4 Account Code Structure With the exception of the codes that may be used at local option, **nonprofit and private or independent institutions of higher education** charter schools must use the account code structure as described in the Module 3: Special Supplement—Nonprofit Charter School Chart of Accounts.
Revision Module 2	*2.2.5.1 Cash and Investments*

Type of Change	Changes to FASRG v. 20
	According to **100 TAC §100.1065**, a charter holder should invest state funds in accordance with Government Code, §§2256.009–2256.016 (also known as the Public Funds Investment Act). State funds invested by a charter holder should be maintained in a discrete charter investment account, separate and distinct from the operating accounts for the charter school and separate and distinct from any investment accounts related to non-charter activities. A charter holder should invest state funds in accordance with any applicable provision or covenant contained in a debt instrument, bond indenture, or similar agreement. Nothing in **100 TAC §100.1065** authorizes the investment of state or federal grant funds, unless investment of such funds is expressly authorized under the terms of the grant.
Deletion Module 2	*2.2.5.2 Capital Assets* [~~Alternatively, the charter holder may include a note disclosure stating that all property acquired during the term of the charter, and all property presently held by the charter holder, may be considered public property.~~]
Revision Module 2	*2.2.5.3 Net Assets* The charter school must clearly document that it met these requirements in its financial accounting records before it may reclassify state aid from temporarily restricted net assets to unrestricted net assets.[17] [17]FASB **ASU** 958 (formerly Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made) permits the reporting of state and federal revenues as unrestricted net assets provided that the restrictions noted above have been met in the same reporting period (i.e., fiscal year) and that this accounting treatment is consistent from period to period and is disclosed in the charter holder's accounting policy. To enable TEA to conduct its oversight responsibilities, the applicable disclosure must include a statement or table that identifies the total dollar amounts by net asset code that were recognized as temporarily restricted net assets during the fiscal year but were subsequently reclassified to unrestricted net assets as expended or at the end of the fiscal year and upon determination that the applicable restrictions were met.

[17] FASB ASU 958 (formerly Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made) permits the reporting of state and federal revenues as unrestricted net assets provided that the restrictions noted above have been met in the same reporting period (i.e., fiscal year) and that this accounting treatment is consistent from period to period and is disclosed in the charter holder's accounting policy. To enable TEA to conduct its oversight responsibilities, the applicable disclosure must include a statement or table that identifies the total dollar amounts by net asset code that were recognized as temporarily restricted net assets during the fiscal year but were subsequently reclassified to unrestricted net assets as expended or at the end of the fiscal year and upon determination that the applicable restrictions were met.

Type of Change	Changes to FASRG v. 20
Revision Module 2	*2.2.7.2 On-behalf Payments* On-behalf Payments One method for calculating the amount of on-behalf revenue and expenditure/expense is as follows: 1. Sum the employee salaries, both from federal and non-federal sources, subject to TRS deductions for the fiscal year. 2. Multiply this sum by the state TRS matching rate (add the retirement rate and the TRS-Care rates). This product is the total TRS matching expenditure paid, regardless of who paid the matching amount. 3. Sum the TRS matching amounts paid by the **charter school** for the fiscal year, including the statutory minimum matching, federal grant matching, private grant, 90-day new employee, and TRS-Care matching. 4. Subtract the sum of the TRS matching amounts paid by the **charter school** (step 3) from the total TRS matching expenditure paid. The remainder is the amount of matching expenditure that must be recorded by the **charter school** as an on-behalf expenditure. 5. Record the expenditure in the accounting records.
Revision Module 2	*2.2.7.3 Accounting for Leases* For **short-term** leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities.
Revision Module 2	2.2.9 Data Submission Requirements The intent of this section is to provide the charter holder, the charter school, and independent auditors **with** information and guidance regarding reporting requirements. The charter holder is required to submit: • a financial and compliance report; • a data feed; • any reports to management (generally referred to as management letters) or other similarly named correspondence from the charter school's independent auditor issued during the audit; **and**

Type of Change	Changes to FASRG v. 20
	• TSDS PEIMS and other reports as required by individual TEA divisions. The TSDS PEIMS data is required for submission to TEA in four separate reports throughout the year. For further information on the TSDS PEIMS submissions, see the Texas Education Data **Standards**.
Deletion Module 2	## 2.2.9 Data Submission Requirements • [; and • the local audit of state compensatory education, in accordance with Module 6: State Compensatory Education, Guidelines, Financial Treatment, and an Auditing and Reporting System, if the charter school is notified by TEA that a local audit is required].
Revision Module 2	### *2.2.9.1 Annual Financial and Compliance Report* If the charter holder has a fiscal year-end different from the charter school's fiscal year-end, it must submit the financial and compliance report to TEA within 150 days following the end of the charter school's fiscal year. **The charter holder must also submit its latest complete audited annual financial report for the not-for-profit organization as a whole.**
Deletion Module 2	### *2.2.9.1 Annual Financial and Compliance Report* The financial and compliance report will be deemed complete if it includes a signed certificate of board and a signed independent auditor's report. A financial and compliance report filed with a certificate of board or an independent auditor's report that has not been signed will be deemed incomplete.[~~18~~] [~~18 A draft of the financial and compliance report constitutes an incomplete report and will not be accepted to determine if the charter holder complied with the filing requirement.~~]
Revision Module 2	### *2.2.9.4 Annual Financial and Compliance Report*

Type of Change	Changes to FASRG v. 20
	The Single Audit Act of 1984, also known as the OMB A-133 audit and amended by Title 2, Code of Federal Regulations (CFR), Chapter II Office of Management and Budget Guidance, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, §200.501, requires a non-federal entity that expends $**1,000,000** or more during the non-federal entity's fiscal year in federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part. The $**1,000,000** threshold is effective for federal funds expended **or auditee fiscal years beginning on or after October 1, 2024.** This requirement applies to the charter holder as a whole and not to any single component of the charter holder (i.e., the charter school). If the charter holder fails to file an annual financial and compliance report that conforms to the requirements of the Single Audit Act, the charter holder will be required to submit a corrected report that adheres to the requirements discussed in 2 CFR Part 200, Subpart F – Audit Requirements. All charter holders that expend $**1,000,000** or more in direct or indirect federal awards must submit a Form SF-SAC, Data Collection Form for Reporting on Audits of States, Local Governments, Indian Tribes, Institutions of Higher Education and Nonprofit Organizations electronically to the Federal Audit Clearinghouse.
Revision Module 2	## 2.3.2 Components of the AFR To address inconsistencies in the financial and compliance reports filed by charter holders and to ensure compliance with the requirements noted above, the charter holder is required to file an original financial and compliance report that contains the following: 1. Certificate of Board (Exhibit B.1), 2. Independent Auditor's Report (Exhibit B.2), 3. Statement of Financial Position (Exhibit B.3), 4. Statement of Activities (Exhibit B.4), 5. Statement of Functional Expenses for Charter Holder (Exhibit B.4a) 6. Statement of Cash Flows for Charter Holder (Exhibit B.5), 7. Notes to the Financial Statements (Exhibit B.6), 8. Statement of Financial Position for Individual Charter School (Exhibit B.7), 9. Statement of Activities for Individual Charter School (Exhibit B.8), 10. Statement of Cash Flows for Individual Charter School (Exhibit B.9), 11. Schedule of Expenses for Individual Charter School (Exhibit B.10), 12. Schedule of Assets for Individual Charter School (Exhibit B.11),

Type of Change	Changes to FASRG v. 20
	13. Budgetary Comparison Schedule for Individual Charter School (Exhibit B.12), 14. Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Exhibit B.13), 15. Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance (Exhibit B.14), 16. Schedule of Findings and Questioned Costs (Exhibit B.15), 17. Schedule of Prior Audit Findings (Exhibit B.16), 18. Corrective Action Plan (if applicable), 19. Schedule of Expenditure of Federal Awards (Exhibit B.17) (if applicable), 20. Notes to the Schedule of Expenditure of Federal Awards (Exhibit B.18) (if applicable), 21. Schedule of Real Property Ownership Interest (Exhibit B.19) (if applicable), 22. Schedule of Related Party Transactions (Exhibit B.20) (if applicable), and 23. Schedule of Related Party Compensation and Benefits (Exhibit B.21) (if applicable). 24. Use of Funds Report **- Select State Allotment Programs** (Exhibit B.22)
Revision Module 2	*2.3.2.7 Schedule of Assets* The financial and compliance report must include a schedule of assets for each individual charter school operated by the charter holder as of the end of the applicable fiscal year. This special-purpose schedule must include **cash and cash equivalents (object code 1110), investments (object code 1120), and** capitalized assets **(excluding accumulated depreciation)** by major object code, as defined in Module 3: Special Supplement—Nonprofit Charter School Chart of Accounts. This schedule must be supported locally with records that adhere to the requirements discussed in 2.2.5.2 Capital Assets (Capital Asset Records). Also, refer to 2.2.5.2 Capital Assets (Public Assets) for the requirement to reconcile amounts from this schedule to the Statement of Financial Position if the **capital asset** amounts differ.
Revision Module 2	*2.3.3.1 Training Requirements* The commissioner's rules concerning open enrollment charter schools require training for the following charter school officials **(19 TAC §100.1115, §100.1117, §100.1119, and §100.1121)**: • members of governing bodies of charter holder and school • chief executive and central administrative officers • campus administrative officers

Type of Change	Changes to FASRG v. 20
	• business managers **19 TAC §100.1117, §100.1119, and §100.1121** contain specifications regarding the timing, course content, exemptions, and number of hours required. According to **19 TAC §100.1127**, the charter holder is required to separately disclose in the annual audit report any member of the governing body of the charter holder or a charter school, and any officer of a charter school, who fails to comply with **19 TAC §100.1115, §100.1117, §100.1119, and §100.1121** and who continues to serve in such capacity as of the date of the audit report. Failure to comply is considered a material violation of the contract for charter and may be considered by the commissioner in any action or intervention.
Revision Module 2	*2.3.3.2 Management Companies* According to **19 TAC §100.1155**, the charter holder is required to separately disclose in the annual audit any member of the governing body of the charter holder or a charter school and any officer or employee of a charter school, who has a substantial interest in a management company. If a person is prohibited by this section from serving as a member of the governing body of a charter holder, as a member of the governing body of a charter school, or as an officer or employee of a charter school, the charter holder should remove the individual from such position immediately. Failure to comply is considered a material violation of the contract for charter and may be considered by the commissioner in any action or intervention. Management Company Loans and Credit Disclosure **19 TAC §100.1157(c)** states that a charter holder must file a copy of each contract for management services, and each amendment, renewal or extension thereto, with the TEA division responsible for legal services for review under this section at least 30 calendar days prior to any performance or payments under the contract. According to **19 TAC §10.1159**, neither a charter holder or a charter school may accept any loan or credit from, or incur any debt to, a management company that has a contract to provide management services to: • that charter school; or • another charter school that operates under a charter granted to the charter holder. A charter holder is required to separately disclose in its annual audit report all loans or credit received or indebtedness incurred by the charter holder or the charter school to any person or entity providing management services to the charter school or another charter school that

Type of Change	Changes to FASRG v. 20
	operates under a charter granted to the charter holder. See **19 TAC §10.1159** for additional requirements regarding management company loans.
Revision Module 2	*2.4.2.2 Conflicts of Interest* Charter schools must adopt local policies addressing conflicts of interest. The charter school must refer to the TEC, §12.1054, and Local Government Code, Chapter 171, to ensure that local policies comply with state law. Also, refer to **19 TAC §§100.1143**, **100.1145**, **100.1147**, **100.1149**, **and** **100.1151** for further regulatory requirements.
Revision Module 2	*2.4.2.3 Depository Contract* The TEC, §12.107(b), requires that a charter school file a copy of the depository contract between the charter holder and any bank into which state funds are deposited. Also, see **19 TAC §100.1063(b)** for rules relating to depository contracts and **19 TAC §100.1003** for rules on filing documents with TEA.
Revision Module 2	*2.4.2.4 Records Retention* With regards to item 11 above, the governing body of the charter holder must ensure that the records of the charter school created and maintained by a management company are physically maintained within the State of Texas at all times. Refer to Sections **100.1161** and 100.1203(a)(3) of Title 19 of the Texas Administrative Code.
Revision Module 2	2.6.3 Competitive Procurement Procedures on Certain Public Works Contracts • This section is based on statutory requirements discussed in Local Government Code, Chapter 271, Subchapter B, as amended, and **19 TAC §1101**.

Type of Change	Changes to FASRG v. 20
Revision Module 2	## 2.6.4 Professional Services • This section of the supplement is based on statutory requirements discussed in Government Code, Chapter 2254, Subchapter A, and **19 TAC §100.1205**.
Revision Module 2	# 2.7 Accountability According to **19 TAC §100.1049**, the commissioner of education may either revoke the charter of an open-enrollment charter school or reconstitute the governing body of the charter holder if the commissioner determines that the charter holder: • committed a material violation of the charter, including failure to satisfy accountability provisions prescribed by the charter, as determined under **19 TAC §100.1051**; • failed to satisfy generally accepted accounting standards of fiscal management, as determined in **19 TAC §100.1051**; • failed to protect the health, safety, or welfare of the students enrolled at the school, as determined in **19 TAC §100.1051** and **19 TAC §100.1047**; • failed to comply with the TEC, Chapter 12, Subchapter D, or another applicable law or rule, as determined in **19 TAC §100.1051**; • failed to satisfy the performance framework standards as set forth in the Charter School Performance Framework Manual established under the TEC, §12.1181, as determined in **19 TAC §100.1051**; or • is imminently insolvent as determined by the commissioner in accordance with **19 TAC §100.1051(c)** of this title (relating to Standards to Revoke and Modify the Governance of an Open-Enrollment Charter). See **19 TAC §100.1051**, for the minimum financial performance required.
Deletion Module 2	## [~~2.8.2 State Compensatory Education~~ ~~Charter schools are subject to all the guidelines and requirements contained in FASRG Module 6: Compensatory Education, Guidelines,~~

Type of Change	Changes to FASRG v. 20
	~~Financial Treatment, and an Auditing and Reporting System.~~]
Addition Module 2	Exhibit B.6 Sample Notes to the Financial Statements **Note 2: Liquidity and Availability of Resources** **Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of statement of financial position date are as follows:** **20BB 20AA** **Financial assets:** **Cash and cash equivalents $xx,xxx $xx,xxx** **Investments $xx,xxx $xx,xxx** **Government grant and contributions receivables $xx,xxx $xx,xxx** **Accounts receivable $xx,xxx $xx,xxx** **Total financial assets $xx,xxx $xx,xxx** **Less financial assets not available for general expenditure:** **Cash restricted for long-term purposes $xx,xxx $xx,xxx** **Donor-restrictions $xx,xxx $xx,xxx** **Total financial assets available for general expenditure $xx,xxx $xx,xxx**
Revision Module 2	Exhibit B.6 Sample Notes to the Financial Statements Note **3**: Capital Assets Note **4**: Long-Term Debt
Revision Module 2	

Type of Change	Changes to FASRG v. 20
	Exhibit B.6 Sample Notes to the Financial Statements Note **5**: Pension Plan Obligations *Plan Description* The charter school contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the charter school, but are the liability of the State of Texas. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of **Texas. The** Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit plan. That report may be obtained by: writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701; calling the TRS Communications Department at 1-800-223-8778; or **downloading the report from the TRS website, https://www.trs.texas.gov/Pages/Homepage.aspx.** *Funding Policy* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 1 year, the period would be increased by such action. **Plan members contributed 8.25% in 20BB and 8.0% in 20AA of their annual covered salary. The State of Texas contributes 8.25%. Additionally, the charter school pays a 1.9% Public Education Employer contribution for all TRS eligible employees. The charter school's contributions do not represent more than 5% of the TRS's total contributions.**
Revision Module 2	Exhibit B.6 Sample Notes to the Financial Statements Note **6**: Health Care Coverage Note **7**: Deferred Revenue

Type of Change	Changes to FASRG v. 20
	Note **8**: Net Assets with Donor Restrictions
Revision Module 2	
	Exhibit B.6 Sample Notes to the Financial Statements
	Note **9**: Leases Future minimum payments under noncancelable operating leases as of August 31, 20BB are as follows: 20CC $ xxx,xxx 20DD xxx,xxx 20EE xxx,xxx 20FF xxx,xxx $ x,xxx,xxx Rent expense was approximately $ xxx,xxx during 20BB. **The following represents lease cost and required information for the year ended August 31, 20BB:** **Operating Leases** **Total operating lease cost: $ x,xxx** **Other information:** **Cash paid for amounts included in the measurement of lease liabilities:** **Operating cash flows from leases $(x,xxx)** **Weighted-average remaining lease term x.xx years** **Weighted-average discount rate x%**
Revision Module 2	

Type of Change	Changes to FASRG v. 20
	Exhibit B.6 Sample Notes to the Financial Statements
	Note **10**: Related Party Transactions Note **11**: Commitments and Contingencies
Revision Module 2	
	Exhibit B.12.a Sample Budgetary Comparison Schedule for Individual Charter School 1

Anywhere Charter School
Budgetary Comparison Schedule
For the Years Ended August 31, 20BB

	Budgeted Amounts				
	Original	Final	**Variance Original to Final**	Actual Amounts	Variance from Final Budget
Revenues					
Local support:					
5740 Other Revenues from Local Sources	$ xx,xxx	$ x,xxx		$ x,xxx	$ xxx
State program revenues:					
5810 Foundation School Program Act Revenues	xxx,xxx	xxx,xxx		xxx,xxx	-
5820 State Program Revenues Distributed by Texas Education Agency	x,xxx	x,xxx	**$ xxx**	x,xxx	-
Total state program revenues	xxx,xxx	xxx,xxx		xxx,xxx	-
Federal program revenues:					
5920 Federal Revenues Distributed by Texas Education Agency	xx,xxx	xx,xxx		xx,xxx	-

Type of Change	Changes to FASRG v. 20					
	Total Revenues		$ x,xxx,xxx	$ x,xxx,xxx	**$ xxx**	$ x,xxx,xxx	-
	Expenses						
	11	Instruction	$ xxx,xxx	$ xxx,xxx	**$ xxx**	$ xxx,xxx	-
	12	Instructional Resources and Media Services	xx,xxx	xx,xxx		xx,xxx	-
	13	Curriculum Development and Instructional Staff Development	xx,xxx	xx,xxx		xx,xxx	-
	21	Instructional Leadership	xx,xxx	xx,xxx		xx,xxx	-
	23	School Leadership	xx,xxx	xx,xxx		xx,xxx	-
	31	Guidance, Counseling and Evaluation Services	xx,xxx	xx,xxx		xx,xxx	-
	32	Social Work Services	xx,xxx	xx,xxx		xx,xxx	-
	33	Health Services	x,xxx	x,xxx		x,xxx	-
	34	Student (Pupil) Transportation	xx,xxx	xx,xxx		xx,xxx	-
	35	Food Services	xx,xxx	xx,xxx		xx,xxx	-
	36	Cocurricular/Extracurricular Activities	x,xxx	x,xxx		x,xxx	-
	41	General Administration	xx,xxx	xx,xxx		xx,xxx	-
	51	Plant Maintenance and Operations	xx,xxx	xx,xxx	**xxx**	xx,xxx	-
	52	Security and Monitoring Services	xx,xxx	xx,xxx		xx,xxx	-
	53	Data Processing Services	xx,xxx	xx,xxx		xx,xxx	-
	61	Community Services	xx,xxx	xx,xxx		xx,xxx	-
	81	Fund Raising	xx,xxx	xx,xxx		xx,xxx	-
	Total Expenses		$ x,xxx,xxx	$ x,xxx,xxx	**$ xxx**	$ x,xxx,xxx	-
	Change in Net Assets		xx,xxx	xx,xxx		xx,xxx	xxx
	Net Assets, beginning of year		x,xxx	x,xxx		x,xxx	-
	Net Assets, ending of year		$ xx,xxx	$ xx,xxx	**$ xxx**	$ xx,xxx	$ xxx
Revision Module 2	Exhibit B.12.b Sample Budgetary Comparison Schedule for Individual Charter School 2						

Type of Change	Changes to FASRG v. 20

Anywhere Charter School
Budgetary Comparison Schedule
For the Years Ended August 31, 20BB

	Budgeted Amounts				
	Original	Final	**Variance Original to Final**	Actual Amounts	Variance from Final Budget
Revenues					
Local support:					
5740 Other Revenues from Local Sources	$ xx,xxx	$ x,xxx		$ x,xxx	$ xxx
State program revenues:					
5810 Foundation School Program Act Revenues	xxx,xxx	xxx,xxx		xxx,xxx	-
5820 State Program Revenues Distributed by Texas Education Agency	x,xxx	x,xxx	**$ xxx**	x,xxx	-
Total state program revenues	xxx,xxx	xxx,xxx		xxx,xxx	-
Federal program revenues:					
5920 Federal Revenues Distributed by Texas Education Agency	xx,xxx	xx,xxx		xx,xxx	-
Total Revenues	$ x,xxx,xxx	$ x,xxx,xxx	**$ xxx**	$ x,xxx,xxx	-
Expenses					
11 Instruction	$ xxx,xxx	$ xxx,xxx	**$ xxx**	$ xxx,xxx	-
12 Instructional Resources and Media Services	xx,xxx	xx,xxx		xx,xxx	-
13 Curriculum Development and Instructional Staff Development	xx,xxx	xx,xxx		xx,xxx	-
21 Instructional Leadership	xx,xxx	xx,xxx		xx,xxx	-
23 School Leadership	xx,xxx	xx,xxx		xx,xxx	-
31 Guidance, Counseling and Evaluation Services	xx,xxx	xx,xxx		xx,xxx	-
32 Social Work Services	xx,xxx	xx,xxx		xx,xxx	-

Type of Change	Changes to FASRG v. 20					
	33	Health Services	x,xxx	x,xxx		x,xxx	-
	34	Student (Pupil) Transportation	xx,xxx	xx,xxx		xx,xxx	-
	35	Food Services	xx,xxx	xx,xxx		xx,xxx	-
	36	Cocurricular/Extracurricular Activities	x,xxx	x,xxx		x,xxx	-
	41	General Administration	xx,xxx	xx,xxx		xx,xxx	-
	51	Plant Maintenance and Operations	xx,xxx	xx,xxx	**xxx**	xx,xxx	-
	52	Security and Monitoring Services	xx,xxx	xx,xxx		xx,xxx	-
	53	Data Processing Services	xx,xxx	xx,xxx		xx,xxx	-
	61	Community Services	xx,xxx	xx,xxx		xx,xxx	-
	81	Fund Raising	xx,xxx	xx,xxx		xx,xxx	-
	Total Expenses		$ x,xxx,xxx	$ x,xxx,xxx	**$ xxx**	$ x,xxx,xxx	-
	Change in Net Assets		xx,xxx	xx,xxx		xx,xxx	xxx
	Net Assets, beginning of year		x,xxx	x,xxx		x,xxx	-
	Net Assets, ending of year		$ xx,xxx	$ xx,xxx	**$ xxx**	$ xx,xxx	$ xxx
Revision Module 2	Exhibit B.15 Sample Schedule of Findings and Questioned Costs						
	Significant deficiency(ies) identified that **is (are)** not considered to be material weakness**(es)**?						
	Noncompliance material to financial statements noted?						
	Federal Awards Internal control over major programs: Material weakness(es) identified?						
	Significant deficiency(ies) identified that **is (are)** not considered to be material weakness**(es)**?						
Revision Module 2	Exhibit B.17 Sample Schedule of Expenditure of Federal Awards						

Type of Change	Changes to FASRG v. 20

Anywhere Charter Holder
Schedule of Expenditure of Federal Awards
For the Year Ended August 31, 20BB

Grantor/Program Title	Federal ALN Number	Pass Through Entity Identifying Number	Federal Expenditures
United States Department of Education			
Passed through State Department of Education:			
Title I Part A	84.010	xxxxxx	xxx,xxx
Title X	84.206	xxxxxx	x,xxx
Total State Department of Education			xxx,xxx
United States Department of Agriculture			
Passed through State Department of Education:			
National School Lunch	10.555	n/a	xx,xxx
School Breakfast Program	10.553	n/a	xx,xxx
Total State Department of Education			
Total Expenditures of Federal Awards			$ xxx,xxx
Reconciliation to Financial Statements			
Federal Grant Revenues per Statement of Activities			**$xxx,xxx**
Less:			
Reconciling Item (*specify*)			**($xx,xxx)**
Reconciling Item (*specify*)			**($xx,xxx)**

Type of Change	Changes to FASRG v. 20
	Total Expenditures of Federal Awards **$xxx,xxx**
Deletion Module 2	Exhibit B.22.a Sample Use of Funds Report for Individual Charter School 1 Anywhere Charter School Use of Funds Report - Select State Allotment Programs For the Year Ended August 31, 20AA Data Codes / Responses ~~**[Section A: Compensatory Education Programs**~~ [~~AP1~~ ~~Did the charter school expend any state compensatory education program state allotment funds during the charter school's fiscal year?~~ ~~Yes / No~~ ~~AP2~~ ~~Does the charter school have written policies and procedures for its state compensatory education program?~~ ~~Yes / No~~ ~~AP3~~ ~~Total state allotment funds received for state compensatory education programs during the charter school's fiscal year.~~ ~~$_____~~ ~~AP4~~] ~~Actual direct program expenditures for state compensatory education programs during the charter school's fiscal year. (PICs 24, 26, 28, 29, 30[,])~~ ~~$_____~~]
Revision Module 2	Exhibit B.22.a Sample Use of Funds Report for Individual Charter School 1 Anywhere Charter School Use of Funds Report - Select State Allotment Programs For the Year Ended August 31, 20AA

Type of Change	Changes to FASRG v. 20		
	Data Codes		Responses
		Bilingual Education Allotment Programs	
	AP5	Did the charter school expend any bilingual education program state allotment funds during the district's fiscal year?	Yes / No
	AP6	Does the charter school have written policies and procedures for its bilingual education allotment program?	Yes / No
	AP7	Total state allotment funds received for bilingual education allotment programs during the charter school's fiscal year.	$_____
	AP8	Actual direct program expenditures for bilingual education allotment programs during the charter school's fiscal year. (PIC 25)	$_____
Deletion Module 2 (struck through text only)			
	Exhibit B.22.b Sample Use of Funds Report for Individual Charter School 2		
	Anywhere Charter Academy Use of Funds Report - Select State Allotment Programs For the Year Ended August 31, 20BB		
	Data Codes		Responses
	[~~AP1~~	~~**[Section A: Compensatory Education Programs**~~ ~~Did the charter school expend any state compensatory education program state allotment funds during the charter school's fiscal year?~~	~~Yes / No~~

Type of Change	Changes to FASRG v. 20
	~~AP2~~ ~~Does the charter school have written policies and procedures for its state compensatory education program?~~ ~~Yes / No~~ ~~AP3~~ ~~Total state allotment funds received for state compensatory education programs during the charter school's fiscal year.~~ ~~$_____~~ ~~AP4~~] ~~Actual direct program expenditures for state compensatory education programs during the charter school's fiscal year. (PICs 24, 26, 28, 29, 30[,])~~ ~~$_____~~]
Revision Module 2	Exhibit B.22.a Sample Use of Funds Report for Individual Charter School 2 Anywhere Charter School Use of Funds Report - Select State Allotment Programs For the Year Ended August 31, 20BB Data Codes — Responses **Bilingual** Education Allotment Programs AP5 Did the charter school expend any bilingual education program state allotment funds during the district's fiscal year? Yes / No AP6 Does the charter school have written policies and procedures for its bilingual education allotment program? Yes / No AP7 Total state allotment funds received for bilingual education allotment programs during the charter school's fiscal year. $_____ AP8 Actual direct program expenditures for bilingual education allotment programs during the charter school's fiscal year. (PIC 25) $_____

Type of Change	Changes to FASRG v. 20
Revision Module 3	Financial Accountability System Resource Guide, Update **20** Module 3: Special Supplement—Nonprofit Charter School Chart of Accounts Texas Education Agency **2026**
Revision Module 3	Overview of Account Codes Applicability This supplement discusses financial accounting and reporting requirements applicable to open-enrollment charter schools operated by: • a private or independent institution of higher education as defined under the TEC, §61.003, or • an organization that is exempt from taxation under Section 501(c)(3), Internal Revenue Code of 1986 (26 USC, §501(c)(3)). The financial accounting and reporting requirements discussed in this supplement do not apply to an open-enrollment charter school operated by**:** • an institution of higher education as defined in the TEC, §61.003, **as any public technical institute, public junior college, public senior college or university, medical or dental unit, public state college, or other agency of higher education as defined in the section,** • or a governmental entity. An open-enrollment charter school operated by an institution of higher education **that is not private or independent** or a governmental entity must adhere to the financial accounting and reporting requirements discussed in **Module 1 of** the FASRG.
Revision Module 3	3.2 Net Assets Account Codes

Type of Change	Changes to FASRG v. 20
	ℛ211 Title I**,** Part A—Improving Basic Programs Operated by Local Education Agencies, and **Title I,** Part D; Subpart 2—LEA programs with locally operated correctional facilities This fund classification is used to account for funds to provide opportunities for children to acquire the knowledge and skills to meet the state's student performance standards. (ALN 84.010A) This code is also used for Title I, Part D, Subpart 2—LEA programs with locally operated correctional facilities, and Title I—School Improvement Program. ℛ212 Title I, Part C—Education of Migratory Children This fund classification is used to account for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fishermen. (ALN 84.011) **ℛ214 Title IV, Part A—Student Support and Academic Enrichment** **This code is used to account for funds granted to increase the capacity of school systems, campuses, and communities to:** • **provide all students with access to a well-rounded education,** • **improve school conditions for student learning, and** • **improve the use of technology in order to improve the academic achievement and digital literacy of all students.** **(ALN 84.424A)**
Revision Module 3	3.2 Net Assets Account Codes ℛ255 Title II, Part A—**Supporting Effective Instruction** This fund classification code is used to account for funds used: • **increase student achievement consistent with the challenging state academic standards,**

Type of Change	Changes to FASRG v. 20
	• **improve the quality and effectiveness of teachers, principals, and other school leaders,** • **increase the number of teachers, principals, and other school leaders who are effective in improving student academic achievement in schools, and** • **provide low-income and minority students greater access to effective teachers, principals, and other school leaders.** (ALN 84.367A) ℛ258 Charter School **Program** This fund classification code is used to account for funds granted to public charter schools for **the planning, program design, and initial implementation of charter schools, and to support the growth of high-quality charter schools.** (ALN 84.282)
Revision Module 3	3.2 Net Assets Account Codes ℛ270 Title V, Part B, Subpart 2—Rural and Low-Income School Grant Program This fund classification code is used to account for funds allocated to **rural school systems** to address the unique needs of rural charter schools. (ALN 84.358B)
Deletion Module 3	3.2 Net Assets Account Codes ~~ℛ273 **Mathematics and Science Partnerships**~~ ~~This fund classification code is used to account 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~~

Type of Change	Changes to FASRG v. 20
	~~• recruiting math, engineering, and science majors to teaching.~~ ~~(ALN 84.336B)~~]
Revision Module 3	## 3.2 Net Assets Account Codes ℛ276 Title I School Improvement Program (SIP) Academy Grant Every Student Succeeds Act of 2015 (ESSA)[19], which reauthorized Elementary and Secondary Education Act (ESEA), replaced the No Child Left Behind Act of 2001 (NCLB Act)[~~20~~] and authorizes funds to help TEA and LEAs address the needs of campuses in improvement, corrective action, and restructuring in order to improve student achievement. In addition, a portion of School Improvement Program funds[~~21~~] must be used to leverage change and improve technical assistance[~~22~~] provided through TEA's and charter schools' targeting activities toward measurable outcomes as required by the U.S. Department of Education. Expected results from the use of these grants include: • improving student proficiency, • increasing the number of campuses that make adequate yearly progress, and • using data to inform decisions and create a system of continuous feedback and improvement. (ALN 84.377A) This grant has been named the "SIP Academy" grant in Texas by the state Title I Committee of Practitioners. [19] **ESSA Title I — Every Student Succeeds Act (ESSA)** [~~20~~ ~~NCLB Act, Title I, §1003(g)~~ ~~21~~ ~~NCLB Act, Title I, §1003(a)~~ ~~22~~ ~~NCLB Act, Title I, §1116 and §1117~~]

[19] ESSA Title I — Every Student Succeeds Act (ESSA)
~~20~~ ~~NCLB Act, Title I, §1003(g)~~
~~21~~ ~~NCLB Act, Title I, §1003(a)~~
~~22~~ ~~NCLB Act, Title I, §1116 and §1117~~

Type of Change	Changes to FASRG v. 20
Deletion Module 3	## 3.2 Net Assets Account Codes [~~ℛ277 Coronavirus Relief Fund – CARES Act~~ ~~This code is used to account for federal stimulus Coronavirus Relief Funds granted to LEAs through the CARES Act for necessary expenditures incurred due to the public health emergency with respect to the COVID-19 pandemic. Funds are to reimburse LEAs for expenses related to COVID-19 that were incurred between March 1, 2020, and December 30, 2020.~~ ~~(ALN 21.019)~~]
Revision Module 3	## 3.2 Net Assets Account Codes **ℛ420 Foundation School Program and other State Aid** House Bill 6, 77th Legislative Session, states that funds received by a charter holder after September 1, 2001, pursuant to the TEC, §12.106, as amended, are public funds held in trust by the charter holder for the benefit of the students of the charter school. This net asset class usually includes transactions as a result of revenues from taxes passed through by school districts, foundation entitlements, state and county available, and other Foundation School Program sources that are not identified on warrants for foundation entitlements. State aid required to be reported under net asset codes **381–419** must not be reported under this net asset code.
Revision Module 3	### *3.2.1 Unavailable or Reserved Fund Codes* The following table lists codes that are unavailable or reserved for future state definition. When a code is no longer being used, it is placed in "unavailable" status for 10 years to prevent **it from being** used with two different meanings. After it has been unavailable for 10 years, its status is changed to "reserved for future state definition," which means that it may be assigned to a new use as the need arises.

Type of Change	Changes to FASRG v. 20		
	Category of Funds	Unavailable	Reserved for Future State Definition
	100–600, Unrestricted Net Assets Funds		
	100, Unrestricted Net Assets		
			102–160
	200, 300, 400, With Donor Restrictions Net Asset Funds		
	201–289, With Donor Restrictions Net Assets: Federal Programs		
		204 207, 208 213 237 243 249 252 256 261–262 **273** **277** 286 287	201 202 207 210 **215**-217 219 221 231-235 241 254 257 260
	291–379, Special Revenue: Shared Services Arrangements: Federally Funded		
			290-379
	381–429, With Donor Restrictions Net Assets: State-Funded Programs		
		389 394	400 403

Type of Change	Changes to FASRG v. 20
	401 411 413 417 418 421 423–426 428 405–408
	431–459, Special Revenue: Shared Services Arrangements—State Funded or Locally Funded
	430-459
	461–499, With Donor Restrictions Net Assets: Local Programs
	462–**479**
Revision Module 3	*3.4.1 Asset Object Codes* ℛ1410 Deferred Expenses This code is used to record certain disbursements that may need to be made in one period but are more accurately reflected in part as an expenditure or expense of the next fiscal year. The credit entry is made to cash. This entry is reversed in a subsequent fiscal period with a credit entry to this account and a debit entry to the appropriate expenditure or expense account. This code should not be used to record debt issuance costs because debt issuance costs related to a note are no longer considered assets.[23]

[23] Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 835-30 states that debt issuance costs should be presented on the balance sheet or statement of financial position, as applicable, as a direct deduction from the face amount of that note and not be classified as a deferred charge or deferred credit.

Type of Change	Changes to FASRG v. 20
	[23] Financial Accounting Standards Board (FASB) **Accounting Standards Update (ASU) 835-30** states that debt issuance costs should be presented on the balance sheet or statement of financial position, as applicable, as a direct **deduction** from the face amount of that note and not be classified as a deferred charge or deferred credit.
Deletion Module 3	*3.4.1 Asset Object Codes* [~~R~~ ~~**1420 Capitalized Bond Costs**~~ ~~This code is used to record certain bond costs,.~~ ~~Note: This code should not be used to record debt issuance costs because debt issuance costs related to a note are no longer considered assets. Refer to the requirement referenced under object code 1410.~~]
Revision Module 3	*3.4.1 Asset Object Codes* 1530–1539 Furniture and Equipment The codes in this series are used to record the value of furniture and equipment meeting the following capital outlay criteria: • $**10,000** cost per unit or more and • a useful life of more than one year
Revision Module 3	*3.4.1 Asset Object Codes* 1540–1549 Fixed Assets—Nonprofit Charter School Defined This code is used at the discretion of a nonprofit charter school if school's policy requires the capitalization of items that individually or, as a group, • are less than the $**10,000** criterion identified in the 1530 series of **accounts,** or • meet local criteria for grouped assets.

Type of Change	Changes to FASRG v. 20
Deletion Module 3	*3.4.1 Asset Object Codes* **[~~1700 DEFERRED OUTFLOWS OF RESOURCES~~** ~~A deferred outflow of resources is an outflow related to a future period.~~[24] ~~Deferred outflows of resources of a government charter school are recorded in the 1700 series of accounts.~~ ~~**Note**: This code series should not be used for nonprofit charter schools.~~ ~~**1701–1799 Deferred Outflows of Resources (These codes are converted to object code 1700 for financial statement purposes.)**~~ ~~**Note**: This code series should not be used for nonprofit charter schools.~~ ~~Deferred outflows of resources, like expenses, decrease net position, but the increase applies to a future period, not to the current period. So this account has a positive effect on net position similar to assets. A key point is that the outflow of resources has already occurred but applies a future period; hence, it is deferred. The following formula applies:~~ ~~Net Position = assets + deferred outflows of resources – liabilities – deferred inflows of resources~~ ~~Some examples of deferred outflows of resources are:~~ ~~• grants paid in advance of meeting timing requirements~~ ~~• taxes received in advance~~ ~~• deferred amounts from refunding of debt (debit entries – cr)~~ ~~• costs to purchase future revenues~~ ~~• deferred loss from sale-leaseback~~ ~~• debt issuance costs (not insurance)~~

[24] GASB, *What You Should Know about Your School District's Finances*, 3rd ed., D-6

Type of Change	Changes to FASRG v. 20
	~~• initial costs incurred in an operating lease by lessor~~ ~~• acquisition costs for risk pools~~ • ~~loan origination costs~~] [~~[1] GASB, *What You Should Know about Your School District's Finances, 3rd ed.,* D-6~~]
Deletion Module 3 (struck through text only)	*3.4.2 Liability Object Codes* 2300 UNAVAILABLE REVENUE [~~INFLOW OF RESOURCES~~)]
Deletion Module 3	*3.4.2 Liability Object Codes* **[~~2600 DEFERRED INFLOWS OF RESOURCES~~** ~~Deferred inflows of a government charter school are recorded using the 2600 series of codes.~~ ~~**Note**: This code series should not be used for nonprofit charter schools.~~ ~~Deferred inflows, like revenues, increase net position, but the increase applies to a future period, not to the current period. So this account has a negative effect on net position similar to that of liabilities. A key point is that the inflow of resources has already occurred but applies to a future period; hence it is deferred. The following formula applies:~~ ~~Net Position = assets + deferred outflows – liabilities – deferred inflows~~ ~~Some examples of deferred inflows of resources are as follows:~~ ~~• grants received in advance of meeting timing requirements~~ ~~• taxes received in advance~~ ~~• deferred amounts from refunding of debt (credit entries – cr)~~ • ~~proceeds from sales of future revenues~~

Type of Change	Changes to FASRG v. 20
	~~• deferred gain from sale-leaseback~~ ~~• unavailable revenue in governmental funds (deferred revenue)~~ ~~• loan origination fees not including points~~ ~~• commitment fees related to exercise or expiration of contract options~~ ~~• fees for sale of loans~~ ~~**2601–2699 Deferred Inflows of Resources (These codes are converted to object code 2600 for financial statement purposes.)**~~ ~~**Note**: This code series should not be used for nonprofit charter schools.~~ ~~These codes are used, at the option of the government charter school, to record the government charter school's deferred inflows of resources. A government charter school may elect to use these codes to separately identify different deferred inflows of resources.~~ ~~Government charter schools may elect to maintain separate accounts for various deferred inflow types. Deferred inflows of resources include the following (the list is not all-inclusive):~~ ~~Operating activities~~ ~~• receipts from customers~~ ~~• interest received~~ ~~• dividends received~~ ~~• income tax refunds~~ ~~• refunds from supplies~~ ~~• receipts from lawsuits~~ ~~• other income-producing activities~~ ~~Investing activities~~ ~~• plant asset sales~~ ~~• sales of real estate~~ ~~• proceeds from sales and maturities of debt and equity~~ ~~• securities not classified as cash equivalent~~

Type of Change	Changes to FASRG v. 20
	~~Financing activities~~ • ~~proceeds from stock issuance~~ • ~~proceeds from bond issuance~~ • ~~proceeds from loans from financial institutions~~ • ~~proceeds from debt for specific investing activities~~]
Revision Module 3	*3.4.5 **Expenditure and** Expense Object Codes*
Revision Module 3	*3.4.5 Expenditure and Expense Object Codes* ℛ6214 Lobbying This code is used to classify fees, associated travel, and other related costs for lobbying services. Refer to the Texas Ethics Commission website for guidelines regarding what is **considered** lobbying.
Revision Module 3	*3.4.5 Expenditure and Expense Object Codes* 6310–6319 Supplies and Materials for Maintenance and Operations This group of codes is used to classify expenditures or expenses for supplies and materials necessary to maintain or operate furniture, computers, equipment (including telecommunications equipment), vehicles, grounds, and facilities of a nonprofit charter school. **The expenditures or expenses in this group of accounts occur when district employees purchase supplies directly for use rather than when supplies are provided by a contractor as part of a contracted service.**
Revision Module 3	*3.4.5 Expenditure and Expense Object Codes* 6320–6329 INSTRUCTIONAL MATERIALS

Type of Change	Changes to FASRG v. 20
	This group of codes is used to classify expenditures or expenses for **the purchase of** instructional materials; magazines, periodicals, newspapers, and reference books, in print or electronic format; and technological **equipment placed** in the classroom or in an office.
Revision Module 3	*3.4.5 Expenditure and Expense Object Codes* ℛ6329 Reading Materials This code is used to classify all expenditures or expenses for magazine subscriptions and newspaper subscriptions that are placed in classrooms, offices, or libraries, whether in print or electronic format. Also included are reference books and other reading materials placed in a classroom or office that are not cataloged and controlled by the library. This code also includes library books and media that do not meet the capitalization criteria of the school and have a per unit value of less than **$10,000** or a useful life of one year or less.
Revision Module 3	*3.4.5 Expenditure and Expense Object Codes* ℛ6339 Testing Materials This code is used to classify expenditures or expenses for testing materials **and study materials related to those tests, including booklets, study guides, practice exams, and online resources.**
Revision Module 3	*3.4.5 Expenditure and Expense Object Codes* ℛ6341 Food This code is used to classify expenditures or expenses for **food and** related costs, such as transportation, handling, processing, etc. ℛ6342 Nonfood

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td>This code is used to classify expenditures or expenses for nonfood items such as napkins, straws, brooms, etc., for food service.</td></tr>
<tr><td>Revision
Module 3</td><td>

3.4.5 Expenditure and Expense Object Codes

ℛ6399 General Supplies

This code is used to classify expenditures or expenses for those items of relatively low unit cost (cost less than the capitalization rate, which may not exceed **$10,000**, even though used in large quantities) necessary for the instruction process or for administration.

<table>
<tr><th>Object Code 6399 Expenditures to Include:</th><th>Object Code 6399 Expenditures to Exclude:</th></tr>
<tr><td>

- consumable teaching and office items such as paper, pencils, forms, postage, etc.
- workbooks
- audio-visual aids such as video, CD, or DVD discs; flash drives, software
- site licenses, single or limited-use software, such as apps for tablets, etc. that have a per unit cost of less than **$10,000**
- supplies for a satellite dish and other supplies for technology
- purchase of furniture, technology equipment, software, and capital outlay

</td><td>

- purchase of furniture, technology equipment, software, and capital outlay items having a per unit cost of **$10,000** or more (object code 1539)
- items that do not meet the individual **$10,000** capital asset criterion, but by school policy, are defined to be capital assets or aggregated items that equal or exceed **$10,000** (for example, library books) (object code 1549 or 1569)
- site licenses, single or limited-use software, such as apps for tablets, etc. that have a per unit cost that is equal to or exceeds

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</table>

Type of Change	Changes to FASRG v. 20
	items having a per unit cost of less than $**10,000** | **$10,000** (object code 1539 or 1559)
Revision Module 3	*3.4.5 Expenditure and Expense Object Codes* 6410 Travel, **Training,** Subsistence, and Stipends This expenditure object code is used to classify travel**, training,** subsistence, and stipends for employees and nonemployees.
Revision Module 3	*3.4.5 Expenditure and Expense Object Codes* 6417–6418 Travel, **Training**, and Subsistence—Locally Defined These codes are used, at the option of a nonprofit charter school, to classify travel and subsistence not specifically defined elsewhere.

Revision Module 3	*3.4.5 Expenditure and Expense Object Codes*
	
	ℛ6419 Travel, Training, and Subsistence—Nonemployees
	
	This code is used to classify the costs of travel and subsistence that are:
	• associated with traveling on official school business and
	• incurred by persons who are participating in organized-controlled or directed activities and who are not employed by the paying agency, including:
	  ○ parents
	  ○ board members
	  ○ other nonemployees
	
	Expenditures or expenses classified in this object code include:
	• transportation, meals, room, and other travel costs not specified elsewhere;

Type of Change	Changes to FASRG v. 20
	• registration fees associated with attending conferences, seminars, in-service training, etc. **(virtual or in-person)**; and • allowances related to participating in organized-controlled or directed activities.
Revision Module 3	*3.4.6 Gains/Net Assets Released from Restrictions* ℛ7919 **Unusual or Infrequent** Items This code is used to classify **resources for events and transactions that are either unusual in nature or infrequent in occurrence.**[25] **Either of the following criteria must be met to classify an event or transaction as unusual in nature or infrequent in occurrence:** • Unusual nature – The underlying event or transaction should possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity, taking into account the environment in which the entity operates. • Infrequency of occurrence – The underlying event or transaction should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the entity operates. **Included as unusual or infrequent items are insurance proceeds to cover significant costs related to:** • **a natural disaster caused by fire, flood, or tornado; or** • **an environmental disaster.**
Revision Module 3	*3.4.7 Losses/Net Assets Released from Restrictions*

[25] FASB ASU 2015-1 Income Statement—Extraordinary and Unusual Items (Subtopic 225-20) describes items that are unusual or infrequent in nature and the presentation of each material event of transaction that an entity considers to be of an unusual nature or of a type with infrequency of occurrence or both to be reported as a separate component of income from continuing operations. Gains or losses of a similar nature that are not individually material shall be aggregated.

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td>

ℛ8913 **Unusual or Infrequent** Items

This code is used to classify **events and transactions that are either unusual in nature or infrequent in occurrence.**

Either of the following criteria must be met to classify an event or transaction as unusual in nature or infrequent in occurrence:

- Unusual nature – The underlying event or transaction should possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the entity, taking into account the environment in which the entity operates.
- Infrequency of occurrence – The underlying event or transaction should be of a type that would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the entity operates.

This code may include significant costs for unusual or infrequent events and transactions related to:

- **a natural disaster caused by fire, flood, or tornado;**
- **or an environmental disaster.**

</td></tr>
<tr><td>Revision
Module 3</td><td>

3.4.8 Unavailable or Reserved Object Codes

<table>
<tr><th>Category of Object Codes</th><th>Unavailable</th><th>Reserved for Future State Definition</th></tr>
<tr><td colspan="3">Asset Object Codes</td></tr>
<tr><td></td><td>1430</td><td>1600–1699</td></tr>
<tr><td colspan="3">Fund Balance or Net Asset Object Codes</td></tr>
<tr><td></td><td>3420
3440</td><td>3100
3300</td></tr>
<tr><td colspan="3">Revenue Object Codes</td></tr>
<tr><td></td><td>5712
5739</td><td>5711
5713–5715</td></tr>
</table>

</td></tr>
</table>

Type of Change	Changes to FASRG v. 20			
		5745 5832	5721–**5738** 5730–**5738** **5746**-5747 5754 5756 5761–5765 5770–**5799** 5814–5816 5821–5825 5833–5835 5840–**5899** 5911–5915 5924–5926 5933–5935 5941–5945 5950–**5999**	
	Expenditure and Expense Object Codes			
		6132 **6526**	6111 6113–6115 6123–6124 6133 6150-6190 6213 6215 6224–6226 6231–6233 6241–6243 6251–6254 6261–6263 6270–6289 6292–6293 6312–6314 6322–6324	

Type of Change	Changes to FASRG v. 20
	6331–6333 6345–6347 6350–**6389** 6391–6394 6414–6416 6421–6424 **6430–6439** 6441–6443 6450–6480 6491-6493 6496 **6501–6513** 6514–6516 6530–6580 6591–6593 **6600–6699**
	Other Resources and Nonoperating Revenues Object Codes
	7920–7939 7952-7954 **7960–7989** 7991–7994
	Other Uses and Nonoperating Expenses Object Codes
	8914–8939 8952–**8953** 8990 8991–8999
Revision Module 3	3.6.2.1 Compliance Monitoring—Organization Codes There are two types of Juvenile Justice Alternative Education Programs (JJAEP):

Type of Change	Changes to FASRG v. 20
	(1) The TEC, Chapter 37, authorizes assignment of students to a JJAEP approved by the Texas Juvenile Probation Commission (TJPC) if a school district or nonprofit charter school is located in a county with a population of greater than 125,000. (2) The second type of JJAEP is any arrangement that is not approved by the TJPC but that relates to placement of students who are expelled under the TEC, §37.007**(a)-(f)**.
Revision Module 3	3.6.2.1 Compliance Monitoring—Organization Codes 709–719 ORGANIZATION UNIT—DIRECT COSTS—LOCALLY DEFINED These codes are used, at the option of a nonprofit charter school, to define administrative organizational units that are considered direct costs. For a **definition** of direct costs, see the **Indirect Cost Rate Guidance Handbook** on the Indirect Cost Rates webpage of the TEA website.
Revision Module 3	3.8 Program Intent Codes A nonprofit charter school must monitor expenditures to ensure that the limit on indirect costs is observed and must take necessary steps to meet this requirement. The United States Department of Education (USDE) has given TEA authority to issue indirect cost rates for independent school districts (districts), open-enrollment charter schools, and certain other government entities. For additional guidance in the areas of direct and indirect costs, it may refer to the Indirect Cost Rates webpage on the TEA website. **To ensure compliance with FSP special allotment programs' spending, TEA policy provides maximum flexibility to charter schools by averaging costs over a three-year period. Additionally, TEA will integrate the general fund (fund 420) with the ESSER fund codes 266, 281, 282, and 283 in compliance calculations. The inclusion of ESSER funds is for state compliance requirements only and does not apply to federal fiscal compliance requirements.** As TEA reviews state special program expenditures, a nonprofit charter school will have the opportunity to address any issues that may arise. It must consider the implications of some federal requirements (for example, maintenance of effort) when determining local policies on the minimum level of coding expenditures.

Type of Change	Changes to FASRG v. 20
Deletion Module 3 (struck through text only)	

3.8 Program Intent Codes

Code No.	Name	Description
Basic Services		
[~~26~~	~~Nondisciplinary Alternative Education Programs (AEP)—Basic Services~~	~~Costs for programs to serve students at risk of dropping out~~
~~28~~	~~Disciplinary Alternative Education Program (DAEP)—DAEP Basic Services~~	~~Costs incurred to provide general, or basic, education services to students who are moved from the regular classroom into a DAEP~~]
Enhanced Services		
[~~26~~	~~Nondisciplinary Alternative Education Programs (AEP)—Supplemental Services~~	~~Costs of supplemental education services targeted at dropout prevention and recovery of students defined in the authorizing statutes, the TEC, §29.081, and the TEC, §48.104~~
~~29~~	~~Disciplinary Alternative Education Program—DAEP State Compensatory Education Supplemental Costs~~	~~Supplemental costs for PIC 28~~ ~~SCE costs incurred to supplement the general, or basic, education services provided to students who are moved from the regular classroom into a DAEP~~]
[~~30~~	~~Title I, Part A, Schoolwide Activities Related to State Compensatory Education and Other Costs on Campuses with a Current Schoolwide Status~~	~~For Title I, Part A, schoolwide activities related to SCE and other costs on campuses with a current Title I, Part A schoolwide status. Note: ESSA allows for schools in which less than 40 percent of the students are from low-income families to apply for a waiver to be eligible to operate a schoolwide program.~~]

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td>Revision Module 3</td><td>

3.8 Program Intent Codes

<table>
<tr><td>Code No.</td><td>Name</td><td>Description</td></tr>
<tr><td colspan="3">Enhanced Services</td></tr>
<tr><td>24</td><td>Compensatory Education Services and Accelerated Instruction</td><td>Costs incurred to provide compensatory education and accelerated instruction to identified at-risk and low socioeconomic status students</td></tr>
</table>

</td></tr>
<tr><td>Revision Module 3</td><td>

3.8.1 Program Intent Codes (PICs)—Basic Services and Enhanced Services

Basic services refer to services in which basic instruction (curriculum available to all students) is provided. **These services are provided at regular campuses, disciplinary campuses, and alternative education campuses. The cost for these services should be coded to** PIC 11, Basic Educational Services.

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<tr><td>Deletion Module 3 (struck through text only)</td><td>

3.8.4 Program Intent Codes (PICs)—Compliance Monitoring

<table>
<tr><th>Program Intent Code 11 Costs to Include:</th><th>Program Intent Code 11 Costs to Exclude (with Correct Program Intent Code):</th></tr>
<tr><td></td><td>Costs incurred related to
• [~~Day care and parenting classes for student teen parents (PIC 24)~~]</td></tr>
</table>

</td></tr>
</table>

Type of Change	Changes to FASRG v. 20
	• [~~Basic services for DAEPs (PIC 28)~~ • ~~Costs for nondisciplinary alternative education programs (PIC 26)~~] • [~~AEP costs (Basic and Supplemental)~~] • [~~Title I, Part A, Schoolwide activities related to State Compensatory Education on campuses with a current schoolwide status (PIC 30)~~] • [~~SCE costs incurred to provide supplemental services in support of a Title I, Part A, targeted assistance program. (PIC 24)~~] • [~~Services to pre-K students–SCE (ages below five) (PIC 24~~)]
Revision Module 3	*3.8.4 Program Intent Codes (PICs)—Compliance Monitoring* Program Intent Code 11 Costs to Include: / Program Intent Code 11 Costs to Exclude (with Correct Program Intent Code): Costs incurred related to: • Basic services for education or instruction (pre-K–12) prescribed by Texas law, including a regular education Costs incurred related to: • Gifted and talented services (PIC 21)

Type of Change	Changes to FASRG v. 20			
		program for limited English proficiency students • Pre-K funded from basic education allotment during one-half of a full-day program (ages below five) • Pre-K funded from High Quality Pre-K Grant (ages below five) • District or campus improvement plan • Honors and college preparatory courses • Advanced placement courses not designated as part of a gifted and talented program • Adult basic and secondary education services • Section 504 students • Physical education (P.E.) classes when athletic activities take place, but P.E. or P.E. equivalent credit is issued • Foreign language courses • TEKS for foundation curriculum and electives in enrichment curriculum as needed for high school graduation • In-school suspension programs	• Advanced placement services designated as part of a gifted and talented program (PIC 21) • Additional salaries and related expenditures or expenses associated with band, UIL speech, debate, science competition, class sponsors, student organizations, social clubs, (for example, NHS, Beta Club, Letterman's Club) (PIC 99) • Additional salaries and related expenditures or expenses associated with serving as coaches, athletic directors, drill team sponsors, cheerleader sponsors, pep squad sponsors, or other organized activities to support athletics (for example, additional days employed, reduction of class load, length of day, etc.) (PIC 91) • Services to pre-K students–special education (ages below five) (PIC 33) • Services to pre-K students–Bilingual Education (ages below five) (PIC 25)	

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td><table><tr><td>• Services for an elective AEP for students not at risk of dropping out of school
• DAEP programs
• Services to pre-K students under age five</td><td></td></tr></table></td></tr>
<tr><td>Deletion Module 3 (struck through text only)</td><td>3.8.4 Program Intent Codes (PICs)—Compliance Monitoring<table><tr><th>Program Intent Code 21 Costs to Include:</th><th>Program Intent Code 21 Costs to Exclude (with Correct Program Intent Code):</th></tr><tr><td></td><td>Costs incurred related to:
• [~~All DAEP-related activities (PIC 28 and 29)~~]</td></tr></table></td></tr>
<tr><td>Deletion Module 3 (struck through text only)</td><td>3.8.4 Program Intent Codes (PICs)—Compliance Monitoring<table><tr><th>Program Intent Code 22 Costs to Include:</th><th>Program Intent Code 22 Costs to Exclude (with Correct Program Intent Code):</th></tr><tr><td></td><td>Costs incurred related to:
• [~~All DAEP-related activities (PIC 28 and 29)~~]</td></tr></table></td></tr>
<tr><td>Deletion Module 3 (struck through text only)</td><td>3.8.4 Program Intent Codes (PICs)—Compliance Monitoring</td></tr>
</table>

Type of Change	Changes to FASRG v. 20
	Program Intent Code 23 Costs to Include: / Program Intent Code 23 Costs to Exclude (with Correct Program Intent Code):
	Costs incurred related to: • [~~All DAEP-related activities (PIC 28 and 29)~~]
Revision Module 3	*3.8.4 Program Intent Codes (PICs)—Compliance Monitoring* ℛ24 **Compensatory Education Services and** Accelerated Instruction **This code is used for the costs incurred to provide compensatory education to identified at-risk and low socioeconomic status students. Compensatory education under TEC §29.081 provides supplemental programs and services for students identified as at risk of dropping out, including students from low socioeconomic backgrounds. These programs are designed to close achievement gaps through intensive or accelerated instruction, using performance data from STAAR/EOC and other assessments. The goal is to help students reach grade-level performance by the end of the next regular school term and improve graduation rates.** **State Compensatory Education (SCE) funds can also be used on Title I, Part A schoolwide campuses to supplement federal Title I funds. At these campuses, all students may receive allowable supplemental services funded by SCE, even if they do not meet state at-risk criteria. However, all programs must originate from a comprehensive needs assessment, be included in the campus or district improvement plan, and comply with statutory requirements for evaluation and public reporting. The intent is to reduce disparities in academic performance and high school completion rates among at-risk students compared to other students.** **Note: The use of PIC 24 is strongly encouraged but not required. When reporting expenditures in PIC 24 to TEA, the expenditures will be automatically rolled by PEIMS into PIC 11 for state reporting purposes.**
Deletion Module 3	*3.8.4 Program Intent Codes—Compliance Monitoring*

Type of Change	Changes to FASRG v. 20

[~~Program Intent Code 24 Costs to Include:~~]	[~~Program Intent Code 24 Costs to Exclude (with Correct Program Intent Code):~~]
[~~Costs incurred related to:~~ • ~~Intensive or accelerated instructional education programs and activities~~ • ~~Concentrated instruction~~ • ~~Smaller class size for learning enhancement (conducted after staffing ratio requirement is accomplished)~~ • ~~Salary for supplemental staff members and instructional staff paraprofessionals~~ • ~~Staff development activities for the instructional staff that add new competencies specific to the instructional needs of students at risk of dropping out of school~~ • ~~Day care and parenting classes~~[26] ○ ~~day care for students' children on the campus or at a day care facility in~~	[~~Costs incurred related to:~~ • ~~Basic education program~~ • ~~Any activities for nondisciplinary alternative education program services (PIC 26)~~ • ~~DAEP-related activities (PICs 28 and 29)~~ • ~~Title I, Part A, schoolwide activities related to State Compensatory Education on campuses with a current schoolwide status (PIC 30)~~ • ~~In-school suspension programs (PIC 11)~~ • ~~Administrative positions (PIC 99)~~]

[[26] ~~TEC, §48.104(j-1)[(2)](1)~~]

Type of Change	Changes to FASRG v. 20			
		~~close proximity to the campus~~ ~~o transportation for children of students to and from the campus or day care facility~~ • ~~Extending the instructional day, week, or year~~ • ~~Implementing new or additional individual and small-group tutorials Implementing new or additional individual and small-group project-based learning~~ • ~~Specialized computer-assisted and blended instruction~~ • ~~Instructional and specialized instructional materials, equipment, and supplies required for quality instruction~~ • ~~State assessment remediation, including intervention for end-of-course exams~~ • ~~Dropout recovery, prevention, and intervention services for middle and high school students~~ • ~~Individualized instruction programs~~		

Type of Change	Changes to FASRG v. 20			

		• ~~Extended year, week, day, or intersession programs~~
		• ~~Supplemental teachers~~
		• ~~Supplemental limited English proficient (LEP) programs~~
		• ~~Mentoring programs~~
		• ~~Residential placement programs~~
		• ~~Costs associated with placing students in a juvenile justice alternative education program~~
		• ~~Modified curriculum services~~
		• ~~School social workers employed for the SCE programto serve identified at-risk students~~
		• ~~SCE program and student evaluation~~
		• ~~Supplemental programs and services for students who have dyslexia or a related disorder~~
		• ~~Accelerated instruction~~
		  ~~o targeted supplemental (foundation subject) instruction~~
		  ~~o extended day, week, and year instruction~~
		  ~~o tutoring~~		

Type of Change	Changes to FASRG v. 20			
		~~○ transportation for extended day and year programs~~ ~~○ professional development designed to provide instructors the knowledge and skills to deliver accelerated instruction~~ ~~○ the purchase of supplemental instructional materials, equipment for the provision of accelerated services~~ • ~~Accelerated reading instruction program~~ • ~~Expenditures that are for pre-K and are counted toward the 55 percent direct services requirements to students served under SCE funds~~ • ~~High quality and ongoing professional development designed to provide instructors the knowledge and skills to deliver instruction to the intended population~~ • ~~Providing effective, timely additional assistance to the intended population, including measures to ensure that students' difficulties are identified on a timely basis and~~		

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td><table><tr><td>~~to provide enough information on which to base effective assistance~~]</td><td></td></tr></table></td></tr>
<tr><td>Deletion Module 3 (struck through text only)</td><td><h3>3.8.4 Program Intent Codes (PICs)—Compliance Monitoring</h3><table><tr><th>Program Intent Code 25 Costs to Include:</th><th>Program Intent Code 25 Costs to Exclude (with Correct Program Intent Code):</th></tr><tr><td>Costs incurred related to:</td><td>Costs incurred related to:
• [~~All DAEP-related activities~~]
• [~~Full salary of bilingual/ESL instructors~~]</td></tr></table></td></tr>
<tr><td>Revision Module 3</td><td><h3>3.8.4 Program Intent Codes (PICs)—Compliance Monitoring</h3></td></tr>
</table>

Type of Change	Changes to FASRG v. 20			
		Program Intent Code 25 Costs to Include:	Program Intent Code 25 Costs to Exclude (with Correct Program Intent Code):	
		Costs incurred related to: • Services intended to make students proficient in English (pre-K–12) • Provision of a bilingual program • Provision of ESL instruction • Instruction in primary language • Increase in cognitive academic language proficiencies • Bilingual services to immigrant students • Program and student evaluation • Instructional materials and equipment • Staff development • Supplemental staff expenses (paraprofessional and teacher aids) • **Full salary of bilingual/ESL instructors**	Costs incurred related to: • Foreign language courses (PIC 11)	

Type of Change	Changes to FASRG v. 20
	• Salary supplements for teachers • Supplies required for quality instruction and smaller class size • Salaries for paraprofessional and teacher aides required for smaller class size
Deletion Module 3	*3.8.4 Program Intent Codes (PICs)—Compliance Monitoring* ~~PIC 26 **Nondisciplinary Alternative Education Programs—Basic and Supplemental Services**~~ ~~SCE costs may be incurred to provide basic and supplemental services to students who:~~ ~~• meet the statutory criteria for being at risk of dropping out of school[27] and~~ ~~• are separated from the regular classroom into a nondisciplinary AEP.~~ ~~An AEP may include a private or public community-based dropout recovery education program that provides alternative education programs for students at risk of dropping out of school.~~ ~~SCE expenditures are attributable to PIC 26, Nondisciplinary AEP Programs, only when students served meet statutory criteria.[28]~~

~~[27] TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~
~~[28] TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~

Type of Change	Changes to FASRG v. 20
	~~All services must meet a need or set of needs identified in the comprehensive needs assessment, be described in the campus or district improvement plan, and comply with statutory requirements[29] to:~~ • ~~evaluate the program's effectiveness and~~ • ~~hold an annual public hearing to consider the program evaluation results.~~] [~~**Program Intent Code 26 Costs to Include:**~~ / ~~**Program Intent Code 26 Costs to Exclude (with Correct Program Intent Code):**~~ ~~**PIC 26 costs may include SCE supplemental expenditures, such as:**~~ • ~~Supplemental instructional programs and services, specifically serving students who meet statutory at-risk criteria[30]~~ • ~~Tutoring in foundation curriculum subjects, such as English language arts, mathematics, science, and social studies~~ • ~~Educational and social emotional resources to provide programs to build skills related to managing emotions, establishing, and maintaining positive relationships, and making responsible decisions~~ ~~**PIC 26 costs may not include SCE expenditures related to:**~~ • ~~Title I, Part A, schoolwide activities related to State Compensatory Education on campuses with a current schoolwide status (PIC 30)~~ • ~~Supplemental services in support of Title I, Part A, targeted assistance programs. (PIC 24)~~ • ~~Services provided under Title I, Part A, school-wide campuses (PIC 30)~~ • ~~Day care and parenting classes (PIC 24)~~ • ~~In-school suspension programs (PIC 11)~~

~~[29] TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~
~~[30] TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~

Type of Change	Changes to FASRG v. 20			
		• ~~Salaries for classroom teachers and paraprofessionals~~ • ~~Counseling services~~ • ~~Parental involvement programs and activities~~ • ~~Security and safety~~ • ~~Mentoring programs~~ • ~~Specialized computer-assisted and blended instruction~~ • ~~Credit recovery instructional programs~~ • ~~Project-based learning instructional programs~~ • ~~Staff development for instructional staff members that adds new competencies specific to the instructional needs of students at risk of dropping out of school~~ • ~~Supplemental programs and services for students who have dyslexia or a related disorder~~[31] • ~~Accelerated reading instruction program~~	• ~~Administrative positions (PIC 99)~~]	

[31] ~~TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~

Type of Change	Changes to FASRG v. 20
	• ~~Private or public community-based dropout recovery education program~~[32]

[~~PIC 28~~ ~~**Disciplinary Alternative Education Program (DAEP)—DAEP Basic Services**~~

~~SCE costs may be incurred to provide general, or basic, education services to students who are moved from the regular classroom into a DAEP. All services must be described in the campus or district improvement plan, meet a defined need or set of needs identified in the comprehensive needs assessment (CNA), and must comply with requirements[33] for an:~~

- ~~evaluation of program effectiveness and~~
- ~~annual public hearing to consider the program evaluation results.~~]

[~~**Program Intent Code 28 Costs to Include:**~~	~~**Program Intent Code 28 Costs to Exclude (with Correct Program Intent Code):**~~
~~**Basic DAEP SCE costs related to:**~~ • ~~DAEP basic education program costs~~ • ~~English language arts, mathematics, science, and social studies~~ • ~~Educational and social emotional resources to provide programs to build skills related to managing emotions, establishing, and maintaining~~	~~**Costs incurred related to:**~~ • ~~Supplemental DAEP services (PIC 29)~~ • ~~Administrative positions (PIC 99)~~ • ~~Nondisciplinary AEP costs, basic or supplemental (PIC 26)~~ • ~~Title I, Part A, schoolwide activities related to State Compensatory Education on campuses with a current~~

[32] ~~TEC, §29.081(e)~~
[33] ~~TEC, §29.081~~

Type of Change	Changes to FASRG v. 20
	~~positive relationships and making responsible decisions~~ • ~~Salaries for classroom teachers and paraprofessionals~~ • ~~Counseling services~~ • ~~Security and safety~~ • ~~Mentoring programs~~ • ~~Specialized computer-assisted and blended instruction~~ • ~~Credit recovery instructional programs~~ • ~~Project-based learning instructional programs~~ • ~~Staff development for instructional staff members that adds new competencies specific to the instructional needs of students at risk of dropping out of school~~ • ~~Supplemental programs and services for students who have dyslexia or a related disorder~~ • ~~Accelerated reading instruction program~~ ~~schoolwide status (PIC 30)~~ • ~~Supplemental services in support of Title I, Part A, targeted assistance programs (PIC 24)~~ • ~~Day care and parenting classes (PIC 24)~~ • ~~In-school suspension programs (PIC 11)~~]
	~~[R29 Disciplinary Alternative Education Program—DAEP State Compensatory Education Supplemental Costs~~

Type of Change	Changes to FASRG v. 20
	~~SCE costs may be incurred to supplement the general, or basic, education services provided to students who are moved from the regular classroom into a DAEP. All services must be described in the comprehensive needs assessment and the campus or district improvement plan, and must comply with requirements[34] for an:~~ ~~• evaluation of program effectiveness and~~ ~~• annual public hearing to consider the program evaluation results.~~] [~~**Program Intent Code 29 Costs to Include:**~~ / ~~**Program Intent Code 29 Costs to Exclude (with Correct Program Intent Code):**~~ ~~**SCE supplemental costs related to:**~~ ~~• Supplemental programs and services for English language arts, reading, mathematics, science, and history~~ ~~• Programs to build skills related to managing emotions, establishing, and maintaining positive relationships and making responsible decisions~~ ~~• Social-emotional learning, and self-discipline instructional programs and activities~~ ~~• Educational and behavioral resources~~ ~~• Counseling services~~ ~~• Parental involvement programs and activities~~ ~~**Costs incurred related to:**~~ ~~• Basic DAEP services (PIC 28)~~ ~~• Nondisciplinary AEP costs, basic or supplemental (PIC 26)~~ ~~• Title I, Part A, schoolwide activities related to State Compensatory Education on campuses with a current schoolwide status (PIC 30)~~ ~~• Supplemental services in support of Title I, Part A, targeted assistance programs (PIC 24)~~ ~~• Day care and parenting classes (PIC 24)~~ ~~• In-school suspension programs, (PIC 11)~~

~~[34] TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~

Type of Change	Changes to FASRG v. 20
	• ~~Mentoring programs~~ • ~~Specialized computer-assisted and blended instruction~~ • ~~Credit recovery instructional programs~~ • ~~Project-based learning instructional programs~~ • ~~Administrative positions (PIC 99)~~] [[27] ~~TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~] [[28] ~~TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~] [[29] ~~TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~] [[30] ~~TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~] [[31] ~~TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~] [[32] ~~TEC, §29.081(e)~~] [[33] ~~TEC, §29.081~~] [[34] ~~TEC, §29.081, Compensatory, Intensive, and Accelerated Instruction~~]
Deletion Module 3	*3.8.4 Program Intent Codes (PICs)—Compliance Monitoring* [~~R~~ ~~**30 Title I, Part A, Schoolwide Activities Related to State Compensatory Education and Other Costs on Campuses with a Current Schoolwide Status**~~ ~~A charter school may incur SCE costs to support supplemental programs provided by federal funds at a designated Title I, Part A, schoolwide campus. Verification of schoolwide status is reflected in the most current Schedule SC5000 Title I, Part A, Campus Selection of the ESSA Consolidated Federal Grant Application. The elements of a schoolwide campus must also be addressed in the campus improvement plan. Most importantly, all students enrolled at a schoolwide Title I campus may receive allowable "supplemental" SCE funded services. Though~~

Type of Change	Changes to FASRG v. 20
	~~students meeting the state at-risk criteria are still identified through PEIMS, students not meeting the state identification, i.e., students failing only one foundation course, may be served.~~ ~~All funded SCE services must be described in the comprehensive needs assessment and in the campus or district improvement plan. SCE funds must be part of the campus budget, and all SCE expenditures must track back to the general fund. Title I schoolwide campuses must continue to receive state and local funds for conducting the regular, or basic, education program. SCE expenditures must enhance, or supplement, the basic educational program and must support programs that are eligible under Title I, Part A (ESSA as amended) to ensure students from low-income families have opportunities to meet challenging state assessments.~~ ~~In addition, SCE expenditures must support the intent and purpose of the SCE program, which is to reduce the disparity between students at risk of dropping out of school and all other charter school students in:~~ ~~• performance on assessment instruments administered under the TEC, Chapter 39, Subchapter B, or~~ ~~• rates of high school completion.~~]

[~~Program Intent Code 30 Costs to Include:~~]	[~~Program Intent Code 30 Costs to Exclude (with Correct Program Intent Code):~~]
[~~Basic or supplemental SCE expenditures related to:~~ • ~~A comprehensive needs assessment of the entire school utilizing academic achievement and growth data, press data, and perception data from school staff, parents, and others in the community. This assessment recognizes the specific academic needs of students and groups of students who are not yet~~	[~~Costs incurred relate to:~~ • ~~Basic and supplemental services at AEPs and DAEPs (PICs 26, 28, and 29)]~~ • ~~Supplemental services in support of Title I, Part A, targeted assistance programs (PIC 24)~~ • ~~SCE supplemental services provided on campuses that are *not* Title I, Part A schoolwide or targeted assistance, AEP, or DAEP~~

Type of Change	Changes to FASRG v. 20			
		~~achieving the State's academic standards.~~ • ~~Schoolwide reform strategies that provide opportunities to meet state academic standards, particularly addressing the needs of low-achieving students, such as:~~ ○ ~~accelerated curriculum and enrichment services~~ ○ ~~extended day or year academic services~~ ○ ~~transportation costs for the provision of extended day or year service~~ ○ ~~credit recovery tutoring~~ • ~~Guidance counselors and social workers providing supplemental services~~ • ~~Programs to build skills related to managing emotions, establishing, and maintaining positive relationships and making responsible decisions~~ • ~~Instruction by supplemental teachers~~ • ~~Supplemental instructional materials, equipment, and software~~	~~campuses (PIC 24)~~ • ~~Day care and parenting classes (PIC 24)~~ • ~~In-school suspension programs (PIC 11)~~ • ~~Administrative positions (PIC 99)~~]	

Type of Change	Changes to FASRG v. 20			
		• ~~Instructional coaches providing high quality, school-based professional development pursuant to the TEC, §48.104(j-1)(3)~~ • ~~Increased amount and quality of learning time, and help provide an enriched and accelerated curriculum~~ • ~~High quality and ongoing professional development for instructional staff members that add new competencies specific to the instructional needs of students at risk of dropping out of school~~ • ~~Salaries for instructional staff for the second half of a pre-K program~~ • ~~Provision of effective, timely additional assistance and activities to students, particularly those most at risk, who have difficulty mastering the proficient or advanced levels of academic achievement standards~~ • ~~Development of a schoolwide program in coordination and integration with other federal, state, and local services, resources, and programs~~]		

<table>
<tr><th>Type of Change</th><th>Changes to FASRG v. 20</th></tr>
<tr><td></td><td></td></tr>
<tr><td>Deletion
Module 3</td><td>

3.8.4 Program Intent Codes (PICs)—Compliance Monitoring

<table>
<tr><th>Program Intent Code 33 Costs to Include:</th><th>Program Intent Code 33 Costs to Exclude (with Correct Program Intent Code):</th></tr>
<tr><td></td><td>Costs incurred related to:
• [~~All DAEP-related activities (PICs 28 and 29)~~]
• [~~Services to pre-K students – state compensatory education (SCE) (ages below 5) (PIC 24)~~]</td></tr>
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<tr><td>Deletion
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3.8.4 Program Intent Codes (PICs)—Compliance Monitoring

<table>
<tr><th>Program Intent Code 36 Costs to Include:</th><th>Program Intent Code 36 Costs to Exclude (with Correct Program Intent Code):</th></tr>
<tr><td>•</td><td>Costs incurred related to:
• [~~Expenditures that are for pre-K and are counted toward the 55 percent direct services requirements to students served under SCE funds (PIC 24)~~</td></tr>
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Type of Change	Changes to FASRG v. 20
	• ~~Expenditures relevant to the SCE program that are not for pre-K (PIC 24)~~]
Revision Module 3	*3.8.5 Unavailable or Reserved Program Intent Codes*

Category of Funds	Unavailable	Reserved for Future State Definition
Program Intent Codes		
	26 **28-30** 31 32 34 35	**12–19** 27 39–42 44–90 92–98

Revision Module 3

Glossary

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 issued Circular A-133, Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations. In 2013, OMB Circular A-133 was superseded by the issuance of 2 CFR §200, subpart F, which, among other things, increased the audit threshold to $750,000. The OMB Circular A-133 Compliance Supplement was later renamed 2 CFR Part 200, Appendix XI—Compliance Supplement. Auditors should use the most recent Compliance Supplement published by the OMB, which currently **is the 2024 Compliance Supplement. The 2024 Compliance Supplement increased the audit threshold to $1,000,000.**

Type of Change	Changes to FASRG v. 20
	SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1984 (as amended) and the Office of Management and Budget (OMB) 2 CFR Part 200, Appendix XI—Compliance Supplement. Auditors should use the most recent Compliance Supplement published by the OMB, which currently is the **2024 Compliance Supplement.** 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. 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 **criteria needs to be** met for only one of these four items.
Revision Module 4	Financial Accountability System Resource Guide, Update **20** Module 4: Auditing Texas Education Agency **2026**
Revision Module 4	4.1 Introduction The Financial Accounting System Resource Guide (FASRG) is the authoritative document adopted by reference and state board of education rules, through 19 Texas Administrative Code (TAC) §109.41. Legal authorization for school district audits is found in the Texas Education Code (TEC), §44.008; the Office of Management and Budget (OMB) Circular A-133, June 1997 and revised June 2003 and June 2007; the Appendix XI to Part 200—Compliance Supplement, **2024 release date** (formerly known as the OMB Circular A-133 Compliance Supplement), which **establishes** federal regulations that implement the Single Audit Act Amendments of 1996, 31 United States Code (USC), Chapter 75.
Revision Module 4	4.1 Introduction This is an essential responsibility involving the independent auditor and school district staff members in order to ensure the orderly and efficient preparation of financial statements for fiscal years following implementation of GASB Statement No. 34. See the FAR Module, **Section 1.5** of the FASRG for more **information.**

Type of Change	Changes to FASRG v. 20
	TEA requires all school districts and charter schools to submit their annual financial and compliance report (AFR) in electronic format only.
Deletion Module 4	*4.1.2 Who Can Perform Audits?* [~~The 86th Texas Legislature amended the Texas Public Accountancy Act to eliminate the licensing requirement for out-of-state CPA firms performing attestation services for a Texas entity. The amendment is a part of HB 1520, which went into effect on September 1, 2019. Among many other changes, HB 1520 adopts what is commonly referred to nationally as "firm mobility." Out-of-state CPA firms do not need to register with the Texas Board because no out-of-state firms are required to hold a Texas license.~~]
Deletion Module 4	4.2 State and Federal Requirements Relating to Texas School Districts • [~~Additionally, an agreed-upon procedures report may be required of some school districts and charter schools for the purpose of reporting on compliance regarding State Compensatory Education. This report is paid for by the school district. This report is due at TEA within 150 days after notification by TEA of the requirement. Additional information about this special report is found in Module 6 of the FASRG.~~]
Revision Module 4	4.5 Comparison of Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards Supplemental standards for financial audits of governments, as well as standards for public sector performance auditing, have been established by the U.S. GAO in its publication GAS (**2024 revision).** These standards form GAGAS.
Deletion Module 4	*4.5.4 Reporting Standards*

Type of Change	Changes to FASRG v. 20
	[~~When the 2007 revision was issued, SAS No. 112 set the standards for communicating Internal Control Related Matters in an Audit. Effective for audits of periods ending after December 15, 2009, SAS No. 115/AU Section 325 has superseded SAS No. 112, and certain definitions have changed. See 4.6.7 Management Communications for a discussion.~~]
Deletion Module 4	## 4.6 Financial Statement Audit [~~Update 7 of the FASRG required all school districts in Texas to implement the provisions of GASB Statement No. 34 for the fiscal year ending August 31, 2002 (or June 30, 2002 for those districts electing to change their fiscal year-end).~~]
Deletion Module 4	4.6.2.1 Communicate with the District Concerning Engagement Details and Auditor/District Responsibilities • [~~Effect of new auditing requirements or audit procedures or the scope of the audit (for audits of financial statements for periods beginning on or after 12/15/10, these may include SAS No. 118/AU Sections 550-551, SAS No. 119/AU Section 551, and SAS No. 120/AU Section 558)~~]
Revision Module 4	4.6.2.3 Verify Auditor's Independence and Identify the Auditor's Role as Principal Auditor, Component Unit Auditor, or Joint Auditor The guidance included in ***AU-C Sections 600 – 699, Using the Work of Others***, indicates that auditors' responsibilities include determining whether they will serve as principal auditors. The responsibilities of the auditor in each instance are clearly defined.
Revision Module 4	4.6.2.4 Consider the Internal Audit Function, if Applicable If there is an internal audit section, there may be more attention devoted to internal control, and the internal controls may be monitored on an ongoing basis. The auditor should refer to ***AU-C Sections 600 – 699, Using the Work of Others***.
Revision Module 4	4.6.2.6 Obtain an Understanding of School District Operations

Type of Change	Changes to FASRG v. 20
	Perform Preliminary Analytical Review Procedures During the planning stages of the audit, the auditor should perform a preliminary analytical review of the financial statements to: improve the auditor's understanding of the school district's operations; assist the auditor in planning the nature, timing, and extent of other auditing procedures; and identify audit areas which may require audit emphasis. ***AU-C Sections 300 – 499, Risk Assessment and Response to Assessed Risk*, require** the use of certain analytical procedures in the planning and final review stages of all audits, including: • a comparison of financial statement amounts to prior year financial statements or to budgeted amounts • an investigation of material variances through discussions with school district management to identify issues or areas of specific risk that require the auditor's attention • comparisons of recorded amounts or ratios developed from recorded amounts to expectations developed by the auditor (In school districts, the increase in number of students or number of teachers could be used as a basis for expected variances.) **AU Section 240**, *Consideration of Fraud in a Financial Statement Audit*, requires the auditor to evaluate whether analytical procedures indicate a previously unrecognized risk of material misstatement due to fraud.
Revision Module 4	4.6.2.10 Consider Required Supplementary Information (RSI) and Supplementary Information (SI) The GAAP requires RSI to accompany the basic financial statements, such as GASB-required MD&A and budgetary comparison information. GAAP does not require supplementary information (SI), such as the transmittal letter, combining financial statements, and a statistical section. For audits of financial statements for periods beginning on or after December 15, 2010, please refer to SAS No. **725,** *Supplementary Information in Relation to the Financial Statements as a Whole*, and SAS No. **730**, *Required Supplementary Information*.
Deletion Module 4	4.6.3.1 Control Environment [~~SAS No. 109 states that the control environment "sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure."~~]
Revision Module 4	4.6.3.2 Risk Assessment

Type of Change	Changes to FASRG v. 20
	Risk assessment defined in AU Section **315**, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, is the entity's "identification, analysis, and management of relevant risks to the preparation of financial statements that are presented fairly in conformity with generally accepted accounting principles." Risks can arise or change as a result of the following factors: • changes in operating environment • new personnel • new or revamped information systems • rapid growth • new technology • new grant activities, building projects, and other activities • organizational restructuring • accounting pronouncements • federal regulations • school finance statutes *Consideration of Fraud* **School** district auditors are expected to assess the risk of fraud.
Revision Module 4	4.6.3.7 Identifying and Testing Internal Controls Refer to AU Section **315**, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, for further detail and explanation on consideration of factors like size and complexity on internal control.
Revision Module 4	4.6.3.7 Identifying and Testing Internal Controls • Transactions are executed in compliance with: ○ laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a federal program

Type of Change	Changes to FASRG v. 20
	○ any other laws and regulations that are identified in 2 CFR, §200 and the Appendix XI to Part 200—Compliance Supplement **(2024 Supplement)**
Revision Module 4	4.6.3.8 IT (Information Technology) Internal Controls Refer to AU Section **315**, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, for further detail on IT internal controls.
Revision Module 4 (Exhibit 1, "Specific School District Issues" column, "Accrued Liabilities" row)	*4.6.4 Performance of Substantive Procedures* • GASB Statement No.**101** regarding the recording of compensated absences (Note: Compensated absences accrual should include wage/salary plus benefits)
Addition Module 4 (Exhibit 1, "Audit Areas and Suggested Audit Procedures" column, "Accrued Liabilities" row)	*4.6.4 Performance of Substantive Procedures* • **Verify that an accrual was made to reflect any amount that is owed to the state from an overpayment adjustment made in the settle up process or any amount that is owed for excess property values ("Recapture," TEC, Chapter 49)**
Addition Module 4 (Exhibit 1, "Specific School District	*4.6.4 Performance of Substantive Procedures* • **Reporting amounts owed to the state**

Type of Change	Changes to FASRG v. 20
Issues" column, "Accrued Liabilities" row)	
Revision Module 4	
	Exhibit 2. Compliance with Laws and Regulations

Laws and Regulations	Audit Procedures	Cross-Reference Guide
55%/100% Direct Expenditure Requirement for FSP Allotments	• Determine whether the school district spent 55 percent of the FSP allotment for direct costs related to special education programs, bilingual education or special language programs, career and technical education programs, and college, career, and military readiness outcomes bonus; and 100 percent for direct costs related to students with dyslexia or related disorder programs, early education programs, **and gifted and talented programs.** LEAs should adopt a policy regarding the use of funds to support their gifted and talented program. • **LEAs should have policies and procedures for each of their FSP allotment programs.** • Total direct costs, which will be considered for compliance monitoring purposes, are expenditures coded by the school district to specific enhanced program intent codes (PICs), allocations of expenditures to enhanced PICs from Undistributed PIC (99) based upon instructional FTEs, and expenditures associated with a school district as a member of a shared services arrangement, which are coded to specific enhanced PICs. • To test compliance of the FSP special allotment programs' spending requirements, the LEA's unallocated amounts must be used in the calculation. • For the FSP special allotments, determine that expenditures are attributed to programs and services provided to eligible identified students and/or appropriate strategies, including bilingual education or special language, special education, career and technology, dyslexia or related disorder, and college, career, or military readiness.	Financial Accounting and Reporting module; Financial Accounting and Reporting Appendices module; Special Supplement — Charter Schools

Financial Accountability System Resource Guide v. 20
Change Document

Type of Change	Changes to FASRG v. 20
Deletion Module 4 (struck through text only)	
	Exhibit 2. Compliance with Laws and Regulations

	Laws and Regulations	Audit Procedures	Cross-Reference Guide	

		55%/100% Direct Expenditure Requirement for FSP Allotments	• Determine whether the school district spent 55 percent of the FSP allotment for direct costs related to [~~compensatory education,~~] special • [~~For FSP Compensatory Education, determine whether expenditures were in alignment with the strategies, supplemental FTEs, and supplemental financial resources in the district/campus.~~]	[~~; State Compensatory Education module~~]	

Type of Change	Changes to FASRG v. 20
	[~~Additional Audit Procedures for the Compensatory Education Allotment Program~~]	[~~Determine if the district has developed and is maintaining a district improvement plan and a campus improvement plan and if the plans include the components listed in the FASRG Module 6, Section 6.2.2.~~ • ~~If local eligibility criteria has been adopted by the board of trustees, determine whether the LEA has local policies and procedures related to components listed in the FASRG Module 6, Section 6.2.2.2.~~ • ~~Review the district's methodologies used for identifying eligible students and exiting students to ensure they align with the guidance provided in the FASRG Module 6. This review should include how the LEA identifies educationally disadvantaged students and the procedures used to determine the student's resident address and the census block group of that address.~~ • ~~Select a sample and determine if the expenditures support the intent and purpose of the state compensatory education (SCE) program, and are related to specific interventions identified in the district improvement plan and selected campus improvement plans.~~ • ~~Select a sample of payroll and other services costs coded to SCE and review selections to determine if the expenditures are coded properly to this PICs as direct cost in accordance with SCE program compliance.~~]	[~~State Compensatory Education module~~]
Revision Module 4	4.6.6.1 Written Representations from Management As part of an audit conducted in accordance with GAAS, the independent auditor is required to obtain written representations from current management to complement other auditing procedures. The independent auditor should obtain such representation from responsible management officials, including the superintendent and the chief financial officer. According to AU Section **580**, *Management Representations*, the management representation letter should include:

Type of Change	Changes to FASRG v. 20
Revision Module 4	4.6.6.4 Communicating with Those Charged with Governance AU Section **265**, *Communicating Internal Control Related Matters Identified in an Audit*, requires the auditor to communicate all control deficiencies that are evaluated as significant deficiencies and material weaknesses. If these were reported in previous audits and have not been corrected, they must be communicated again. If management and those charged with governance have made a conscious decision to accept the degree of risk because of cost or other factors, the auditor is still required to communicate the significant deficiencies and material weaknesses. This communication should be issued no later than 60 days after the report release date. The auditor should not issue a written communication stating that no significant deficiencies were identified. A copy of all written communications provided to school districts regarding significant deficiencies and material weaknesses must be provided to TEA along with the district's response if applicable. This is also required for any management letters issued. AU Section **380,** *The Auditor's Communication With Those Charged with Governance*, requires the auditor to communicate certain significant and relevant financial statement audit-related matters orally or in writing to those charged with governance of the entity.
Revision Module 4	4.6.6.7 Request Attorneys' Letters AU Section **501**, *Inquiry of a Client's Lawyer Concerning Litigation, Claims, and Assessments*, requires a letter of audit inquiry to the client's attorney as the primary means of obtaining corroboration of information furnished by management concerning litigation, claims, and assessments.
Revision Module 4	4.6.6.9 Audit Documentation AU Section **230**, *Audit Documentation*, requires that the auditor's report not be dated earlier than the date on which the auditor obtained sufficient appropriate audit evidence to support the opinion on the financial statements.
Deletion Module 4	*4.6.7 Performance of Substantive Procedures* ***[~~SAS No. 115~~***

Type of Change	Changes to FASRG v. 20
	~~SAS No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, supersedes SAS No. 112. SAS No. 115 was issued in order to align terminology with SSAE No. 15, which aligned terminology with PCAOB Auditing Standard No. 5. SAS No. 115 through professional standard~~]
Deletion Module 4	*4.7.1 Introduction to the Single Audit* [~~The single audit applies to non-federal entities that expend $750,000 or more in a year in federal awards. The single audit must be conducted in accordance with 2 CFR, §200, Subpart F. All school districts that expend FFA should consider whether an audit in accordance with the Single Audit Act Amendments of 1996 is required.~~ ~~Standards for testing and reporting on compliance with laws and regulations, GAS, the Single Audit Act Amendments of 1996, and OMB Circular A-133 were established by SAS No. 74. SAS No. 74 was superseded by SAS No. 117. In 2013, OMB Circular A-133 was superseded by the issuance of 2 CFR §200, Subpart F, which, among other things, increased the audit threshold to $750,000.~~ ~~The OMB Circular A-133 Compliance Supplement was renamed 2 CFR Part 200, Appendix XI—Compliance Supplement. The OMB released an updated 2 CFR Part 200, Appendix XI—Compliance Supplement in April 2017. The OMB released another 2 CFR Part 200, Appendix XI—Compliance Supplement in April 2018. Auditors must use the 2017 Supplement and the 2018 Supplement together. See the Purpose subsection within Part 1 of the 2018 Supplement for further explanation. Noticeable changes include the guidance that all instances of the terms "must" and "should" were reviewed. In the compliance supplement, must refers to a requirement and should relates to a best practice or recommended approach.~~] [~~The auditor should be familiar with SAS No. 117 in addition to the Single Audit Act Amendments of 1996, 2 CFR, §200, Subpart F, 2 CFR Part 200, Appendix XI—Compliance Supplements (2017 and 2018 Supplements) (2024 Supplement), and GAS before commencing a single audit of a school district.~~]
Revision Module 4	*4.7.1 Introduction to the Single Audit* **The Single Audit Act and Uniform Guidance require that the audit is performed in accordance with GAAS and the standards applicable to financial audits contained in GAS. Refer to the Single Audit Act, the Uniform Guidance, and the Compliance Supplement (located in Appendix XI to 2 CFR, §200, and updated annually) for information on the requirements. Auditors should use the most recent Compliance Supplement published by the OMB, which currently is the 2024 Compliance Supplement.**

Type of Change	Changes to FASRG v. 20
	GAS is discussed in more detail in 4.5 Comparison of Generally Accepted Auditing Standards and Government Auditing Standards. This section concentrates on **2 CFR, §200, Subpart F, and the Single Audit Act.**
Deletion Module 4	*4.7.2 The Single Audit Act Compliance Supplement* [~~The Single Audit Act, passed by Congress in 1984 and amended in 1996, was a response by the federal government to the rapidly growing number of programs and amount of funds granted to state and local governments. The Single Audit Act Amendments of 1996 standardized many audit procedures and required that the single audit report be accepted by all federal agencies. After passage of the Single Audit Act Amendments of 1996, OMB issued Circular A-128 that was rescinded and replaced in June[,] 1997 by OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, to implement the Single Audit Act Amendments of 1996.~~] [~~The final guidance supersedes and streamlines requirements from OMB Circulars A-21, A-87, A-110, and A-122 (which have been placed in OMB guidances); Circulars A-89, A-102, and A-133; and the guidance in Circular A-50 on Single Audit Act follow-up. The final guidance consolidates the guidance previously contained in the aforementioned citations into a streamlined format that aims to improve both clarity and accessibility. This final guidance is located in Title 2 of the Code of Federal Regulations.~~] [~~Additional audit guidance was issued in SAS No. 74, *Compliance Auditing Applicable to Governmental Entities and Other Recipients of Governmental Financial Assistance*. For fiscal periods ending on or after June 15, 2010, SAS No. 117, *Compliance Audits*, supersedes SAS No. 74. It applies to single audits and all compliance audits in accordance with GAAS and/or GAGAS and/or to governmental audits requiring the auditor to express an opinion on compliance.~~ ~~SAS No. 117 was developed in response to the recommendations of a federal study on single audit quality. It requires auditors to adapt and apply most of GAS used for financial audits to compliance audits, and provides guidance on how to:~~ • ~~establish materiality levels,~~ • ~~identify government programs and applicable compliance requirements,~~ • ~~perform risk assessment procedures,~~ • ~~assess the risk of material noncompliance,~~ • ~~perform additional audit procedures in response to assessed risks,~~ • ~~evaluate the sufficiency and appropriateness of audit evidence, and~~ • ~~report and document.~~

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	~~It also discusses representation letters and auditing standards that are not applicable to compliance audits.~~]
Revision Module 4	*4.7.2 The Single Audit Act Compliance Supplement* As part of 2 CFR, §200, Subpart F, the OMB issued the 2 CFR Part 200, Appendix XI—Compliance Supplement. The Compliance Supplement **(2024 Supplement)** contains the legal and regulatory requirements, along with suggested audit procedures, for the most significant FFA programs.
Revision Module 4	4.7.2.2 Key Concepts in Auditing Federal Financial Assistance *Compliance Requirements* In addition to the testing for compliance with laws and regulations required for financial audits, there are two categories that must be addressed for the single audit. Under 2 CFR, §200, Subpart F, compliance testing must be performed for general compliance requirements and special tests and provisions of individual federal programs. Use of 2 CFR Part 200, Appendix XI—Compliance Supplement **(2024 Supplement)**, is mandatory.
Revision Module 4	4.7.2.2 Key Concepts in Auditing Federal Financial Assistance *Major Program Determination* The classification of a program as major is based on a risk-based approach. Major program means a federal program determined by the auditor to be a major program in accordance with the major program determination section of the Single Audit Act or a program identified as a major program by a federal agency or pass-through entity in accordance with the Single Audit Act. The first step in determining a federal program as a major program involves identifying a program as either Type A or Type B. Type A programs are defined as federal programs with federal awards expended during the audit period and exceeding the larger of: • **$1,000,000** or .03 percent of total federal awards expended in the case of an auditee for which total federal awards expended equal or exceed **$34,000,000** but are less than or equal to $100 million • $3 million or .003 percent of total federal awards expended in the case of an auditee for which total federal awards expended exceed **$1 billion** but are less than or equal to $10 billion

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	• $30 million or .0015 percent of total federal awards expended in the case of an auditee for which total federal awards expended exceed **$20 billion**
Revision Module 4	4.7.2.3 Single Audit Planning • Joint audit considerations—The audits of some school districts may be performed by more than one auditor to meet the requirements of the Single Audit Act relating to participation of small, minority-owned, or woman-owned independent accounting firms. There are several considerations in dealing with this issue, and the auditor should refer to guidance in **AU-C Sections 600–699 — Using the Work of Others**.
Revision Module 4	4.7.2.3 Single Audit Planning • Subrecipients and grantor monitoring—Subgrantors pass funds received from the grantor to other entities, which are called subrecipients. When the school district is a subgrantor, it must be monitored as such. When school districts are subrecipients (that is, grant funds are received from another school district), they are responsible for a single audit as if the funds were received directly from the federal or state government agency. The 2 CFR Part 200, Appendix XI—Compliance Supplement **(2024 Supplement)** contains specific procedures for testing of subrecipients.
Revision Module 4	4.7.2.4 Materiality Therefore, the materiality of instances of noncompliance must be considered in relation to a type of compliance requirement for a major program or an audit objective identified in 2 CFR Part 200, Appendix XI—Compliance Supplement **(2024 Supplement)**, within the context of the individual program and all programs grouped as a cluster.
Revision Module 4	4.7.2.5 Other Planning Considerations

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	• **Findings and questioned costs**—The Single Audit Act specifies several kinds of criteria for noncompliance and questioned costs that must be reported in the Schedule of Findings and Questioned Costs. The Single Audit Act requires the following reporting findings and questioned costs: ○ significant deficiencies in internal control over major programs and identify those significant deficiencies that are considered individually or collectively as material weaknesses ○ material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program ○ known questioned costs that are greater than **$25,000** for a type of compliance requirement for a major program ○ known questioned costs when likely questioned costs are greater than **$25,000** for a type of compliance requirement for a major program ○ known questioned costs that are greater than **$25,000** for a federal program which is not audited as a major program
Revision Module 4	4.7.3.4 General Compliance Requirements The primary source for compliance requirements is 2 CFR Part 200, Appendix XI—Compliance Supplement **(2024 Supplement)**, and its use in the single audit is mandatory.
Revision Module 4	4.7.3.4 General Compliance Requirements • Equipment and real property management—A district **should** use, manage, and dispose of equipment acquired under a federal grant in accordance with state laws and procedures. Real property **should** be used for the originally authorized purpose as long as needed for that **purpose.** •
Revision Module 4	4.7.3.5 General Compliance Requirements Testing Suggested audit procedures for testing compliance with these general requirements are included in the 2 CFR Part 200, Appendix XI—Compliance Supplement **(2024 Supplement)**.
Revision Module 4	

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	4.7.4 Specific Compliance Requirements The **2024 Compliance Supplement** **is** the major source of specific compliance requirements in addition to program applications, contracts, and agreements with grantor agencies and oversight organizations.
Revision Module 4	*4.7.4 Specific Compliance Requirements* Each of the above requirements is accompanied in 2 CFR Part 200, Appendix XI—Compliance Supplement **(2024 Supplement**) by suggested audit procedures that can be used to test compliance with laws and regulations.
Revision Module 4	*4.7.6 Reporting Under the Federal Funding Accountability and Transparency Act* 2 CFR Part 200, Appendix XI—Compliance Supplement **(2024 Supplement)** addresses two Federal Funding Accountability and Transparency Act (FFATA) reporting requirements that apply to TEA: recipient reporting of each first-tier subaward obligating action of $30,000 or more; and contractor reporting of each first-tier subcontract award of $30,000 or more in Federal funds.
Deletion Module 4	*4.7.6 Reporting Under the Federal Funding Accountability and Transparency Act* [~~This reporting requirement will be phased-in (see the FFATA FSRS website) for more information and frequently asked questions).~~]
Revision Module 4	*4.7.6 Reporting Under the Federal Funding Accountability and Transparency Act* The **SAM.gov** is the tool used for reporting the information.
Revision Module 4	*4.9.3 General Considerations for a Peer Review*

Type of Change	Changes to FASRG v. 20
	The general considerations for a peer **review issued** by the AICPA are as follows:
Revision Module 4	## Appendix 1—Sample Request for Qualifications *VI. STATEMENT OF REQUIREMENTS* A. The independent auditor will provide one (1) **camera-ready** copy of the final comprehensive annual financial report that meets the requirements of the FASRG, the requirements for the GFOA Certificate of Achievement, and the ASBO Certificate of Excellence and a copy in PDF **format.** **B.** **A** preliminary draft of the audit report(s) will be presented to the district prior to submission of the final draft. Timing of the submission must allow district personnel sufficient time to review the report. **C.** Satisfactory delivery of the services specified by the Request for Qualifications and the engagement letter shall be accomplished no later than the January meeting of the board of trustees for the financial audit. **D.** The independent auditor will be required to present the audit report to the board of trustees at the January meeting of the board of trustees. **E.** The independent auditor is required to provide a management letter containing comments oriented toward constructive improvements. Copies of selected audit working papers will be provided as requested by the district and as provided for in the engagement letter. If a management letter is issued, the auditor will provide twenty (20) copies to the district. **F.** The auditor will prepare and provide one (1) copy of the Data Collection Form for Reporting on Audits of States, Local Governments, and Nonprofit Organizations.
Deletion Module 4	## Appendix 2—Sample Request for Qualifications [~~The audit will include procedures applicable to compensatory education funds as required by Module 6 of the FASRG, if required.~~]

Type of Change	Changes to FASRG v. 20
Revision Module 4	## Appendix 2—Sample Engagement Letter Our audit will be a single audit conducted in accordance with generally accepted auditing standards: the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of 2 Code of Federal Regulations (CFR), §200, Subpart F, and 2 CFR Part 200, Appendix XI—Compliance Supplement **(2024 Supplement).**
Revision Module 4	## Bibliography American Institute of Certified Public Accountants. ***Government Auditing Standards and Single Audits*.** New York, NY: AICPA, Inc., **2024.**
Revision Module 5	## Financial Accountability System Resource Guide, Update **20** ### Module 5: Purchasing Texas Education Agency **2026**
Revision Module 5	## 5.26.4 Relationships with Foreign Entities In accordance with the Texas Government Code, Chapter **2275**, a governmental entity cannot enter into a contract or other agreement relating to critical infrastructure in Texas with a company that is owned or controlled by individuals, any company, or headquartered in China, Iran, North Korea, Russia, or a designated country, even if company is publicly traded.

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Revision Module 5	## 5.30.2 Sealing of Electronic Responses By law, an electronic solicitation is not required to be physically sealed as with those submitted in person or delivered by common carrier (e.g., USPS, UPS, and FedEx). In accordance with the Texas Local Government Code, **§271.0065**, a governmental agency can receive bids or proposals in hard-copy format or through electronic transmission.
Revision Module 5	## 5.37.5 Fingerprinting of Contract Employees The TEC, §22.0834, requires **the following**: • A contractor (entity or individual) that provides services to a school district/charter school, and has direct contact with students, must be fingerprinted before beginning work. • The contractor should certify to the school district/charter school that it is in compliance with the fingerprinting laws. The school district/charter school may review the background check results for contracted employees in the DPS FACT Clearinghouse as provided by the Texas Government Code, §411.0845. • Additionally, a subcontractor must certify to the school district/charter school and to the contracting entity that the subcontractor has fingerprinted all individuals providing services to the district under the terms of the contract. • The school district/charter school may request additional information from a contractor to verify that the fingerprinting has been completed. **Further information about this topic can be found on the TEA Requirements for School District Contractors webpage.**
Revision Module 5	# 5.43 Federal Requirements **To assist in guiding LEAs through EDGAR requirements, TEA has compiled information that is available on the TEA EDGAR webpage.** The requirements for EDGAR are changed periodically. LEAs are highly encouraged to participate in training to fully understand the procurement requirements of EDGAR.