

2020 Financial Accountability System Resource Guide Change Document

Note: This Change Document highlights changes to the text of update 17 of the Financial Accountability System Resource Guide (FASRG). Changes to the FASRG text are in **bold**. Deletions to the FASRG text are in ~~strike through~~. 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.

Note: With the addition of a new Appendix H (a change listed in this document, below) in the FAR Appendices, the former Appendix H, titled "Financial Accountability and the Financial Integrity Rating System of Texas (FIRST)," is now Appendix I and the numbering of this Appendix has been changed accordingly.

Note: Module 4 has been renumbered to reflect previous changes to the text.

Note: Sections of Module 5 have been renumbered to reflect the text's transfer from Module 3 to Module 5.

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Type of Change	Changes to 2020 FASRG
Revision (Module 1)	<p style="text-align: center;">Financial Accountability System Resource Guide, Update 17 Module 1: Financial Accounting and Reporting</p> <p style="text-align: center;">Texas Education Agency 2020</p>
Revision (Module 1)	<p>1.1.3 Budget Requirements</p> <p>Your district must prepare an annual budget by June 19, if the district’s fiscal year starts July 1, or August 20, if the district’s fiscal year starts September 1. The budget must be adopted no later than June 30 in districts with a fiscal year beginning on July 1, and no later than August 31 in districts with a fiscal year beginning on September 1. The budget for a fiscal year must be adopted by the local school board before expenditures are made and, if applicable, before the tax rate for the year is set.</p>
Revision (Module 1)	<p>1.2.3 Inventory</p> <p>Inventory includes nonspendable assets such as:</p> <ul style="list-style-type: none"> • consumable goods such as office supplies, paper, computer supplies, maintenance supplies, and science lab supplies
Revision (Module 1)	<p>1.2.4.1 Control of Capital Assets</p> <p>To maximize control over capital assets, your district must keep a detailed subsidiary ledger that includes the following information:</p> <ul style="list-style-type: none"> • the asset purchased • date of purchase, construction, in service date, or acquisition
Revision (Module 1)	<p>1.2.4.3 Capitalization of Capital Assets</p> <p>Capital assets must always be capitalized if:</p> <ul style="list-style-type: none"> • the unit cost of the asset is \$5,000 or more, and • the useful life of the capital asset is estimated at one year or more.

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	However, your school district may wish to establish accounting policies with a lower capitalization limit for items recorded as capital assets. In addition, your district may wish to maintain accountability for certain assets even if they do not meet the district's capitalization policy.
Revision (Module 1)	<p><i>1.2.5.1 Current Liabilities</i></p> <p>Current liabilities are debts or obligations that are due within one year. A current liability is one that is paid:</p>
Revision (Module 1)	<p><i>1.2.5.1 Current Liabilities</i></p> <ul style="list-style-type: none"> • Unearned revenues—revenues collected by the school district before they become due. Unearned revenues are also revenues collected by the school district that do not meet either the availability or earnings criteria. A liability account is usually classified as a current liability on the balance sheet that reports amounts received in advance of providing goods or services. When the goods or services are provided, this account balance is decreased and a revenue account is increased.
Revision (Module 1)	<p><i>1.2.5.2 Long-term Liabilities</i></p> <p>A long-term liability is one that is due in the following year or beyond (due more than one year into the future). Examples of long-term liabilities include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • non-current liabilities due within one year, such as pension obligations, deferred tax liabilities, deferred compensation, and capital leases • non-current liabilities due in more than one year, such as long-term loans and bonds payable • prepaid insurance for bond issuance
Revision (Module 1)	<p><i>1.2.5.3 Payroll Liabilities</i></p> <p>Payroll liabilities include, but are not limited to, amounts for:</p> <ul style="list-style-type: none"> • employment benefits and net paycheck amounts owed to employees and • withholdings owed to taxing authorities.
Revision (Module 1)	<p><i>1.2.5.3 Payroll Liabilities</i></p> <p>Payroll Clearing Account</p>

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	Clearing accounts may be maintained in Custodial Funds or in the General Fund. Custodial Fund clearing accounts are accounted for on the modified accrual basis, are custodial in nature, and do not require a budget.
Revision (Module 1)	<p><i>1.2.6.2 Debt Refunding</i></p> <p>When debt is defeased, it is removed from the district’s books and no longer reported as a liability on the balance sheet. Only the new debt, if any, is reported as a liability.</p>
Revision (Module 1)	<p><i>1.2.6.3 Other Debt Disclosure Requirements</i></p> <p>Your school district must disclose the following items in notes to financial statements of the AFR:</p> <ul style="list-style-type: none"> • details of bonds payable for each outstanding debt issued, including: <ul style="list-style-type: none"> ○ a description of each debt issued; ○ the type of debt; ○ the interest rate, including the terms of rate changes for debt with a variable rate; ○ the amount of outstanding principal at the beginning of the fiscal year; ○ new issues or retirements; and ○ the amount of outstanding principal at the end of the fiscal year; • details of accreted interest for capital appreciation bonds (CABs) including: <ul style="list-style-type: none"> ○ the balance at the beginning of the fiscal year; ○ additions or reductions; and ○ balance of total accumulated accretion at the end of the fiscal year;
Revision (Module 1)	<p>1.2.8 Deferred Outflows of Resources and Deferred Inflows of Resources and Outflows and Inflows of Resources</p> <ul style="list-style-type: none"> • Deferred outflow of resources is a consumption of net assets applicable to a future reporting period and has a positive effect on net position that is similar to assets.
Revision (Module 1)	<p>Exhibit 1.2.10.2.A Major Features of the Government-wide and Fund Financial Statements</p> <p>[Change in “Fiduciary Funds” column, “Type of Inflow and Outflow Information” row]</p> <p>not applicable to custodial funds</p>
Revision (Module 1)	<i>1.2.10.8 Fiduciary Funds</i>

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	<ul style="list-style-type: none"> ● Custodial funds—resources held by the district in a custodial capacity. Custodial funds usually involve the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments
Revision (Module 1)	<p><i>1.2.13.3 Gifts and Bequests</i></p> <p>Unconditional Donations An unconditional donation is a gift or bequest to a school district or student group with no restrictions on its use.</p> <p>A nonmonetary gift is recorded at appraised or estimated fair market value at the time of receipt in the general fund or general capital asset fund, if it is not donated to a student group. A nonmonetary gift is recorded in custodial funds, if it is donated to a student group.</p> <p>A monetary gift is recorded only in the general fund, if it is not donated to a student group. It is recorded in custodial funds, if it is donated to a student group.</p>
Revision (Module 1)	<p><i>1.2.14.2 Types of Expenditures and Accounting Treatment</i></p> <ul style="list-style-type: none"> ● Intergovernmental charges relate to the transfer of resources from one school district to another, to or from other local governments, or to or from the state. Examples include contracted instructional services between public schools, other local governments, or state-operated schools and certain transfers of resources associated with state and local funding such as incremental costs associated with wealth redistribution and the TEC, Chapter 49, purchase of weighted average daily attendance (WADA).
Revision (Module 1)	<p><i>1.2.14.6 Real Property Expenditure Issues</i></p> <p>The tier two guaranteed yield component of the FSP may not be used for capital outlay or debt service.¹ Your school district may use state aid received under TEC, 48.051–48.0534, §48.101, and §48.154,² for any lawful purpose, including the following:</p> <p>¹ TEC, §48.201</p> <p>¹ TEC, §§48.051–48.0534, §48.101, and §48.154</p>
Revision (Module 1)	<p><i>1.2.15 Other Financing Sources (Uses)</i></p> <p>Examples of other financing sources are, but not limited to:</p>

¹ [TEC, §48.201](#)

² [TEC, §§48.051–48.052, §48.101, and §48.154](#)

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	<ul style="list-style-type: none"> • Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources (proceeds of long-term capital-related debt). • Face value of long-term debt, such as bonds and the face amount of bonds sold, is the nominal value or dollar value of a security instrument as stated by the issuer. For example, for stocks, it is the original cost of the stock shown on the certificate, and for bonds, it is the amount paid to the bondholder at maturity. Face value is also referred to as par value. • Proceeds from bond refunding are the result of the process of retiring or redeeming an outstanding bond issue at maturity by using the proceeds from a new debt issue. The new debt issue is almost always issued at a lower rate of interest than the refunded issue, ensuring a significant reduction in interest expense for the issuer. • Fund/operating transfers in operating transfers from other funds of the district. • Proceeds from the disposal of real or personal property proceeds. 						
Revision (Module 1)	<h3 style="color: #4F81BD;">1.2.16 Special and Extraordinary Items</h3> <p>Your district should report special and extraordinary items separately after your district reports other financing sources and uses at the bottom of the statement of activities in the format and sequence provided by GASB Statement No. 34, paragraph 86.</p>						
Revision (Module 1)	<h4 style="color: #4F81BD;">1.3.1.3 Requirements Related to Special Education SSAs</h4> <p>The TEC, Chapter 29,³ contains the statutes related to special education SSAs, and the commissioner of education has adopted rules and procedures for operating special education SSAs.⁴</p>						
Revision (Module 1)	<h4 style="color: #4F81BD;">1.4.4.2 Fringe Benefits</h4> <hr/> <p>Exhibit 1.4.4.2.B Allocation of TRS Matching Expenditures</p> <hr/> <p>Note: The rates and assumptions used in this exhibit are examples only. These calculations in school districts vary depending upon actual TRS matching rates, employee contract terms, statutes, laws, rules, etc.</p> <p style="margin-left: 20px;">Factors</p> <table border="1" style="margin-left: 40px;"> <tbody> <tr> <td style="padding: 2px;">Salary</td> <td style="text-align: right; padding: 2px;">\$50,000</td> </tr> <tr> <td style="padding: 2px;">TRS Matching Contribution Rate</td> <td style="text-align: right; padding: 2px;">6.8%</td> </tr> <tr> <td style="padding: 2px;">TRS-Care Matching Contribution Rate</td> <td style="text-align: right; padding: 2px;">0.55%</td> </tr> </tbody> </table>	Salary	\$50,000	TRS Matching Contribution Rate	6.8%	TRS-Care Matching Contribution Rate	0.55%
Salary	\$50,000						
TRS Matching Contribution Rate	6.8%						
TRS-Care Matching Contribution Rate	0.55%						

³ [TEC, Chapter 29, Special Education Program](#)

⁴ [19 TAC §89.1075\(f\)](#)

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	State Base Salary	\$27,540	
Revision (Module 1)	<p><i>1.4.4.2 Fringe Benefits</i></p> <hr/> <p>Exhibit 1.4.4.2.C Calculation of TRS Matching Expenditure Components</p> <hr/> <p>Note: The TRS matching rates shown are examples only. Applicable TRS matching rates must be used in actual calculations by school districts.</p> <p>Statutory Minimum Matching Expenditure</p> <p>Because the maximum federal grant matching amount is charged to the federal account fund code, 100 percent of the statutory minimum matching is allocated among the local account fund codes:</p> <p style="text-align: center;">\$50,000 x 7.35% = \$3,675</p>		
Revision (Module 1)	<p><i>1.5.2.1 State Compensatory Education Audit</i></p> <p>For information on required reports related to State Compensatory Education, see:</p> <ul style="list-style-type: none"> • 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)	<p><i>1.5.2.2 State Reporting for Bonds</i></p> <hr/> <p>Exhibit 1.5.2.2.A State Bond Reporting Requirements and Related Issues</p> <hr/> <p>[Change in statute for “Foundation School Fund Transfers.” See table.]</p>		
Revision (Module 1)	<p><i>1.7.4.2 Form 1099 Reporting</i></p> <p>In general, any unincorporated business, not just an individual, that receives \$600 or more for services, not merchandise, in a calendar year, your district must issue a Form 1099-MISC, Miscellaneous Income.</p>		
Revision (Module 1 FAR Appendices)	<p>Financial Accountability System Resource Guide, Update 17</p> <p>Financial Accounting and Reporting Appendices</p>		

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	<p>Texas Education Agency 2020</p>
Revision (Module 1 FAR Appendices) [From text box]	<p>A.2 Fund Codes</p> <p>Exhibit A.2 Fund Code Structure</p> <p>Fund Codes & Net Position Codes</p>
Revision (Module 1 FAR Appendices)	<p>A.2 Fund Codes</p> <p>℞41 General Administration</p> <p>[under column “Function 41—Costs to Include”]</p> <ul style="list-style-type: none"> • salaries and other costs related to the following: <ul style="list-style-type: none"> ○ budgeting, accounting, and fiscal affairs, including payroll and internal auditing costs, property accounting (capital assets), inventory, and purchasing
Revision (Module 1 FAR Appendices)	<p>A.2 Fund Codes</p> <p>℞91 Contracted Instructional Services between Public Schools</p> <p>This code is used exclusively for the purchase of weighted average daily attendance (WADA) from either the state or other school districts.</p>

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		Function Code 91—Costs to Include: <ul style="list-style-type: none"> • purchase of WADA from other school districts • purchase of WADA from the state • technology consortium costs under Option 4 • career and technical education programs under the TEC, §49.205 	Function Code 91—Costs to Exclude (correct function code appears in parentheses): <ul style="list-style-type: none"> • tuition paid by the school district for students to attend college during the regular school day (function code 11) • tuition paid by the school district for students attending classes in another school district because the resident school district does not offer certain grade levels (function code 99) 	
Revision (Module 1 FAR Appendices)	<h3 style="color: #4F81BD;">A.2 Fund Codes</h3> <p style="margin-left: 40px;"> \mathcal{R}199 General Fund (Note: Code 599, debt service fund, is used to record transactions involving the instructional facilities allotment for bonded indebtedness [voter-approved debt]). </p> <p style="margin-left: 40px;"> \mathcal{R}206 McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B—Education for Homeless Children and Youth (ESEA, Title 1, Part A, and Every Student Succeeds Act, Title IX, Part A) This code is used to account for funds granted for activities such as coordination and collaboration with local agencies to provide comprehensive services to homeless children and youths, and a variety of staff-development and supplemental services, including in-service training, counseling, psychological services, and tutoring. (CFDA 84.196) </p> <p style="margin-left: 40px;"> \mathcal{R}218 ESEA, Title IV, Part F, Subpart 4—Jacob K. Javits Gifted and Talented Students Education Act of 2001 </p>			

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℞ 270	ESEA, Title V , Part B, Subpart 2—Rural and Low Income School Grant Program
℞ 307	Shared Services Arrangements—ESEA, Title IV , Part F , Subpart 4 —Jacob K. Javits Gifted and Talented Students Education Act
℞ 347	Shared Services Arrangements—ESEA, Title V , Part B, Subpart 2—Rural and Low Income School Program
800	<p>FIDUCIARY FUND TYPES AND SIMILAR COMPONENT UNITS</p> <p>This group of codes is used to account for assets held by your school district in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. These assets can include pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds.</p>
861–899	<p>CUSTODIAL FUNDS</p> <p>These codes are used to account for funds using the economic resources measurement focus and the accrual basis of accounting. These funds are held in a custodial capacity by a school district, and they consist of funds that are the property of students or others. Custodial funds do not involve measurement of results of operations, and they have no fund equity because assets are equal to liabilities.</p> <p>Examples of custodial funds include class funds that are the property of the students. Locally raised revenues used for general operating purposes, such as certain principal’s activity accounts, are not custodial funds, and must be budgeted and accounted for in the special revenue fund, or in some instances, in the general fund. Furthermore, deferred compensation funds must be accounted for in the custodial fund if the district serves as trustee of the plan. The custodial funds must not be reported through PEIMS. Codes 861 through 899 are used to account for custodial funds.</p>
℞ 861	Custodial Fund for Tax Collections
℞ 862	Custodial Fund for Instructional Material Waiver Refunds

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	<p>℞ 865 Student Activity Account (See Code 461 for Campus Activity Funds)</p> <p>This code is used for a custodial account for student “club” funds or “class” funds. This code is not reported through PEIMS.</p> <p>876–898 Locally Defined Custodial Funds</p> <p>These codes are used for locally defined custodial funds not listed above. These codes are not reported through PEIMS.</p> <p>899 Custodial Funds</p> <p>This code is used to account for custodial funds not specified elsewhere. This code is not reported through PEIMS.</p>
Addition (Module 1 FAR Appendices)	<p>A.2 Fund Codes</p> <p>℞ 266 Elementary and Secondary School Emergency Relief (ESSER) Funds – (Coronavirus Aid, Relief, and Economic Security Act (CARES Act))</p> <p>This code is used to account for federal stimulus ESSER funds granted to LEAs through the CARES Act that support an LEA's ability to operate and instruct its students during the COVID-19 pandemic. (CFDA 84.425D) (Education Stabilization Fund)</p> <p>℞ 269 ESEA, Title V, Part B, Subpart 1—The Small, Rural School Achievement Program</p> <p>This code is used to account for funds awarded directly to rural districts from the US Department of Education to enable those districts to carry out authorized activities under specified Federal programs.</p> <p>(CFDA 84.358A)</p> <p>℞ 277 Coronavirus Relief Fund – CARES Act</p> <p>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.</p>

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	<p>(CFDA 21.019)</p> <p>R278 American Rescue Plan Elementary and Secondary School Emergency Relief (ESSER) Fund – Homeless Children and Youth (ARP-HCY)</p> <p>This code is used to account for federal stimulus ESSER funds granted to LEAs through the American Rescue Plan Act to identify homeless children and youth, to provide homeless children and youth with wrap-around services to address the challenges of COVID-19, and to enable homeless children and youth to attend school and fully participate in school activities.</p>
	<p>(CFDA 84.425W) (Education Stabilization Fund)</p> <p>R281 Elementary and Secondary School Emergency Relief Fund II (ESSER II) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</p> <p>This code is used to account for federal stimulus ESSER II funds granted to LEAs through the CRRSA Act to support LEAs' ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.</p>
	<p>(CFDA 84.425D) (Education Stabilization Fund)</p> <p>R282 Elementary and Secondary School Emergency Relief Fund III (ESSER III) of the American Rescue Plan Act of 2021</p> <p>This code is used to account for federal stimulus ESSER III funds granted to LEAs through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of the coronavirus, and enable homeless children and youth to attend school and participate fully in school activities.</p>
	<p>(CFDA 84.425D) (Education Stabilization Fund)</p>

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	<p style="text-align: center;">R345 Shared Services Arrangements—ESEA, Title V, Part B, Subpart 1—The Small, Rural School Achievement Program</p> <p style="text-align: center;">The fiscal agent of a shared services arrangement uses this code to account for funds allocated to districts to enable them to carry out authorized activities under specified Federal programs.</p> <p style="text-align: center;">(CFDA 84.358A)</p>
Deletion (Module 1 FAR Appendices)	<p style="text-align: center;">A.2 Fund Codes</p> <p style="text-align: center;">R286 Title I School Improvement Program (SIP) Academy Grant—ARRA (Stimulus)</p> <p>The NCLB Act authorizes funds to help TEA and districts address the needs of campuses in improvement, corrective action, and restructuring in order to improve student achievement.⁵ In addition, a portion of School Improvement Program funds⁶ must be used to leverage change and improve technical assistance⁷ provided through the TEA’s and districts’ targeting activities toward measurable outcomes as required by the US Department of Education. Expected results from the use of these grants include:</p> <ul style="list-style-type: none"> • 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.⁸ <p style="text-align: center;">This grant has been named the “SIP Academy” grant in Texas by the state Title I Committee of Practitioners.]</p> <p>⁵ NCLB Act, §1003(g) ⁶ NCLB Act, §1003(a) ⁷ NCLB Act, §1116 and §1117 ⁸ American Recovery and Reinvestment Act [ARRA] of 2009, Title VIII</p>

⁵ [NCLB Act, §1003\(g\)](#)

⁶ [NCLB Act, §1003\(a\)](#)

⁷ [NCLB Act, §1116 and §1117](#)

⁸ [American Recovery and Reinvestment Act \[ARRA\] of 2009, Title VIII](#)

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Deletion (Module 1 FAR Appendices)	<p>A.2 Fund Codes</p> <p>R 359 — Shared Services Arrangements—ESEA, Title I, Part A—Improving Basic Programs—ARRA (Stimulus)</p> <p>The fiscal agent of a shared services arrangement uses this code to account for funds allocated to districts to provide opportunities for children to acquire the knowledge and skills to meet the state’s student performance standards.⁹</p> <p>Note: This code is also used for district programs with locally operated correctional facilities¹⁰ and the Title I School Improvement Program.¹¹</p> <p>R 360 — Shared Services Arrangements—Title I SIP Academy Grant—ARRA (Stimulus)</p> <p>Only the fiscal agent of a shared services arrangement may use this code. The No Child Left Behind Act of 2001 (NCLB Act)¹² authorizes funds to help the TEA and districts address the needs of campuses in improvement, corrective action, and restructuring in order to improve student achievement. In addition, a portion of the School Improvement Program(SIP) funds¹³ must be used to leverage change and improve technical assistance¹⁴ provided through TEA’s and districts’ targeting activities toward measurable outcomes as required by the USDE. Expected results from the use of these grants include:</p> <ul style="list-style-type: none"> • 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.¹⁵ <p>This grant has been named the “SIP Academy” grant in Texas by the state Title I Committee of Practitioners.</p>

⁹ [ARRA of 2009, Title VIII](#)

¹⁰ [34 CFR, §200.90–§200.91](#)

¹¹ [NCLB Act, Title I](#)

¹² [NCLB Act, §1003\(g\)](#)

¹³ [NCLB Act, §1003\(g\)](#)

¹⁴ [NCLB Act, §1116](#) and [§1117](#)

¹⁵ [ARRA, Title VIII](#)

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	<p>R-364 Shared Services Arrangements—IDEA—Part B, Formula—ARRA (Stimulus)</p> <p>The fiscal agent of a shared services arrangement uses this code to account for funds granted to operate educational programs for children with disabilities. This code includes capacity building and improvement (sliver) subgrants.¹⁶</p> <p>R-365 Shared Services Arrangements—IDEA—Part B, Preschool—ARRA (Stimulus)</p> <p>The fiscal agent of a shared services arrangement uses this code to account for funds granted for preschool children with disabilities.¹⁷</p> <p>R-367 Shared Services Arrangements—ESEA, Title X, Part C—Education for the Homeless Children and Youths—ARRA (Stimulus)</p> <p>The fiscal agent of a shared services arrangement uses this code to account for funds granted for a variety of staff development and supplemental services, including in-service training, counseling, psychological services, and tutoring.¹⁸</p> <p>[¹⁶ ARRA, Title VIII ¹⁷ 34 CFR, §200.90–§200.91 ¹⁸ NCLB Act, Title I ¹⁸ NCLB Act, §1003(g) ¹⁸ NCLB Act, §1003(g) ¹⁸ NCLB Act, §1116 and §1117 ¹⁸ ARRA, Title VIII ¹⁸ ARRA, Title VIII]</p> <p>[¹⁶ ARRA, Title VIII ¹⁷ ARRA, Title VIII]</p>
Revision (Module 1 FAR Appendices)	<i>A.2.2 Unavailable or Reserved Codes</i>

¹⁶ [ARRA, Title VIII](#)

[¹⁷ [ARRA, Title VIII](#)

¹⁸ [ARRA, Title VIII](#)]

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	<p>861–899, Custodial Funds [Column head change]</p> <p>[Also see changes to table in the "Unavailable Column" in the rows for "201-289, Special Revenue: Federal Programs," and "291-379, Special Revenue: Shared Services Arrangements—Federally Funded." Also see changes to the table in the "Reserved for Future State Definition" column in the row for "201-289, Special Revenue: Federal Programs."]</p>				
Revision (Module 1 FAR Appendices)	<p style="color: #4F81BD; font-size: 1.2em;">A.3 Function Codes</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Function Code 11—Costs to Include:</td> <td style="width: 50%; padding: 5px;">Function Code 11—Costs to Exclude (correct function code appears in parentheses):</td> </tr> <tr> <td style="width: 50%;"></td> <td style="width: 50%; padding: 5px;"> <ul style="list-style-type: none"> purchase of weighted average daily attendance (WADA) from either the state or other school districts under the Texas Education Code, Chapter 49 (function code 91) </td> </tr> </table>	Function Code 11—Costs to Include:	Function Code 11—Costs to Exclude (correct function code appears in parentheses):		<ul style="list-style-type: none"> purchase of weighted average daily attendance (WADA) from either the state or other school districts under the Texas Education Code, Chapter 49 (function code 91)
Function Code 11—Costs to Include:	Function Code 11—Costs to Exclude (correct function code appears in parentheses):				
	<ul style="list-style-type: none"> purchase of weighted average daily attendance (WADA) from either the state or other school districts under the Texas Education Code, Chapter 49 (function code 91) 				
Revision (Module 1 FAR Appendices)	<p style="color: #4F81BD; font-size: 1.2em;">A.3 Function Codes</p> <p style="margin-left: 40px;">90 INTERGOVERNMENTAL CHARGES</p> <p style="margin-left: 40px;">“Intergovernmental” is a classification for circumstances in which one governmental unit transfers resources to another. Examples of intergovernmental charges are:</p> <ul style="list-style-type: none"> the purchase of weighted average daily attendance (WADA) under the TEC, Chapter 49, 				
Revision (Module 1 FAR Appendices)	<p style="color: #4F81BD; font-size: 1.2em;">A.3 Function Codes</p>				

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Type of Change	Changes to 2020 FASRG				
	<p><i>R</i>91 Contracted Instructional Services between Public Schools</p> <p>This code is used exclusively for the purchase of weighted average daily attendance (WADA) from either the state or other school districts.</p> <p>The code is for costs for the following:</p> <ul style="list-style-type: none"> • purchasing attendance credits from the state under the TEC, Chapter 49, Subchapter D • providing financial resources for services in another public school through a contract for education of nonresident students under the TEC, Chapter 49, Subchapter E 				
Revision (Module 1 FAR Appendices)	<p style="color: #4F81BD; font-size: 1.2em;">A.3 Function Codes</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Function Code 91—Costs to Include:</td> <td style="width: 50%; padding: 5px;">Function Code 91—Costs to Exclude (correct function code appears in parentheses):</td> </tr> <tr> <td style="padding: 5px;"> <ul style="list-style-type: none"> • career and technical education programs under the TEC, §49.205 </td> <td style="padding: 5px;"></td> </tr> </table>	Function Code 91—Costs to Include:	Function Code 91—Costs to Exclude (correct function code appears in parentheses):	<ul style="list-style-type: none"> • career and technical education programs under the TEC, §49.205 	
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Revision (Module 1 FAR Appendices)	<p style="color: #4F81BD; font-size: 1.2em;">A.3 Function Codes</p> <p><i>R</i>92 Incremental Costs Associated with the Purchase of WADA under the Texas Education Code, Chapter 49</p>				
Deletion (Module 1 FAR Appendices)	<p style="color: #4F81BD; font-size: 1.2em;">A.3 Function Codes</p> <p><i>R</i>98 Payments of Ad Valorem Tax Credits under Texas Economic Development Act (Texas Tax Code, Chapter 313)</p> <p>This code is for costs for value limitations under the Texas Economic Development Act (TEDA).¹⁹</p>				

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Type of Change	Changes to 2020 FASRG									
	<p>For costs classified with this function code, your school district must use fund code 199; object code 6499; either organization code 999 (Undistributed) or organization code 998 (Unallocated, Local Option), as applicable; and the applicable program intent code.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 50%; text-align: center;">[Function Code 98—Costs to Include:]</th> <th style="width: 50%; text-align: center;">[Function Code 98—Costs to Exclude:]</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> [payments of ad valorem tax credit granted by a school district under the Texas Tax Code, Chapter 313 (expenditure object code 6499)] </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> [No other costs may be classified with this function code.] </td> </tr> </tbody> </table>	[Function Code 98—Costs to Include:]	[Function Code 98—Costs to Exclude:]	<ul style="list-style-type: none"> [payments of ad valorem tax credit granted by a school district under the Texas Tax Code, Chapter 313 (expenditure object code 6499)] 	<ul style="list-style-type: none"> [No other costs may be classified with this function code.] 					
[Function Code 98—Costs to Include:]	[Function Code 98—Costs to Exclude:]									
<ul style="list-style-type: none"> [payments of ad valorem tax credit granted by a school district under the Texas Tax Code, Chapter 313 (expenditure object code 6499)] 	<ul style="list-style-type: none"> [No other costs may be classified with this function code.] 									
Addition (Module 1 FAR Appendices)	<p><i>A.3.1 Unavailable or Reserved Function Codes</i></p> <p>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 its 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.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #cccccc;"> <th style="width: 45%;">Category of Funds</th> <th style="width: 25%;">Unavailable</th> <th style="width: 30%;">Reserved for Future State Definition</th> </tr> </thead> <tbody> <tr style="background-color: #cccccc;"> <td>Function Codes</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center; vertical-align: top;">98</td> <td style="text-align: center; vertical-align: top;"> 14-19 22 24-29 37-39 42-49 54-59 63-69 72-79 82-89 94 96 </td> </tr> </tbody> </table>	Category of Funds	Unavailable	Reserved for Future State Definition	Function Codes				98	14-19 22 24-29 37-39 42-49 54-59 63-69 72-79 82-89 94 96
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Type of Change	Changes to 2020 FASRG
Revision (Module 1 FAR Appendices)	<p><i>A.4.1 Asset Object Codes</i></p> <p style="padding-left: 40px;">℞1267 Trust and Custodial Funds²⁰</p> <p style="padding-left: 80px;">This code is used to record amounts due from the trust and custodial funds to other funds of your school district.</p> <p>²⁰Custodial funds are funds used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.</p>
Revision (Module 1 FAR Appendices)	<p><i>A.4.2 Liability Object Codes</i></p> <p style="padding-left: 40px;">℞2177 Trust and [Agency]<u>Custodial</u> Funds</p> <p style="padding-left: 40px;">℞2190 Due to Student Groups</p> <p style="padding-left: 80px;">These codes are used to record amounts owed to student groups within the custodial funds.²¹</p> <p>²¹ Custodial funds should be used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.</p>
Revision (Module 1 FAR Appendices)	<p><i>A.4.3 Fund Balances and Net Position Object Codes</i></p>

²⁰ Custodial funds are funds used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

²¹ Custodial funds should be used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

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Type of Change	Changes to 2020 FASRG				
	<p style="text-align: center;">R3460 Restricted for Fund Balances of Consolidated School Districts</p> <p style="text-align: center;">This code is used to record restricted fund balances of school districts that were consolidated under the TEC, §§41.351—41.357.²²</p> <p style="text-align: center;">¹⁸ TEC, Chapter 49, Subchapter H, Consolidation by Commissioner</p>				
Deletion (Module 1 FAR Appendices)	<p><i>A.4.5 Revenue Object Codes</i></p> <p style="text-align: center;">R 5747 Additional State Aid for Ad Valorem Tax Credit, Texas Economic Development Act, Chapter 313, Tax Code</p> <p style="text-align: center;">This code is used to classify additional state aid to offset the ad valorem tax credit granted by school districts to businesses under the Texas Economic Development Act. The expenditures associated with these revenues should be recorded in the general fund, under function code 98, Payments of Ad Valorem Tax Credits under Texas Economic Development Act, and should be disbursed using object code 6499, Miscellaneous Operating Costs.]</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">[Object Code 5747—Revenue to Include:</th> <th style="text-align: center;">[Object Code 5747—Revenue to Exclude:</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"> <ul style="list-style-type: none"> • additional state aid for ad valorem tax credit for the Texas Economic Development Act, Chapter 313, Tax Code] </td> <td style="text-align: center;"> <ul style="list-style-type: none"> • additional state aid from other programs] </td> </tr> </tbody> </table>	[Object Code 5747—Revenue to Include:	[Object Code 5747—Revenue to Exclude:	<ul style="list-style-type: none"> • additional state aid for ad valorem tax credit for the Texas Economic Development Act, Chapter 313, Tax Code] 	<ul style="list-style-type: none"> • additional state aid from other programs]
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Revision (Module 1 FAR Appendices)	<p><i>A.4.5 Revenue Object Codes</i></p>				

²² [TEC, Chapter 49, Subchapter H, Consolidation by Commissioner](#)

²³ [TEC, §49.205](#)

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Type of Change	Changes to 2020 FASRG	
		<p>Object Code 5812—Revenue to Include:</p> <ul style="list-style-type: none"> • the portion of a Chapter 49 receipt received from a Chapter 49 district that corresponds to the reduction in state aid of a Chapter 48 district • Foundation School Fund Chapter 48 revenues
Revision (Module 1 FAR Appendices)	<i>A.4.5 Revenue Object Codes</i>	
	<p>Object Code 5829—Revenue to Include:</p> <ul style="list-style-type: none"> • state instructional materials allotment • facilities grant • revenues realized from the Texas Education Agency for programs not specified above 	<p>Object Code 5829—Revenue to Exclude:</p> <ul style="list-style-type: none"> • federal revenue passed through a state agency (object code 5939) • Available School Fund revenues (object code 5811) • the portion of a Chapter 49 receipt received from a Chapter 49 district that corresponds to the reduction in state aid of a Chapter 48 district (object code 5812) • Foundation School Fund Chapter 48 revenues (object code 5812) • Optional Extended Year (object code 5812)

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Type of Change	Changes to 2020 FASRG																		
			<ul style="list-style-type: none"> • State Supplemental Visually Impaired or Regional Day School for the Deaf (object code 5812) • Public Education Grant (object code 5812) 																
Revision (Module 1 FAR Appendices)	<p><i>A.4.6 Expenditure and Expense Object Codes</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Summary of Expenditure or Expense Object Codes</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">6600</td> <td>Capital Outlay—Land, Buildings, and Equipment</td> </tr> <tr> <td style="text-align: center;">6610</td> <td>Land Purchase and Improvement</td> </tr> <tr> <td style="text-align: center;">6620</td> <td>Building Purchase, Construction, or Improvements</td> </tr> <tr> <td style="text-align: center;">6630</td> <td>Furniture and Equipment</td> </tr> <tr> <td style="text-align: center;">6640</td> <td>Capital Assets—District Defined</td> </tr> <tr> <td style="text-align: center;">6650</td> <td>Capital Assets under Capital Leases</td> </tr> <tr> <td style="text-align: center;">6660</td> <td>Library Books and Media</td> </tr> </tbody> </table>			Summary of Expenditure or Expense Object Codes		6600	Capital Outlay—Land, Buildings, and Equipment	6610	Land Purchase and Improvement	6620	Building Purchase, Construction, or Improvements	6630	Furniture and Equipment	6640	Capital Assets —District Defined	6650	Capital Assets under Capital Leases	6660	Library Books and Media
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Revision (Module 1 FAR Appendices)	<p><i>A.4.6 Expenditure and Expense Object Codes</i></p> <p>℞6224 Student Attendance Credits—School Districts Only</p> <p>This code is used to classify expenditures or expenses for the purchase of attendance credits from the state or from other school districts under the TEC, Chapter 49, Subchapter D or E, or both, including career and technology education programs.²³ This code may be used only with function code 91, Contracted Instructional Services between Public Schools.</p> <p>¹⁹ TEC, §49.205</p>																		

²³ [TEC, §49.205](#)

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Type of Change	Changes to 2020 FASRG
Revision (Module 1 FAR Appendices)	<p><i>A.4.6 Expenditure and Expense Object Codes</i></p> <p>℞6411 Travel, Training, and Subsistence—Employee Only</p> <p>This code is used to classify the cost of: transportation; meals; room; registration fees associated with virtual and in-person trainings, conferences, seminars, and in-service trainings; and other expenses associated with professional development and traveling on official school business.</p> <p>Travel expenses must conform to IRS and 2 CFR Part 475 regulations. Any travel reimbursed from state funds and federal funds that are received from the Texas Education Agency must comply with the general appropriations act.</p> <p>Membership dues are classified in object code 6495, Dues.</p> <p>℞6412 Travel, Training, and Subsistence—Students</p> <p>This code is used to classify the cost of: transportation (rental of vans, buses, and other vehicles); meals; participation fees; room; registration and participation fees associated with virtual and in-person conferences and events; and other expenses associated with students’ traveling for school-sponsored events. (Do not use function code 34, Student Transportation.)</p> <p>℞6419 Travel and Subsistence—Nonemployees</p> <p>Travel expenses must conform to IRS and 2 CFR §200.475 regulations, and any travel reimbursed from state funds and federal funds that are received from the Texas Education Agency must comply with the General Appropriations Act.</p>

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Type of Change	Changes to 2020 FASRG																																																																										
	R 6499	Miscellaneous Operating Costs This code is used to classify expenditures or expenses for all other operating costs not mentioned above. This account includes: fees (not associated with professional development or travel)																																																																									
Revision (Module 1 FAR Appendices)	<i>A.4.9 Unavailable or Reserved Object Codes</i> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category of Object Codes</th> <th style="text-align: center;">Unavailable</th> <th style="text-align: center;">Reserved for Future State Definition</th> </tr> </thead> <tbody> <tr> <td colspan="3">Asset Object Codes</td> </tr> <tr> <td></td> <td style="text-align: center;">1430</td> <td style="text-align: center;">1600–1790</td> </tr> <tr> <td colspan="3">Fund Balance or Net Position Object Codes</td> </tr> <tr> <td></td> <td style="text-align: center;">3420</td> <td style="text-align: center;">3100</td> </tr> <tr> <td></td> <td style="text-align: center;">3440</td> <td style="text-align: center;">3300</td> </tr> <tr> <td colspan="3">Revenue Object Codes</td> </tr> <tr> <td></td> <td style="text-align: center;">5832</td> <td style="text-align: center;">5713–5715</td> </tr> <tr> <td></td> <td style="text-align: center;">5747</td> <td style="text-align: center;">5724–5726</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5731–5734</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5756</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5761–5765</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5770–5790</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5814–5816</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5821–5825</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5833–5835</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5843–5845</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5850–5890</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5911–5915</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5924–5926</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5933–5935</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5942–5945</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5953–5955</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">5960–5990</td> </tr> </tbody> </table>			Category of Object Codes	Unavailable	Reserved for Future State Definition	Asset Object Codes				1430	1600–1790	Fund Balance or Net Position Object Codes				3420	3100		3440	3300	Revenue Object Codes				5832	5713–5715		5747	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
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Type of Change	Changes to 2020 FASRG											
Deletion (Module 1 FAR Appendices)	<h3 style="color: #4F81BD;">A.8 Program Intent Codes</h3> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Code No.</th> <th style="text-align: center;">Name</th> <th style="text-align: center;">Description</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">[31]</td> <td style="text-align: center;">[High School Allotment]</td> <td style="text-align: center;">[Accounts for \$275 per high school student; amount is not paid separately to districts, but paid with FSP funds]</td> </tr> </tbody> </table>			Code No.	Name	Description	[31]	[High School Allotment]	[Accounts for \$275 per high school student; amount is not paid separately to districts, but paid with FSP funds]			
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[31]	[High School Allotment]	[Accounts for \$275 per high school student; amount is not paid separately to districts, but paid with FSP funds]										
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Code No.	Name	Description										
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37	Dyslexia	This code is used for the costs incurred for each student that a school district serves who has been identified as having dyslexia or a related disorder under the TEC, §48.103, and the services are not funded from the dyslexia state allotment.										

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Type of Change	Changes to 2020 FASRG		
	38	College, Career, and Military Readiness	<p>Costs incurred for dyslexia or dyslexia related disorders coded to this PIC will not be included in the calculation for Every Student Succeeds Act (ESSA) maintenance of effort calculation.</p> <p>This code is used for the costs incurred to improve college, career, and military readiness outcomes as described by the TEC, §48.110(f). At least 55 percent of the funds allocated must be used in grades eight through 12.</p>
	43	Dyslexia – Special Education	<p>This code is used for the costs incurred for each student that it serves who has been identified as having dyslexia or a related disorder under the TEC, §48.103, and who has an Individualized Education Plan (IEP) that specifically states that dyslexia services are required and the school district uses the state allotment to serve that student.</p> <p>Costs incurred for dyslexia or dyslexia related disorders coded to this PIC will be included in the calculation for ESSA maintenance of effort calculation.</p>
Deletion (Module 1 FAR Appendices) (Text struck out only)	<i>A.8.4 Program Intent Codes—Compliance Monitoring</i>		

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Type of Change	Changes to 2020 FASRG				
		Program Intent Code 11—Costs to Include:	Program Intent Code 11—Costs to Exclude (with Correct Program Intent Code):		
			<ul style="list-style-type: none"> • 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-31)] 		
Revision (Module 1 FAR Appendices)	<p><i>A.8.4 Program Intent Codes—Compliance Monitoring</i></p> <table border="1" data-bbox="743 756 1163 1442" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th data-bbox="751 756 1155 831">Program Intent Code 25—Costs to Include:</th> </tr> </thead> <tbody> <tr> <td data-bbox="751 831 1155 1442"> Costs incurred related to: <ul style="list-style-type: none"> • Services intended to make students proficient in English • 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 </td> </tr> </tbody> </table>			Program Intent Code 25—Costs to Include:	Costs incurred related to: <ul style="list-style-type: none"> • Services intended to make students proficient in English • 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
Program Intent Code 25—Costs to Include:					
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Type of Change	Changes to 2020 FASRG	
		<ul style="list-style-type: none"> • Instructional materials and equipment • Staff development • Supplemental staff expenses (paraprofessional and teacher aids) • 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 1 FAR Appendices)	<p><i>A.8.4 Program Intent Codes—Compliance Monitoring</i></p> <p><i>R</i> ———— 31 High School Allotment</p> <p>Your district must use this PIC to account for the \$275 high school allotment for each high school student used to:</p> <ul style="list-style-type: none"> • prepare students to go on to higher education, • encourage students to take advanced academic course work, • increase the rigor of academic course work, • align secondary and postsecondary curriculum, and • support promising high school completion and success initiatives in grades six through 12. <p>If your district meets certain college readiness and completion rate standards, there are fewer restrictions on how the funds are spent.²⁴</p>	

²⁴ [TEC, §39.234](#)

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Type of Change	Changes to 2020 FASRG				
	<p>This amount is not paid separately but is combined with other Foundation School Program funds. The breakdown of the amount is provided on the Summary of Finance for journal entry purposes.</p> <p>For rules on high school allotment, see 19 TAC §§1091-1099.]</p>				
Addition (Module 1 FAR Appendices)	<p><i>A.8.4 Program Intent Codes—Compliance Monitoring</i></p> <p>℞36 Early Education Allotment</p> <p>This code is used for the costs incurred for programs and services designed to improve student performance in reading and mathematics in prekindergarten through third grade, including programs and services designed to assist the school district in achieving the goals set in the school district’s early childhood literacy and mathematics proficiency plans adopted under the TEC, §11.185.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Program Intent Code 36 Costs to Include:</th> <th style="width: 50%; text-align: center;">Program Intent Code 36 Costs to Exclude (with Correct Program Intent Code):</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Costs incurred related to: <ul style="list-style-type: none"> • Intensive reading classes for prekindergarten through third grade students • Intensive math classes for prekindergarten through third grade students • Reading or math specialist • Reduction in class size • Extra time given for a double blocked period for math and reading </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Costs incurred related to: <ul style="list-style-type: none"> • Expenditures that are for prekindergarten and are counted toward the 55 percent direct services requirements to students served under SCE funds (PIC 34) • Expenditures relevant to the SCE program that are not for prekindergarten (PIC 24) • Construction of buildings for prekindergarten services (PIC 99) </td> </tr> </tbody> </table>	Program Intent Code 36 Costs to Include:	Program Intent Code 36 Costs to Exclude (with Correct Program Intent Code):	<ul style="list-style-type: none"> • Costs incurred related to: <ul style="list-style-type: none"> • Intensive reading classes for prekindergarten through third grade students • Intensive math classes for prekindergarten through third grade students • Reading or math specialist • Reduction in class size • Extra time given for a double blocked period for math and reading 	<ul style="list-style-type: none"> • Costs incurred related to: <ul style="list-style-type: none"> • Expenditures that are for prekindergarten and are counted toward the 55 percent direct services requirements to students served under SCE funds (PIC 34) • Expenditures relevant to the SCE program that are not for prekindergarten (PIC 24) • Construction of buildings for prekindergarten services (PIC 99)
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Type of Change	Changes to 2020 FASRG						
		<ul style="list-style-type: none"> Recruitment of prekindergarten teachers that are needed to implement a full-day prekindergarten program Stipends for teachers attending reading academies Devices for reading or math programs for prekindergarten through third grade students Supplies and desks for prekindergarten classrooms Second half of prekindergarten program to implement full day prekindergarten program 					
	<p>R37</p>	<p>Dyslexia – Regular Education</p> <p>This code is used for the costs incurred for each student that a school district serves who has been identified as having dyslexia or a related disorder under the TEC, §48.103, and the services are not funded from the dyslexia state allotment.</p> <p>Costs incurred for dyslexia or dyslexia related disorders coded to this PIC will not be included in the calculation for Every Student Succeeds Act (ESSA) maintenance of effort calculation.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"> Program Intent Code 37 Costs to Include: </td> <td style="width: 50%; padding: 5px;"> Program Intent Code 37 Costs to Exclude (with Correct Program Intent Code): </td> </tr> <tr> <td style="padding: 5px;"> <ul style="list-style-type: none"> Costs incurred related to: </td> <td style="padding: 5px;"> <ul style="list-style-type: none"> Costs incurred related to: </td> </tr> </table>	Program Intent Code 37 Costs to Include:	Program Intent Code 37 Costs to Exclude (with Correct Program Intent Code):	<ul style="list-style-type: none"> Costs incurred related to: 	<ul style="list-style-type: none"> Costs incurred related to: 	
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Type of Change	Changes to 2020 FASRG			
		<ul style="list-style-type: none"> • Services for dyslexia or a related disorder • Instruction by a person with specific training in providing that instruction for a student that has been identified as having dyslexia or a related disorder under the TEC, §48.103 • Modifications in the classroom or accommodations in the administration of assessment instruments under the TEC, §39.023 • Contracts with private providers (not to exceed 20 percent of the allotment for student with dyslexia or related disorder) to provide supplemental academic services to the student that are recommended under the student's program or plan • Salary for personnel providing dyslexia intervention or instruction to identified students 	<ul style="list-style-type: none"> • Services to a student who has an Individualized Education Plan (IEP) that specifically states that dyslexia services are required, and the school district uses the state allotment to serve that student (PIC 43) 	

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Type of Change	Changes to 2020 FASRG			
		<ul style="list-style-type: none"> • Dyslexia therapist positions and/or stipends for dyslexia therapists • Dyslexia specialists • Dyslexia therapist training for teachers • Dyslexia screening, progress monitoring, and/or evaluation tools • Evidence-based dyslexia intervention materials and/or curriculum • Dyslexia identification training for evaluation personnel • Evidence-based early intervention programs in reading • Professional development in the science of teaching reading 		
	<p>R38</p>	<p>College, Career, and Military Readiness</p> <p>This code is used for the costs incurred to improve college, career, and military readiness outcomes as described by the TEC, §48.110(f). At least 55 percent of the funds allocated must be used in grades eight through 12.</p>		

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Type of Change	Changes to 2020 FASRG	
	Program Intent Code 38 Costs to Include:	Program Intent Code 38 Costs to Exclude (with Correct Program Intent Code):
	<ul style="list-style-type: none"> • Costs incurred related to: <ul style="list-style-type: none"> • Tuition for dual credit courses for that meet the eligibility criteria to receive dual credit • Preparation for the ACT, the SAT, or an assessment instrument designated by the Texas Higher Education Coordinating Board under the TEC, §51.334 • Preparation to achieve a passing score set by the applicable military branch on the Armed Services Vocational Aptitude Battery 	<ul style="list-style-type: none"> • Costs incurred related to: <ul style="list-style-type: none"> • Reimbursements for test exam fees (PIC 99)
	<p>R43 Dyslexia – Special Education</p> <p>This code is used for the costs incurred for each student that a school serves who has been identified as having dyslexia or a related disorder under the TEC, §48.103, and who has an Individualized Education Plan (IEP) that specifically states that dyslexia services are required and the school district uses the state allotment to serve that student.</p> <p>Costs incurred for dyslexia or dyslexia related disorders coded to this PIC will be included in the calculation for ESSA maintenance of effort calculation.</p>	

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Type of Change	Changes to 2020 FASRG			
		Program Intent Code 43 Costs to Include:	Program Intent Code 43 Costs to Exclude (with Correct Program Intent Code):	
		<ul style="list-style-type: none"> • Costs incurred related to: <ul style="list-style-type: none"> • Services for dyslexia or a related disorder • Instruction by a person with specific training in providing that instruction for a student that has been identified as having dyslexia or a related disorder under the TEC, §48.103 • Modifications in the classroom or accommodations in the administration of assessment instruments under the TEC, §39.023 • Contracts with private providers (not to exceed 20 percent of the allotment for student with dyslexia or related disorder) to provide supplemental academic services to the student that are recommended under the student's program or plan 	<ul style="list-style-type: none"> • Costs incurred related to: <ul style="list-style-type: none"> • Services to a student who has been identified as having dyslexia or a related disorder under TEC, Section 48.103 and the state allotment is not used for the services (PIC 37). 	

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Type of Change	Changes to 2020 FASRG			
		<ul style="list-style-type: none"> • Salary for personnel providing dyslexia intervention or instruction to identified students • Dyslexia therapist positions and/or stipends for dyslexia therapists • Dyslexia specialist • Dyslexia therapist training for teachers • Dyslexia screening, progress monitoring, and/or evaluation tools • Evidence-based dyslexia intervention materials and/or curriculum • Dyslexia identification training for evaluation personnel • Evidence-based early intervention programs in reading • Professional development in the science of teaching reading 		
Revision (Module 1 FAR Appendices)	<i>A.8.5 Unavailable or Reserve Program Intent Codes</i>			

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Type of Change	Changes to 2020 FASRG		
	Category of Funds Program Intent Codes	Unavailable	Reserved for Future State Definition
		31	39, 41 – 42, 44 – 49, 54 – 59, 63–69
Revision (Module 1 FAR Appendices)	<p><i>C.3.3 Consolidated Taxing District</i></p> <p>A school district that has contracted with the board of trustees of a consolidated taxing district for the collection of M&O tax revenues must account for those funds in a custodial fund (841).</p>		
Revision (Module 1 FAR Appendices)	<p><i>C.3.4 Closing Entries</i></p> <p>C. Record the memorandum entries in custodial fund for administrative costs of consolidated taxing district.</p>		
Revision (Module 1 FAR Appendices)	<p><i>C.3.4 Closing Entries</i></p> <p>Note: A component school district records the tier 1 revenues and its pro rata share of the consolidated taxing district administrative costs in its general fund. The component school district, acting as the tax collector for the consolidated taxing district, records the initial collection of taxes in custodial fund 841. (See text at beginning of this illustration for appropriate depository procedures.)</p>		
Revision (Module 1 FAR Appendices)	<p><i>C.10.1.3 Private Donor Gift to Student Council</i></p> <p>In the following example, a private donor has contributed \$100 in cash to the student council for its general use. The transaction will be accounted for in a student activity account fund (custodial fund). Custodial funds have no fund equity, and assets are equal to liabilities. The entries in the custodial fund are as follows.</p>		
Revision (Module 1 FAR Appendices)	<p>C.15 Accounting for Custodial Funds</p>		
Revision (Module 1 FAR Appendices)	<p>C.15.1 Example 1</p> <p>This example is of a clearing account arrangement and shows a situation where school picture money (where pictures are sponsored by the student council) is accounted for in a custodial fund.</p>		
Revision (Module 1 FAR Appendices)	<p>C.15.1 Example 1</p>		

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	<p>A. In the custodial fund, record the sale of the pictures, the amount due to the student council (profit), and the invoice to the photographer.</p> <p>B. In the custodial fund, pay the invoice to the photographer.</p>
Revision (Module 1 FAR Appendices)	<p>C.15.1 Example 2</p> <p>Custodial Fund 20XX-Y Senior Class</p> <p>Trust and Custodial Fund—Senior Class</p> <p>Trust and Custodial Fund 20XX-YY Senior Class</p>
Revision (Module 1 FAR Appendices)	<p><i>D.1.1 Federal Grant Requirements for All Federal Programs</i></p> <p>Under 2 CFR §200.302 your school district must have a financial management system that:</p>
Revision (Module 1 FAR Appendices)	<p><i>D.2.2 Procurement</i></p> <p>2 CFR §200.318 also requires that your school districts procurement procedures include:</p>
Addition (Module 1 FAR Appendices)	<p>Appendix H: Activity Funds</p> <p>Activity funds are defined as funds consisting of resources received and held by the school district as trustee to be expended or invested in accordance with conditions of the trust. Specifically, they are funds accumulated from various school-approved money-raising activities and the receipt of student dues or fees, commissions, investment interest, donations, etc. These funds are to be used to promote the general welfare of the school district and the educational development and morale of all students.</p> <p>Activity funds help to support cocurricular and extracurricular student activities. Cocurricular activities are school district sponsored activities that directly add value to classroom instruction and curriculum. Extracurricular activities include a variety of other school district directed activities, such as athletic and other nonacademic competitions.</p> <p>All funds collected by school district personnel from students are defined as activity funds and must be handled through the activity funds accounts.</p> <p>H.1 Types of Activity Funds</p>

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	<p>There are two types of activity funds used to account for school district, campus, and student funds generated from a variety of activities, such as, but not limited to, vending machines, rentals, receipts from athletic events, concessions, fundraisers, and other sources of revenue. Generally, the revenue source determines the type of activity fund.</p> <p>Funds collected, disbursed, and controlled by parents, patrons, or alumni organizations are not activity funds and should not be accounted for in the school district’s activity funds. Examples of funds that are not activity funds are parent teacher organizations and athletic and band booster clubs.</p> <p><i>H.1.1 Campus Activity Funds</i></p> <p>Campus activity funds are funds that belong to and are under the control of the school district and campus and its school district or campus designee(s), which usually includes superintendents, chief financial officers, principals, campus secretaries, other school district and campus administrators and staff, and the board of trustees. Campus activity funds support campus and or district programs and activities. Revenue sources for campus activity funds may include, but are not limited to, vending machines, concessions, campus fundraisers, commissions from school photography, publications, or school stores.</p> <p>Campus activity funds may also include subaccounts for other groups other than student clubs or other student organizations. School districts may also establish a district activity fund account. A district activity fund account is required to follow the same legal requirements as a campus activity fund account.</p> <p><i>H.1.2 Student Activity Funds</i></p> <p>Money from bona fide²⁵ student organizations or clubs²⁶ are classified as student activity funds. Student activity funds support the activities of student-led organizations or clubs that students not only participate in, but also manage and direct the activities of the organization or club.</p> <p>Student activity funds are comprised of monies raised and collected by students through school district approved fundraising activities, club dues, donations, or other school district-approved activities. A school districts acts as a trustee by holding student activity funds as assets for the student organization. Funds held by the school district as student activity funds are not funds of the school district and cannot be used by the school district to support school district programs. Approval to spend funds from a student activity fund rests solely with the student organization or club, not the school district. Expenditures from this fund must be expended for the benefit of the students as approved by the student organization or club.</p> <p>According to the State Comptroller’s office, a bona fide chapter/organization is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially, any student group that is recognized by the school and organized by electing officers (not just participatory captains), holding meetings, and conducting business are bona fide chapters of the school district. Each bona fide chapter/organization and each group may have two one-day, tax-free sales in a calendar year.</p>

²⁵ [Texas Comptroller of Public Accounts, School Fundraisers and Texas Sales Tax, Publication 94-183](#)

²⁶ [Internal Revenue Service Publication 557, Tax Exempt Status for Your Organization, January 2020](#)

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	<p>Groups meeting for classroom instruction or team sports are not categorized as bona fide chapters and do not qualify for the tax-free day sales.</p> <p>For example:</p> <ul style="list-style-type: none"> • The school district qualifies. • The school-wide fundraiser qualifies. • The Basketball Club qualifies, but the basketball team does not. • The Cheerleader Club qualifies, but the cheerleader team does not. • The Debate Club qualifies, but debate teams and classes do not. • The French Club qualifies, but French classes do not. • The Senior Class qualifies, but one particular class that has seniors in it does not. <p>For more information on tax-free sales, see the Texas Comptroller’s Non-profit and Exempt Organizations Purchases and Sales webpage.</p> <p><i>H.1.3 Fundraising Activities for a School</i></p> <p>Fundraising activities are not confined to regular school hours but are considered an extension of the school program. When fundraising activities are in the name of the school, all funds raised become school funds, belonging to the school-sponsored group responsible for raising the money.</p> <p>School principals should submit an annual plan for fundraising to the central office which lists the organizations which will engage in fundraising activities and the intended use of the funds. At the end of the school year, schools usually report the outcome of each fundraising activity and how the funds were used.</p> <p>H.2 Activity Fund Accounting</p> <p>Each school district is required to establish a fund accounting system in accordance with all applicable statutes, laws, rules, and authoritative guidance. Fund accounting establishes funds for specific activities or purposes and allows school districts to meet the established legal requirements for fiscal accounting, auditing, and budgeting.</p> <p><i>H.2.1 Legal Requirements for Activity Fund Accounting</i></p> <p>Legal requirements that are applicable to activity fund accounting include:</p> <ul style="list-style-type: none"> • TEC, §44.908, Expenditure of Local Funds • 19 TAC §109.41, Financial Accountability System Resource Guide • TEA To the Administrator Addressed letter, GASB Statement No. 84, Fiduciary Funds • GASB Statement No. 84, Fiduciary Activities

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	<ul style="list-style-type: none"> • GASB Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments • Internal Revenue Service Publication 557 • Texas Comptroller’s Rules on Nonprofit and Exempt Organizations Purchases and Sales • Texas Comptroller’s Rules on Exempt Organizations • Local board policies <p><i>H.2.2 Required Activity Fund Codes</i></p> <p>Activity funds are classified into three fund groups: general fund, campus activity funds, and student activity funds. The following fund codes are to be used when coding (accounting for) activity funds:</p> <ul style="list-style-type: none"> • Fund Code 199 – General Fund <ul style="list-style-type: none"> ○ Does local board policy allow for the recall of excess or unused fund balances into the general fund for general school district use? If so, these activity funds should be accounted for in the general fund, and revenues and expenditures should be budgeted. • Fund Code 461 – Campus Activity Funds <ul style="list-style-type: none"> ○ Do other persons besides the students involved in the activity fund (teachers, sponsors, principals, administrators, etc.) have access to activity fund money to use in a manner that does not directly benefit the students involved in the activity? If so, this money should be accounted for in Fund 461 - Campus Activity Funds. • Fund Code 865 – Student Activity Funds <ul style="list-style-type: none"> ○ Do the activity fund financial decisions rest solely with the students? If so, this money should be accounted for in Fund 865 - Student Activity Account, which serves as an agency account for student organization, club, or class funds. <p><i>H.2.3 Responsibility for Activity Funds</i></p> <p>Designated school district staff, which also includes campus administrators and staff members, must know and apply applicable statutes, rules, laws, and guidance when administering activity funds. In addition to knowing applicable regulations, designated school district and campus staff are also responsible for:</p> <ul style="list-style-type: none"> • proper collection, disbursement, and control of activity funds • safekeeping of the activity funds, which includes depositing and securing the funds

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	<ul style="list-style-type: none"> • accounting, which includes, but is not limited to, creating and maintain cash receipt records and reconciling bank statements • record keeping, which requires school districts to keep activity fund records for the same length of time as other accounting records²⁷ • conducting annual audits of activity funds by using an internal or external auditor • ensuring activity fund purchases comply with the school district’s purchasing procedures and applicable statutes and laws <p>Individual Activity Fund Sponsors The sponsor of each student organization, including student groups and clubs, is responsible for supervising all activities of the organization. This responsibility can include developing fundraising plans, monitoring the financial position of the activity fund, reviewing the activity fund financial statements, and safekeeping activity fund money until it is deposited by the school district and other fiduciary responsibilities.</p> <p>Internal Auditors School districts should be prepared to have their activity funds audited at least annually. Many school districts require an audit when a change in principals or financial clerks occurs. The audits of activity funds are commonly performed by an internal auditor if the school district has one. If a school district does not have an internal auditor, annual audits of activity funds should be performed by an independent internal external auditor.</p> <p><i>H.2.4 Methods of Administering Activity Fund Accounting</i> Activity fund accounting may be administered using the one of the following methods:</p> <ul style="list-style-type: none"> • centralized—in which funds are controlled and disbursed through the school district’s accounting department • decentralized—in which funds are accounted for and controlled at the school campuses. <p>The choice to use the centralized or decentralized method is decided locally. Before deciding on which method to use, a school district should consider the advantages and disadvantages of each method.</p> <p>H.2.4.1 Advantages Some advantages are:</p>

²⁷ [Texas State Library and Archives Commission, Records Retention Schedule, Local Schedule GR](#)

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	<ul style="list-style-type: none"> • better internal controls, assuming that the school district has good internal controls, as all receipts and disbursements flow through one central accounting system rather than systems that can vary from school campus to school campus • easier access for performing internal and external audits • consistency in the manner in which repetitive matters are handled • better control of cash management operations including assurance that proper collateralization of cash and investment balances is occurring • more consistency in applying district policies and procedures • lessened requirements to perform an audit of funds if the school principal and/or finance clerk is replaced <p>H.2.4.2 Disadvantages</p> <p>Some disadvantages are:</p> <ul style="list-style-type: none"> • less control at the school site • possible delay in information and reporting to the school site <p>H.2.4.3 Formally Adopted Activity Fund Policies and Procedures</p> <p>Whether a school district uses a centralized or decentralized method of accounting for activity funds, every school district should have formally adopted policies and procedures for activity fund accounting.</p> <p>The nature of activity funds makes them vulnerable to error, misuse, and fraud; therefore, it is imperative that school districts establish sound policies and procedures concerning activity funds. Common procedures for accounting for activity funds that should be performed at least daily or monthly include, but are not limited to:</p> <ul style="list-style-type: none"> • entering deposits • entering payments • entering transfers and adjustments • entering investment purchases and or withdrawals • entering debit and credit memos received from the bank statement • entering interest earned and bank charges from the bank • completing a sales tax report • reconciling the bank statement • printing month-end reports • sending activity fund documentation to the central business office, if required <p>H.2.4.3.1 Activity Fund Receipts</p>

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	<p>Cash receipts records are the means of accurately recording cash received and provide support to substantiate each bank deposit. Most school districts use prenumbered cash receipts books or other similar forms to record all cash and or checks received. In order to maintain effective cash control, at least two persons should be involved in the functions of collecting cash and receipting cash. The person who collects the cash should not be responsible for receipting cash receipts.</p> <p>The procedures that should be followed for activity fund receipting are:</p> <ul style="list-style-type: none"> • An official receipt should be prepared immediately for any cash and/or checks received. Receipts should be issued in prenumbered sequence and should be prepared in ink. The school district should not accept postdated checks. • A form that includes details about the payer and a description of the receipt should be completed for cash receipts. • An actual cash count by the person signing the receipt should be made in the presence of the person turning in the money. The total of cash and checks should be shown separately on the cash receipt. • The maker of a check must be indicated on the receipt if the maker is someone other than the person turning in the money. The account name should be placed on each check. • A copy of the receipt should be given to the person paying the money. • Originals of receipts must be retained in the activity fund cash receipt book. • Under no circumstances should a receipt amount or the signature be altered. If either of these errors occurs in the preparation of a receipt, the receipt should be voided and a new receipt issued. • The original of the voided receipt must remain attached in the activity fund cash receipt book. The principal should approve the voiding of a receipt by signing the original receipt. • Receipts are not to be presigned or predated. • Deposit slips should include receipt numbers to allow for a proper audit trail for the disposition of all prenumbered receipts. <p><i>H.2.4.3.2 Activity Fund Disbursement Vouchers</i></p> <p>All expenditures should be paid by prenumbered check from the activity fund checking account. In addition, checks made out to cash or to the paying school should never be issued. Many school districts require two signatures on the checks to further limit the possibility of irregularities.</p> <p>Income received from a specific group should be expended for that group. No expenditure of funds should be approved by the principal unless sufficient funds are available in the appropriate activity account. Some school districts allow for transfers as loans between two or more activity funds. When transfers as loans occur, the school district should ensure that appropriate approvals have been received and the loans are repaid by the end of the school year in which the loan was granted.</p> <p>Disbursement vouchers are the authority to issue a check drawn on the activity fund checking account and the support to substantiate each bank withdrawal. Permanent original (e.g., not copies) documentation (invoices, etc.) must support the payment and should be attached to the original disbursement voucher. After payment of a voucher, the original documentation should be defaced (stamped as paid or perforated) to ensure that invoices are not mistakenly paid twice.</p>

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	<p><i>H.2.4.3.3 Supplemental Activity Fund Checks</i></p> <p>With a centralized activity fund structure, issuing emergency checks requires special care. The nature of centralized funds may require prenumbered checks at the school site. The school district should outline the nature and acceptability of incorporating emergency checks into the activity fund process in its activity fund guide. It is recommended that emergency checks have an upper limit on the dollar amount.</p> <p>The school activity fund financial secretary or clerk should contact the central business office regarding the details of specific district policy regarding emergency check issuance.</p> <p><i>H.2.4.3.4 Bank Deposit Slips</i></p> <p>As cash is collected and counted, deposit slips should be completed by the appropriate activity fund personnel. When properly validated by the bank, these deposit slips serve as evidence of money deposited on specific dates. These slips are vital supporting documents for accurate cash records and should be retained as a financial record of the school district.</p> <p><i>H.2.4.3.5 Bank Accounts</i></p> <p>Business conducted with the bank should not be in violation of any board policies, rules, or regulations. Schools should not borrow funds or enter into deferred payment contracts from any and all sources without the written consent of the central administration office. The monitoring of bank accounts is generally easier under a centralized activity fund structure.</p> <p><i>H.2.4.3.6 Monthly Bank Statements</i></p> <p>The bank statement is the official bank record of all transactions affecting the cash balance on deposit during the preceding month. All bank accounts should be reconciled on a monthly basis by a person who is independent of safeguarding the activity fund assets (cash or investments). The monthly bank statements should be sent directly to the school principal in original sealed envelopes, and the principal should review the statements for unusual items.</p> <p>When properly reconciled, the statement serves as official support for the cash balance indicated in the activity fund records. A bank statement should be received and reconciled for all accounts. The school principal should document approval of the bank reconciliations by signing the bank reconciliation form.</p> <p><i>H.2.4.3.7 Advance Payments</i></p> <p>Advance payment may sometimes be requested for expenses anticipated by clubs or other student groups engaged in out-of-town travel. A travel advance should be noted on the payment, and the group sponsor should return any unused funds to the activity fund clerk with supporting documentation as soon as the event is completed. A cash receipt for unused advance funds should be issued to the activity fund sponsor when such unused funds are returned.</p>

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	<p><i>H.2.4.3.8 Supplemental Payments to Employees for Services</i> A campus may find a need to compensate school district employees for services performed beyond their regular duties. Such auxiliary services are those discharged by the employee in addition to their normal, specified duties and will usually be performed outside of regular work hours. Examples include maintenance employees who set up a school facility during off duty hour and school personnel judging contests outside of the normal school day. These payments should not be made directly to the employee, but rather through the district payroll office.</p> <p><i>H.2.4.3.9 Payments to Non-employees for Contracted Services</i> To authorize payment of non-district personnel for consultant/instructor services, a Contract for Consultant Services or similar form should be completed before the services are rendered. The social security number of the individual should be obtained along with all critical data required for IRS Form 1099. Club sponsors should not be allowed to pay nonemployees using either their own personal check or cash and then seek reimbursement from the activity fund. At the end of each calendar year, a list of all contractors who provided services during the calendar year should be prepared. The list should include the name, address, social security number, and amount paid, and should be sent to the business office to ensure issuance of a Form 1099.</p> <p><i>H.2.4.3.10 Petty Cash Funds</i> A petty cash fund may be established at the discretion of the principal for the purchase of small, miscellaneous items. Disbursements from petty cash funds should not exceed the school district's preset limit for petty cash purchases, and employee and other checks should not be cashed from petty cash funds. All activity fund petty cash fund procedures should adhere to the school district's petty cash accounting policies. Original invoices or other suitable documentation must be obtained for all petty cash expenditures and should be defaced after payment.</p> <p><i>H.2.4.3.11 Transfers of Funds between Activity Accounts</i> Some activity funds are revenue producing by their very nature. Examples include vending machine accounts and interest accumulation accounts. Many school districts routinely transfer these proceeds to other activity funds. Any transfer of moneys between accounts should be approved by the school principal and the involved activity fund sponsors.</p> <p><i>H.2.4.3.12 Purchases or Donations of Capital Assets from Activity Funds</i> Activity funds may be used to purchase capital assets that meet the school district's capital asset capitalization policy. Such capital assets may subsequently be donated to the school district. These donated capital assets should be catalogued in the school district's capital asset records.</p>

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	<p><i>H.2.4.3.13 Audits of Activity Funds</i> Schools should be prepared to have their activity funds audited at least annually. Many school districts require an audit when a change in principals or financial clerks occurs. The audits of activity funds are commonly performed by an internal auditor if the school district has one. Activity funds are also subjected to audits by external auditors on a test basis.</p> <p><i>H.2.4.3.14 Retention of Records</i> Activity fund records should be kept by the school district for the same length of time as other accounting records, which generally are kept five years after the conclusion of the fiscal year in which the transaction occurred.</p> <p><i>H.2.4.3.15 Competitive Procurement Requirements</i> Activity fund purchases should comply with the district's purchasing procedures and relevant statutes. Purchases that exceed \$50,000 must comply with the TEC, §44.031.²⁸</p> <p><i>H.2.4.3.16 Insurance</i> The school district should adopt a policy regarding insurance coverage for theft, fraudulent, or dishonest acts of employees relating to activity funds.</p> <p><i>H.2.4.3.17 Vending Machines</i> One of the common methods of raising activity fund revenues is through vending machines on school campuses. School districts should adopt policies concerning vending machines because vending machines have been problematic in the past due to a lack of control over inventory and cash receipts. Vending machines can be either school serviced or vendor serviced. The advantage of a vendor-serviced arrangement is that an outside company is responsible for such tasks as the stocking of the machines and collection of moneys, which relieves the school principal from overseeing inventories of drinks and cash collection procedures.</p> <p><i>H.2.5 Taxable Status of Purchases, Taxable Sales, Tax-free Sales, and Exempt School Items Policies</i> Student organization sponsors and designated school district and campus staff members, responsible for activity funds, must understand the definitions and inherent laws of a sale, non-sale, taxable sale, and non-taxable sale.</p> <p>H.2.5.1 Taxable Status of Purchases All items purchased by a public school for the school's own use qualify for an exemption from sales tax if the items purchased relate to the educational process. The school, school district, or an authorized agent should provide the seller with a tax exemption</p>

²⁸ [TEC, §44.031, Purchase Contracts](#)

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	<p>certificate. To be valid, the certificate must state that the merchandise being purchased is for the organization’s own use in providing education, is being made in the name of the organization, and that payment shall be made from the organization's own funds. The school district should not reimburse employees for sales tax they paid on purchases made on the behalf of the school district.</p> <p>When individuals make purchases their own use, even if the purchase is connected with a school or school organization, the purchases are not exempt from the tax. Examples of transactions that are not tax exempt include cheerleaders purchasing their own uniforms, teachers purchasing computer equipment, band members purchasing their own instruments, and athletic teams purchasing their own jackets.</p> <p>H.2.5.2 Exempt School Items</p> <p>Public schools and school-related organizations are not required to collect sales tax on the following:</p> <ul style="list-style-type: none"> • fees and admission tickets, if the event is entirely for educational purposes • student club memberships • sales of food and soft drinks that are <ul style="list-style-type: none"> ○ sold or served during the regular school day ○ sold or served by a parent-teacher association during a fundraising sale, the proceeds of which do not benefit an individual ○ sold by a person under 19 years of age who is a member of an organization devoted to the exclusive purpose of education, and groups associated with public or private elementary or secondary schools as a part of a fundraising drive sponsored by the organization for its exclusive use <p>H.2.5.3 School Sponsored Trips</p> <p>Meals purchased by the school for groups such as athletic teams and bands on authorized school trips are exempt from the sales tax if the school contracts for the meals. The school must pay for the meals and provide the eating establishment with an exemption certificate.</p> <p>Individual members of teams or other organizations may not claim exemption from the sales tax on the meals they purchase while on a school-authorized trip.</p> <p>An exemption may also be claimed by the school from the hotel occupancy tax if the school contracts and pays for the accommodations. This exemption is only for the state hotel occupancy taxes; it does not exempt the school district from local hotel occupancy taxes.</p> <p>Teachers, coaches, and other staff may not claim exemption from sales tax on individual purchases while on school business even though they are reimbursed by the school for expenses. For example, a teacher who is attending a conference out of town would not be able to claim a sales tax exemption on the purchase of an individual meal at a restaurant.</p>

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	<p>H.2.5.4 Taxable Sales</p> <p>Public schools and school-related organizations must collect the sales tax on all sales that are not specifically exempted. For example, sales taxes must be collected on the following:</p> <ul style="list-style-type: none"> • school-purchased supplies sold directly to students including athletic equipment and physical education uniforms • fees for materials when the end product becomes a possession of the student • student publications such as yearbooks and football programs • school rings • books sold to students at book fairs <p>This list is not comprehensive; other taxable sales may be made by a school district.</p> <p>H.2.5.5 Tax-free Sales (non-taxable sales)</p> <p>Each school district, each school, and each bona fide chapter of each school is allowed to have two, one-day tax-free sales each calendar year. During these tax-free sales, the organization may sell any taxable item tax-free when the price of the item is \$5,000 or less. If the school district, school, or bona fide chapter of the school manufactured the item or the item was donated to the organization and not sold back to the person donating the item, the \$5,000 per item price threshold does not apply.²⁹ There is no limit on the number of bona fide groups at a school or school district.</p> <p>One-day tax-free sales mean that collection and remittance of state sales taxes is not required on qualified sales on that day. One day means 24 consecutive hours. One day is either</p> <ul style="list-style-type: none"> • the day the vendor delivers the items to the school district, school, or bona fide organization of the school; or • the day the school district, school, or bona fide organization of the school delivers the items to the customers. <p>The delivery of items should be made on a single day. Persons buying from surplus stock on subsequent dates after the tax-free day owe tax on the items. Customers buying from surplus inventory on the designated tax-free day do not owe tax.</p> <p>When the school or school group receives a commission, the tax-free day sale provisions cannot apply because the sale is the vendor's sale, not the school's sale. The school group should collect and remit tax to the vendor, and the vendor should report the sale and remit tax to the Comptroller's office.</p> <p>While the sale of yearbooks can be selected as one of the two one-day tax-free fundraisers, a book fair is usually not a qualified sales event because the school is not the seller but is acting as an agent for the vendor. The sale of items received from a vendor, in</p>

²⁹ [34 TAC §3.322, State and Local Sales and Use Taxes](#)

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	<p>which the school and the respective vendor have an agreement that the vendor will take back any unsold items, would also generally not qualify as a one-day tax-free sale.</p> <p>According to the Comptroller’s office, a bona fide chapter is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially, any student group that is recognized by the school and is organized by electing officers (not just participatory captains), holding meetings, and conducting business are bona fide chapters of the school and each group may have two, one-day, tax-free sales in a calendar year. Groups meeting for classroom instruction or team sports are not categorized as bona fide chapters and do not qualify for the tax-free day sales.</p> <p>For example:</p> <ul style="list-style-type: none"> • The school district qualifies. • The school-wide fundraiser qualifies. • The Basketball Club qualifies, but the basketball team does not. • The Cheerleader Club qualifies, but the cheerleader team does not. • The Debate Club qualifies, but debate teams and classes do not. • The French Club qualifies, but French classes do not. • The Senior Class qualifies, but one particular class that has seniors in it does not. <p>For more information on tax-free sales, see the Texas Comptroller’s Non-profit and Exempt Organizations Purchases and Sales webpage.</p> <p>The Texas Comptroller’s office also has a toll-free information number for quick response to any state tax question. The phone number is 1-800-252-5555.</p>
Revision (Module 1 FAR Appendices)	<h3 style="color: #4F81BD;">Glossary</h3> <p>ADDITIONS. Term used to describe increases in the net position of fiduciary funds.</p> <p>CUSTODIAL FUNDS. One of four types of fiduciary funds. Custodial funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.</p> <p>DEDUCTION. Term used in connection with fiduciary funds. Decrease in the net position of a fiduciary fund.</p> <p>ECONOMIC RESOURCES MEASUREMENT FOCUS. Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity’s net position. The economic resources measurement focus is used</p>

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	<p>for proprietary and fiduciary funds, as well as for government-wide financial reporting. It also is used by business enterprises and nonprofit organizations in the private sector.</p> <p>FIDUCIARY FUNDS. Funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government’s own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds.</p> <p>FUND TYPE. One of 11 classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds.</p> <p>PERMANENT ACCOUNTS. Accounts that appear on the Balance Sheet–Governmental Funds (i.e., assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance).</p> <p>RELATIVE ORDER OF LIQUIDITY. An order for presenting assets and liabilities on the statement of net position based upon how readily they may be converted to cash or will require the use of cash.</p> <p>RESTRICTED COMPONENT OF NET POSITION. Assets whose use is subject to constraints that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.</p> <p>TEMPORARY ACCOUNTS. Accounts that close to net position at the end of an accounting period (e.g., revenues and expenses).</p>
Deletion (Module 1 FAR Appendices)	<p>Glossary</p> <p>RESTRICTED NET POSITION. The restricted component of net position that consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. [GASB Statement No. 63, ¶10]</p>
Revision (Module 2)	<p>Financial Accountability System Resource Guide, Update 17</p> <p>Module 2: Special Supplement – Charter Schools</p>

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	<p>Texas Education Agency 2020</p>
Revision (Module 2)	<p><i>2.1.1.1 Use of State Funds</i></p> <p>Special Allotments</p> <p>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:</p> <ul style="list-style-type: none"> • special education • compensatory education • bilingual education or special language • special language • career and technology education • gifted and talented education • students with dyslexia or related disorder • college, career, or military readiness
Deletion (Module 2)	<p><i>2.1.1.1 Use of State Funds</i></p> <p>[Special Allotment Indirect Costs</p> <p>19 TAC §105.11 requires that no more than 48% of each school's FSP special allotments may be expended for indirect costs related to:</p> <ul style="list-style-type: none"> • compensatory education • bilingual education • special language programs • special education <p>19 TAC §105.11 also requires that:</p>

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	<ul style="list-style-type: none"> • no more than 45% of each school's FSP special allotments may be expended for indirect costs related to gifted and talented education programs • no more than 42% of each school's FSP special allotments may be expended for indirect costs related to career and technical education programs]
Revision (Module 2)	<h3 style="color: #4F81BD;">2.2.9 Data Submission Requirements</h3> <p>The charter holder is required to submit:</p> <ul style="list-style-type: none"> • A financial and compliance report; • A completed charter school AFR data template; • 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; • PEIMS and other reports as required by individual TEA divisions. The PEIMS data is required for submission to the TEA in four separate reports throughout the year. For further information on PEIMS submissions, see the Texas Education Data Standards; and • Local audit of state compensatory education, in accordance with Module 6: State Compensatory Education, Guidelines, Financial Treatment, and an Auditing and Reporting System of the <i>FASRG</i>, if the charter school is notified by the TEA that a local audit is required.
Revision (Module 2)	<h3 style="color: #4F81BD;">2.3.2 Components of the AFR</h3> <p>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:</p> <ol style="list-style-type: none"> 1. Certificate of Board (Exhibit B.1), 2. Independent Auditor's Report (Exhibit B.2), 3. Statement of Financial Position for Charter Holder (Exhibit B.3), 4. Statement of Activities for Charter Holder (Exhibit B.4),

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	<ol style="list-style-type: none"> 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 Capital Assets for Individual Charter School (Exhibit B.11), 13. Budgetary Comparison Schedule for Individual Charter School (Exhibit B.12), 14. Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> (Exhibit B.13), 15. Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with 2 CFR Part 200 (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), <u>21. Schedule of Real Property Ownership Interest (Exhibit B.19) (if applicable),</u> <u>22. Schedule of Related Party Transactions (Exhibit B.20) (if applicable), and</u> <u>23. Schedule of Related Party Compensation and Benefits (Exhibit B.21) (if applicable).</u>
Revision (Module 2)	<p style="color: #4F81BD; font-weight: bold;">2.8.2 State Compensatory Education</p> <p>Charter schools are subject to all the guidelines and requirements contained in FASRG Module 6: Compensatory Education, Guidelines, Financial Treatment, and an Auditing and Reporting System.</p>
Revision (Module 2)	<p style="font-weight: bold;">Appendix B: Sample Financial and Compliance Report</p> <p>Exhibit B.1 – Sample Certificate of Board</p> <p>Exhibit B.2 – Sample Independent Auditor’s Report</p> <p>Exhibit B.3 – Sample Statement of Financial Position for Charter Holder</p> <p>Exhibit B.4 – Sample Statement of Activities for Charter Holder</p>

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	<p>Exhibit B.5 – Sample Statement of Cash Flows for Charter Holder</p> <p>Exhibit B.6 – Sample Notes to the Financial Statements</p> <p>Exhibit B.7.a – Sample Statement of Financial Position for Individual Charter School 1</p> <p>Exhibit B.7.b – Sample Statement of Financial Position for Individual Charter School 2</p> <p>Exhibit B.8.a – Sample Statement of Activities for Individual Charter School 1</p> <p>Exhibit B.8.b – Sample Statement of Activities for Individual Charter School 2</p> <p>Exhibit B.9.a – Sample Statement of Cash Flows for Individual Charter School 1</p> <p>Exhibit B.9.b – Sample Statement of Cash Flows for Individual Charter School 2</p> <p>Exhibit B.10.a – Sample Schedule of Expenses for Individual Charter School 1</p> <p>Exhibit B.10.b – Sample Schedule of Expenses for Individual Charter School 2</p> <p>Exhibit B.11.a – Sample Schedule of Capital Assets for Individual Charter School 1</p> <p>Exhibit B.11.b – Sample Schedule of Capital Assets for Individual Charter School 2</p> <p>Exhibit B.12.a – Sample Budgetary Comparison Schedule for Individual Charter School 1</p> <p>Exhibit B.12.b – Sample Budgetary Comparison Schedule for Individual Charter School 2.</p> <p>Exhibit B.13 – Sample Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></p> <p>Exhibit B.14 – Sample Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with 2 CFR Part 200</p> <p>Exhibit B.15 – Sample Schedule of Findings and Questioned Costs</p> <p>Exhibit B.16 – Sample Schedule of Prior Audit Findings</p> <p>Exhibit B.17 – Sample Schedule of Expenditure of Federal Awards</p> <p>Exhibit B.18 – Sample Notes to the Schedule of Expenditure of Federal Awards</p> <p>Exhibit B.19.a – Sample Schedule of Real Property Ownership Interest for Individual Charter School 1</p> <p>Exhibit B.19.b – Sample Schedule of Real Property Ownership Interest for Individual Charter</p>

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	<p style="text-align: center;">School 2</p> <p>Exhibit B.20.a – Sample Schedule of Related Party Transactions for Individual Charter School 1</p> <p>Exhibit B.20.b – Sample Schedule of Related Party Transactions for Individual Charter School 2</p> <p>Exhibit B.21.a – Sample Schedule of Related Party Compensation and Benefits for Individual Charter School 1</p> <p>Exhibit B.21.b – Sample Schedule of Related Party Compensation and Benefits for Individual Charter School 2</p>								
Revision (Module 2)	<p>Exhibit B.8.a Sample Statement of Activities for Individual Charter School 1</p> <hr/> <p style="text-align: center;">Anywhere Charter School Statement of Activities For the Years Ended August 31, 20BB and 20AA</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"></th> <th colspan="2" style="text-align: right; border-bottom: 1px solid black;">Totals</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Without Donor Restrictions</th> <th style="text-align: center; border-bottom: 1px solid black;">With Donor Restrictions</th> <th style="text-align: center; border-bottom: 1px solid black;">20BB</th> <th style="text-align: center; border-bottom: 1px solid black;">20AA</th> </tr> </thead> </table>			Totals		Without Donor Restrictions	With Donor Restrictions	20BB	20AA
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Revision (Module 2)	<p>Exhibit B.8.b Sample Statement of Activities for Individual Charter School 2</p> <hr/> <p style="text-align: center;">Anywhere Charter Academy Statement of Activities For the Years Ended August 31, 20BB and 20AA</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"></th> <th colspan="2" style="text-align: right; border-bottom: 1px solid black;">Totals</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Without Donor Restrictions</th> <th style="text-align: center; border-bottom: 1px solid black;">With Donor Restrictions</th> <th style="text-align: center; border-bottom: 1px solid black;">20BB</th> <th style="text-align: center; border-bottom: 1px solid black;">20AA</th> </tr> </thead> </table>			Totals		Without Donor Restrictions	With Donor Restrictions	20BB	20AA
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	<p>Exhibit B.12.b Sample Budgetary Comparison Schedule for Individual Charter School 2</p> <hr/> <p style="text-align: center;">Anywhere Charter Academy Budgetary Comparison Schedule For the Years Ended August 31, 20BB</p>					
Revision (Module 2)	<h3>Real Property Ownership and Related Party Transactions</h3>					
	<p>Exhibit B.19.a Sample Schedule of Real Property Ownership Interest for Individual Charter School 1</p> <hr/> <p style="text-align: center;">Anywhere Charter School Schedule of Real Property Ownership Interest For the Years Ended August 31, 20BB</p>					
	Description (list each parcel separately)	Property Address	Total Assessed Value	Ownership Interest - Local	Ownership Interest - State	Ownership Interest - Federal
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Type of Change	Changes to 2020 FASRG									
Revision (Module 3)	<h3 style="color: #4F81BD;">Overview of Account Codes</h3> <p>A major purpose of the following accounting code structure is to establish guidelines for a nonprofit charter school fiscal accounting system that is compatible with PEIMS. Although certain codes within the overview may be used at local option, the sequence of the codes within the structure, and the net asset groups and classes and chart of accounts, are to be uniformly used by all nonprofit charter schools in accordance with generally accepted accounting principles. With the exception of the codes that may be used at local option, all charter schools must use the account code structure as described in this supplement. Failure to use the account code structure as discussed in this supplement should be disclosed as a noncompliance issue in the Schedule of Findings and Questioned Costs included with the Annual Financial and Compliance Report.</p>									
Revision (Module 3)	<h3 style="color: #4F81BD;">3.2 Net Assets Account Codes</h3> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="text-align: center;"> <p><i>R</i>206</p> </div> <div style="text-align: center;"> <p>McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B—Education for Homeless Children and Youth (ESEA, Title 1, Part A, and Every Student Succeeds Act, Title IX, Part A)</p> <p>This code is used to account for funds granted for activities such as coordination and collaboration with local agencies to provide comprehensive services to homeless children and youths, and a variety of staff-</p> </div> </div>									

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Type of Change	Changes to 2020 FASRG
	<p>development and supplemental services, including in-service training, counseling, psychological services, and tutoring. (CFDA 84.196)</p> <p style="padding-left: 40px;"><i>R</i>218 ESEA, Title IV, Part F, Subpart 4—Jacob K. Javits Gifted and Talented Students Education Act of 2001</p> <p style="padding-left: 40px;"><i>R</i> 270 ESEA, Title V, Part B, Subpart 2—Rural and Low Income School Grant Program</p>
Additions (Module 3)	<h3 style="color: #4F81BD;">3.2 Net Assets Account Codes</h3> <p style="padding-left: 40px;"><i>R</i>266 Elementary and Secondary School Emergency Relief (ESSER) Funds— Coronavirus Aid, Relief, and Economic Security (CARES) Act</p> <p style="padding-left: 80px;">This fund classification code is used to account for federal stimulus ESSER funds granted to LEAs through the CARES Act that support a charter school’s ability to operate and instruct its students during the COVID-19 pandemic. (CFDA 84.425D) (Education Stabilization Fund)</p> <p style="padding-left: 40px;"><i>R</i>269 ESEA, Title V, Part B, Subpart 1—The Small, Rural School Achievement Program</p> <p style="padding-left: 80px;">This code is used to account for funds awarded directly to rural districts from the US Department of Education to enable those districts to carry out authorized activities under specified Federal programs. (CFDA 84.358A)</p> <p style="padding-left: 40px;"><i>R</i>277 Coronavirus Relief Fund – CARES Act</p> <p style="padding-left: 80px;">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. (CFDA 21.019)</p>

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Type of Change	Changes to 2020 FASRG
	<p>R278 American Rescue Plan Elementary and Secondary School Emergency Relief (ESSER) Fund – Homeless Children and Youth (ARP-HCY)</p> <p>This code is used to account for federal stimulus ESSER funds granted to LEAs through the American Rescue Plan Act to identify homeless children and youth, to provide homeless children and youth with wrap-around services to address the challenges of COVID-19, and to enable homeless children and youth to attend school and fully participate in school activities.</p> <p>(CFDA 84.425W) (Education Stabilization Fund)</p>
	<p>R281 Elementary and Secondary School Emergency Relief Fund II (ESSER II) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</p> <p>This code is used to account for federal stimulus ESSER II funds granted to LEAs through the CRRSA Act to support LEAs’ ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.</p> <p>(CFDA 84.425D) (Education Stabilization Fund)</p>
	<p>R282 Elementary and Secondary School Emergency Relief Fund III (ESSER III) of the American Rescue Plan Act of 2021</p> <p>This code is used to account for federal stimulus ESSER III funds granted to LEAs through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of the coronavirus, and enable homeless children and youth to attend school and participate fully in school activities.</p> <p>(CFDA 84.425D) (Education Stabilization Fund)</p>
Revision (Module 3)	<p><i>3.2.1 Unavailable or Reserved Codes</i></p> <p>[See changes to table in the "Unavailable Column" in the rows for "201-289, Special Revenue: Federal Programs." Also see changes to the table in the "Reserved for Future State Definition" column in the row for "201-289, Special Revenue: Federal Programs."]</p>

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Type of Change	Changes to 2020 FASRG					
Revision (Module 3)	<h3 style="color: #4F81BD;">3.3 Function Codes</h3> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Function Code 11 - Costs to Include:</th> <th style="width: 50%;">Function Code 11 - Costs to Exclude (correct function code appears in parentheses):</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> tuition paid by the nonprofit charter school for students to attend college during the regular school day </td> <td></td> </tr> </tbody> </table>		Function Code 11 - Costs to Include:	Function Code 11 - Costs to Exclude (correct function code appears in parentheses):	<ul style="list-style-type: none"> tuition paid by the nonprofit charter school for students to attend college during the regular school day 	
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Revision (Module 3)	<h3 style="color: #4F81BD;">3.3 Function Codes</h3> <p>R13 Curriculum Development and Instructional-Staff Development</p> <p>This code is for direct costs for services to help instructional-staff members plan, develop, and evaluate the process of providing learning experiences for students. These services include in-service training and other staff development for the nonprofit charter school's instructional-staff members or members of instruction-related staffs (function codes 11, 12, and 13).</p>					
Revision (Module 3)	<h3 style="color: #4F81BD;">3.3 Function Codes</h3>					

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Type of Change	Changes to 2020 FASRG				
	<p>R34 Student Transportation</p> <p>This code is for costs incurred in transporting students to and from school. It is also for costs that are exclusively for student transportation that is related to career and technical education (CTE) services, special education services, or other special program services.</p> <p>Your nonprofit charter school must record costs for regular bus routes to and from school, or for bus passes for transportation to and from school, using program intent code 99 (Undistributed) and organization code 999 (Undistributed) or 998 (Unallocated, Local Option).</p> <p>Your nonprofit charter school must record costs that are exclusively for transportation of students related to CTE services, special education services, or other special educational services using the applicable program intent code.</p>				
Deletion and Revision (Module 3)	<h3 style="color: #4F81BD;">3.3 Function Codes</h3> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Function Code 34 - Costs to Include:</td> <td style="width: 50%; padding: 5px;">Function Code 34 - Costs to Exclude (correct function code appears in parentheses):</td> </tr> <tr> <td style="width: 50%;"></td> <td style="width: 50%; padding: 5px;"> <ul style="list-style-type: none"> [financing costs, for example, principal and interest for acquisition of buses (function code 71)] financing costs and interest on school bus loans and capital leases (function code 71) </td> </tr> </table>	Function Code 34 - Costs to Include:	Function Code 34 - Costs to Exclude (correct function code appears in parentheses):		<ul style="list-style-type: none"> [financing costs, for example, principal and interest for acquisition of buses (function code 71)] financing costs and interest on school bus loans and capital leases (function code 71)
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Revision (Module 3)	<h3 style="color: #4F81BD;">3.3 Function Codes</h3>				

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Type of Change	Changes to 2020 FASRG				
	<p style="text-align: center;"><i>R</i>36 Extracurricular Activities</p> <p>If your nonprofit charter school has activity funds, it must classify the goods purchased for resale with this function code and record the gross sale of goods with revenue object code 5755 (Results from Enterprising Activities, Activity Funds, and Clearing Accounts).</p>				
Revision (Module 3)	<h3 style="color: #4F81BD;">3.3 Function Codes</h3> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 50%;">Function Code 36 - Costs to Include:</td> <td style="width: 50%;">Function Code 36 - Costs to Exclude (correct function code appears in parentheses):</td> </tr> <tr> <td></td> <td> <ul style="list-style-type: none"> band instruments purchased by the nonprofit charter school or donated by band boosters or other groups (function code 11) </td> </tr> </table>	Function Code 36 - Costs to Include:	Function Code 36 - Costs to Exclude (correct function code appears in parentheses):		<ul style="list-style-type: none"> band instruments purchased by the nonprofit charter school or donated by band boosters or other groups (function code 11)
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Revision (Module 3)	<h3 style="color: #4F81BD;">3.3 Function Codes</h3> <p style="text-align: center;">40 ADMINISTRATIVE SUPPORT SERVICES</p> <p>This function code series is for costs related to the overall general administrative support services of your nonprofit charter school.</p> <p><i>R</i>41 General Administration</p> <p>This code is for costs to manage or govern your nonprofit charter school as an overall entity, including some activities that do not apply directly and exclusively to specific functions. General administration costs are indirect costs that apply to other expenditure functions of a nonprofit charter school.</p> <p>For all costs that your nonprofit charter school records with function code 41, your nonprofit charter school must use:</p>				
Deletion (Module 3)	<h3 style="color: #4F81BD;">3.3 Function Codes</h3>				

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Type of Change	Changes to 2020 FASRG			
(only parts of table shown)		<p>Function Code 41 - Costs to Include:</p> <ul style="list-style-type: none"> ○ [tax office services for the school district] • [fees, travel, and other costs related to appraising property and collecting taxes when no other governmental entities are involved] • amounts paid to other governmental entities, such as county appraisal districts, for costs related to collecting taxes] • [normal tax collection costs of the school district] 	<p>Function Code 41 - Costs to Exclude (correct function code appears in parentheses):</p> <ul style="list-style-type: none"> • [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)] • [amounts collected as “costs” from a taxpayer and subsequently paid to an attorney for collecting delinquent taxes (liability object code 2110, Accounts Payable)] • amounts paid to other governmental entities, such as county appraisal districts, for costs related to appraising property (function code 99)] 	
Deletion/Revision (Module 3) (only parts affected shown)	<h3 style="color: #4F81BD;">3.3 Function Codes</h3>			
		<p>Function Code 51 - Costs to Include:</p>	<p>Function Code 51 - Costs to Exclude (correct function code appears in parentheses):</p> <ul style="list-style-type: none"> • [acquisition or purchase of land and buildings (function code 81)] 	

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Type of Change	Changes to 2020 FASRG										
	<ul style="list-style-type: none"> • utilities for the entire nonprofit charter school, including for food service operations 	<ul style="list-style-type: none"> • remodeling or construction of buildings (function code 81) • major improvements to a site (function code 81) • initial installation or extension of service systems or other equipment (function code 81) 									
Revision (Module 3)	<h3 style="color: #4F81BD;">3.3 Function Codes</h3> <p style="text-align: center;"><i>R</i>53 Data Processing Services</p> <p>This code is for costs for data processing services, whether in-house or contracted.</p> <p>For data-processing costs associated with business office functions, such as accounting and payroll, your nonprofit charter school must use organization code 750.</p>										
Addition (Module 3)	<h4 style="color: #4F81BD;">3.3.1 Unavailable or Reserved Function Codes</h4> <p>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 its 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.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category of Funds</th> <th style="text-align: center;">Unavailable</th> <th style="text-align: center;">Reserved for Future State Definition</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Function Codes</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">98</td> <td style="text-align: center;">14-19 22 24-29 37-39 42-49 54-59</td> </tr> </tbody> </table>		Category of Funds	Unavailable	Reserved for Future State Definition	Function Codes				98	14-19 22 24-29 37-39 42-49 54-59
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Type of Change	Changes to 2020 FASRG			
			63-69 72-79 82-89 94 96	
Revision (Module 3)	<p><i>3.4.5 Expense Object Codes</i></p> <p style="margin-left: 40px;">℞6411 Travel, Training, and Subsistence—Employee Only</p> <p style="margin-left: 80px;">This code is used to classify the cost of: transportation; meals; room; registration fees associated with virtual and in-person trainings, conferences, seminars, and in-service trainings; and other expenses associated with professional development and traveling on official school business.</p> <p style="margin-left: 80px;">Travel expenses must conform to IRS and 2 CFR §200.475 regulations. Any travel reimbursed from state funds and federal funds that are received from the Texas Education Agency must comply with the general appropriations act.</p> <p style="margin-left: 80px;">Membership dues are classified in object code 6495, Dues.</p> <p style="margin-left: 40px;">℞6412 Travel, Training, and Subsistence—Students</p> <p style="margin-left: 80px;">This code is used to classify the cost of: transportation (rental of vans, buses, and other vehicles); meals; participation fees; room; registration and participation fees associated with virtual and in-person conferences and events; and other expenses associated with students’ traveling for school-sponsored events. (Do not use function code 34, Student Transportation.)</p> <p style="margin-left: 40px;">℞6419 Travel and Subsistence—Nonemployees</p> <p style="margin-left: 80px;">Travel expenses must conform to IRS and 2 CFR §200.475 regulations, and any travel reimbursed from state funds and federal funds that are received from the Texas Education Agency must comply with the General Appropriations Act.</p>			

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	<p style="text-align: center;">℞6499 Miscellaneous Operating Costs</p> <p>This code is used to classify expenditures or expenses for all other operating costs not mentioned above. This account includes:</p> <ul style="list-style-type: none"> • fees (not associated with professional development or travel) 		
Revision (Module 3)	<p><i>3.4.6 Gains/Net Assets Released from Restrictions</i></p> <p style="text-align: center;">7000 GAINS/NET ASSETS RELEASED RESTRICTIONS</p> <p style="text-align: center;">7911–7949 OTHER RESOURCES</p> <p>Other resources include sale of bonds, sale of real and personal property, proceeds from capital leases, etc.</p>		
Revision (Module 3)	<p><i>3.4.7 Losses/Net Assets Released</i></p>		
Revision (Module 3)	<p><i>3.8.4 Program Intent Codes—Compliance Monitoring</i></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Program Intent Code 25—Costs to Include:</td> </tr> <tr> <td> <p>Costs incurred related to:</p> <ul style="list-style-type: none"> • Services intended to make students proficient in English • Provision of a bilingual program • Provision of ESL instruction • Instruction in primary language • Increase in cognitive academic language proficiencies </td> </tr> </table>	Program Intent Code 25—Costs to Include:	<p>Costs incurred related to:</p> <ul style="list-style-type: none"> • Services intended to make students proficient in English • Provision of a bilingual program • Provision of ESL instruction • Instruction in primary language • Increase in cognitive academic language proficiencies
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Type of Change	Changes to 2020 FASRG	
		<ul style="list-style-type: none"> • Bilingual services to immigrant students • Program and student evaluation • Instructional materials and equipment • Staff development • Supplemental staff expenses (paraprofessional and teacher aids) • Salary supplements for teachers • Supplies required for quality instruction and smaller class size • Salaries for paraprofessional and teacher aides required for smaller class size
Revision (Module 3)	<p><i>3.8.4 Program Intent Codes—Compliance Monitoring</i></p> <p>\mathcal{R}30</p>	<p>Title I, Part A, School-Wide Activities Related to State Compensatory Education and Other Costs on Campuses with 40 Percent or More Educationally Disadvantaged Students (“School-wide Campuses)</p> <p>A charter school may incur SCE costs to support supplemental programs provided by federal funds at a designated Title I, Part A, school-wide campus. To determine a campus’s poverty percentage, use the same auditable poverty data as that used for Title I, Part A in the NCLB Consolidated Application for Federal Funding.</p>

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Addition (Module 3)	<p><i>3.8.4 Program Intent Codes—Compliance Monitoring</i></p> <p>R36 Early Education Allotment</p> <p>This code is used for the costs incurred for programs and services designed to improve student performance in reading and mathematics in prekindergarten through third grade, including programs and services designed to assist the charter school in achieving the goals set in the charter school’s early childhood literacy and mathematics proficiency plans adopted under the TEC, §11.185.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Program Intent Code 36 Costs to Include:</th> <th style="width: 50%; text-align: center;">Program Intent Code 36 Costs to Exclude (with Correct Program Intent Code):</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <p>Costs incurred related to:</p> <ul style="list-style-type: none"> • Intensive reading classes for prekindergarten through third grade students • Intensive math classes for prekindergarten through third grade students • Reading or math specialist • Reduction in class size • Extra time given for a double blocked period for math and reading • Recruitment of prekindergarten teachers that are needed to implement a full-day prekindergarten program • Stipends for teachers attending reading academies </td> <td style="vertical-align: top;"> <p>Costs incurred related to:</p> <ul style="list-style-type: none"> • Expenditures that are for prekindergarten and are counted toward the 55 percent direct services requirements to students served under SCE funds (PIC 34) • Expenditures relevant to the SCE program that are not for prekindergarten (PIC 24) • Construction of buildings for prekindergarten services (PIC 99) </td> </tr> </tbody> </table>	Program Intent Code 36 Costs to Include:	Program Intent Code 36 Costs to Exclude (with Correct Program Intent Code):	<p>Costs incurred related to:</p> <ul style="list-style-type: none"> • Intensive reading classes for prekindergarten through third grade students • Intensive math classes for prekindergarten through third grade students • Reading or math specialist • Reduction in class size • Extra time given for a double blocked period for math and reading • Recruitment of prekindergarten teachers that are needed to implement a full-day prekindergarten program • Stipends for teachers attending reading academies 	<p>Costs incurred related to:</p> <ul style="list-style-type: none"> • Expenditures that are for prekindergarten and are counted toward the 55 percent direct services requirements to students served under SCE funds (PIC 34) • Expenditures relevant to the SCE program that are not for prekindergarten (PIC 24) • Construction of buildings for prekindergarten services (PIC 99)
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		<ul style="list-style-type: none"> Devices for reading or math programs for prekindergarten through third grade students Supplies and desks for prekindergarten classrooms Second half of prekindergarten program to implement full day prekindergarten program 					
	<p>R37</p>	<p>Dyslexia – Regular Education</p> <p>This code is used for the costs incurred for each student that a charter school serves who has been identified as having dyslexia or a related disorder under the TEC, §48.103, and the services are not funded from the dyslexia state allotment.</p> <p>Costs incurred for dyslexia or dyslexia related disorders coded to this PIC will not be included in the calculation for Every Student Succeeds Act (ESSA) maintenance of effort calculation.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #cccccc;"> <th style="width: 50%;">Program Intent Code 37 Costs to Include:</th> <th style="width: 50%;">Program Intent Code 37 Costs to Exclude (with Correct Program Intent Code):</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;"> <p>Costs incurred related to:</p> <ul style="list-style-type: none"> Services for dyslexia or a related disorder Instruction by a person with specific training in providing that instruction for a student that has been identified as having dyslexia or a related disorder under the TEC, §48.103 </td> <td style="padding: 5px;"> <p>Costs incurred related to:</p> <ul style="list-style-type: none"> Services to a student who have an Individualized Education Plan (IEP) that specifically states that dyslexia services are required and the charter school uses the state allotment to serve that student (PIC 43) </td> </tr> </tbody> </table>		Program Intent Code 37 Costs to Include:	Program Intent Code 37 Costs to Exclude (with Correct Program Intent Code):	<p>Costs incurred related to:</p> <ul style="list-style-type: none"> Services for dyslexia or a related disorder Instruction by a person with specific training in providing that instruction for a student that has been identified as having dyslexia or a related disorder under the TEC, §48.103 	<p>Costs incurred related to:</p> <ul style="list-style-type: none"> Services to a student who have an Individualized Education Plan (IEP) that specifically states that dyslexia services are required and the charter school uses the state allotment to serve that student (PIC 43)
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Type of Change	Changes to 2020 FASRG			
		<ul style="list-style-type: none"> • Modifications in the classroom or accommodations in the administration of assessment instruments under the TEC, §39.023 • Contracts with private providers (not to exceed 20 percent of the allotment for student with dyslexia or related disorder) to provide supplemental academic services to the student that are recommended under the student’s program or plan • Salary for personnel providing dyslexia intervention or instruction to identified students • Dyslexia therapist positions and/or stipends for dyslexia therapists • Dyslexia specialist • Dyslexia therapist training for teachers • Dyslexia screening, progress monitoring, and/or evaluation tools • Evidence-based dyslexia intervention materials and/or curriculum 		

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Type of Change	Changes to 2020 FASRG							
		<ul style="list-style-type: none"> Dyslexia identification training for evaluation personnel Evidence-based early intervention programs in reading Professional development in the science of teaching reading 						
	<p>℞38</p>	<p>College, Career, and Military Readiness</p> <p>This code is used for the costs incurred to improve college, career, and military readiness outcomes as described by the TEC, §48.110(f). At least 55 percent of the funds allocated must be used in grades eight through 12.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Program Intent Code 38 Costs to Include:</th> <th style="width: 50%;">Program Intent Code 38 Costs to Exclude (with Correct Program Intent Code):</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <p>Costs incurred related to:</p> <ul style="list-style-type: none"> Tuition for dual credit courses for that meet the eligibility criteria to receive dual credit Preparation for the ACT, the SAT, or an assessment instrument designated by the Texas Higher Education Coordinating Board under the TEC, §51.334 Preparation to achieve a passing score set by the applicable military branch on the Armed Services Vocational Aptitude Battery </td> <td style="vertical-align: top;"> <p>Costs incurred related to:</p> <ul style="list-style-type: none"> Reimbursements for test exam fees (PIC 99) </td> </tr> </tbody> </table>			Program Intent Code 38 Costs to Include:	Program Intent Code 38 Costs to Exclude (with Correct Program Intent Code):	<p>Costs incurred related to:</p> <ul style="list-style-type: none"> Tuition for dual credit courses for that meet the eligibility criteria to receive dual credit Preparation for the ACT, the SAT, or an assessment instrument designated by the Texas Higher Education Coordinating Board under the TEC, §51.334 Preparation to achieve a passing score set by the applicable military branch on the Armed Services Vocational Aptitude Battery 	<p>Costs incurred related to:</p> <ul style="list-style-type: none"> Reimbursements for test exam fees (PIC 99)
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R43

Dyslexia – Special Education

This code is used for the costs incurred for each student that a charter school serves who has been identified as having dyslexia or a related disorder under the [TEC, §48.103](#), and who has an Individualized Education Plan (IEP) that specifically states that dyslexia services are required and the charter school uses the state allotment to serve that student.

Costs incurred for dyslexia or dyslexia related disorders coded to this PIC will be included in the calculation for ESSA maintenance of effort calculation.

Program Intent Code 43 Costs to Include:	Program Intent Code 43 Costs to Exclude (with Correct Program Intent Code):
<p>Costs incurred related to:</p> <ul style="list-style-type: none"> • Services for dyslexia or a related disorder • Instruction by a person with specific training in providing that instruction for a student that has been identified as having dyslexia or a related disorder under the TEC, §48.103 • Modifications in the classroom or accommodations in the administration of assessment instruments under the TEC, §39.023 • Contracts with private providers (not to exceed 20 percent of the allotment for student with dyslexia or related disorder) to provide supplemental academic 	<p>Costs incurred related to:</p> <ul style="list-style-type: none"> • Services to a student who has been identified as having dyslexia or a related disorder under the TEC, §48.103, and the state allotment is not used for the services (PIC 37)

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Type of Change	Changes to 2020 FASRG			
		<p>services to the student that are recommended under the student's program or plan</p> <ul style="list-style-type: none"> • Salary for personnel providing dyslexia intervention or instruction to identified students • Dyslexia therapist positions and/or stipends for dyslexia therapists • Dyslexia specialist • Dyslexia therapist training for teachers • Dyslexia screening, progress monitoring, and/or evaluation tools • Evidence-based dyslexia intervention materials and/or curriculum • Dyslexia identification training for evaluation personnel • Evidence-based early intervention programs in reading • Professional development in the science of teaching reading 		
Revision (Module 3)	<i>3.8.5 Unavailable or Reserved Program Intent Codes</i>			

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Type of Change	Changes to 2020 FASRG																													
	Category of Funds Program Intent Codes	Unavailable	Reserved for Future State Definition 39, 41 – 42, 44 – 49, 54 – 59, 63–69																											
Revision (Module 3)	<p><i>C.1.2 Operating Transfers</i></p> <p>Operating transfers must be treated consistently by all funds involved in the transfers. At the end of the period, the total amount of operating transfers out should equal the amount of operating transfers in for the governmental reporting entity. For example, a \$100,000 operating transfer from the local fund to the General Fund would be recorded as follows:</p> <p>A. Record an operating transfer between funds.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 40%;">Account</th> <th style="width: 20%;">Debit</th> <th style="width: 40%;">Credit</th> </tr> </thead> <tbody> <tr> <td>Net Assets Released from Restrictions</td> <td></td> <td></td> </tr> <tr> <td>199-00-8911-00-999-Y-99-0-00</td> <td style="text-align: right;">\$100,000</td> <td></td> </tr> <tr> <td>Cash and Temporary Investments</td> <td></td> <td></td> </tr> <tr> <td>199-00-1110-00-000-Y-00-0-00</td> <td></td> <td style="text-align: right;">\$100,000</td> </tr> <tr> <td>Cash and Temporary Investments</td> <td></td> <td></td> </tr> <tr> <td>420-00-1110-00-000-Y-00-0-00</td> <td style="text-align: right;">\$100,000</td> <td></td> </tr> <tr> <td>Net Assets Released from Restrictions</td> <td></td> <td></td> </tr> <tr> <td>420-00-7999-00-000-Y-00-0-00</td> <td></td> <td style="text-align: right;">\$100,000</td> </tr> </tbody> </table>			Account	Debit	Credit	Net Assets Released from Restrictions			199-00-8911-00-999-Y-99-0-00	\$100,000		Cash and Temporary Investments			199-00-1110-00-000-Y-00-0-00		\$100,000	Cash and Temporary Investments			420-00-1110-00-000-Y-00-0-00	\$100,000		Net Assets Released from Restrictions			420-00-7999-00-000-Y-00-0-00		\$100,000
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Revision (Module 4)	<p style="text-align: center; font-size: 1.2em;">Financial Accountability System Resource Guide, Update 17</p> <p style="text-align: center; font-size: 1.1em;">Module 4: Auditing</p> <p style="text-align: center; font-size: 1.1em;">Texas Education Agency 2020</p>																													

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Type of Change	Changes to 2020 FASRG
Revision (Module 4)	<p>4.1 Introduction</p> <ul style="list-style-type: none"> • a PDF version of the AFR prepared by the independent auditor, • the completed Certificate of Board, • the Audit Data Feed where applicable, and • the Charter School Annual Financial Report Data Template where applicable for open-enrollment charter schools.
Deletion (Module 4)	<p>4.1 Introduction</p> <ul style="list-style-type: none"> • [For additional information on related filing requirements, refer to Section 7.3.6 in the Data Collection and Reporting Module.]
Revision (Module 4)	<p><i>4.1.1 Types of Audits</i></p> <ul style="list-style-type: none"> ○ Economy and efficiency audits determine whether an audited entity is operating economically and efficiently, identifying causes of wasteful and inefficient practices, and ascertaining whether the entity has complied with laws and regulations in matters of economy and efficiency. (For more information on efficiency audit requirements, see the TEC, §11.184.)
Revision (Module 4)	<p><i>4.1.2 Who Can Perform Audits?</i></p> <p>The TEC, §44.008(a), requires a financial audit to be performed annually by a certified public accountant recognized by the Texas State Board of Public Accountancy.</p>
Revision (Module 4)	<p>4.2 State and Federal Requirements Relating to Texas School Districts</p> <ul style="list-style-type: none"> • 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.

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Type of Change	Changes to 2020 FASRG						
Revision (Module 4)	<p><i>4.2.5 Programs Supported by State or Federal Funds</i></p> <p>Refer to applicable statutes, laws, and rules for more on information management and record retention requirements.</p>						
Revision (Module 4)	<p><i>4.2.1 School Districts that Operate a Charter Campus</i></p> <p>The following requirements from 19 TAC §109.23(d) apply to school districts that operate a charter campus:</p> <ul style="list-style-type: none"> • The district or other educational entity must hire at its own expense an independent auditor to conduct an independent audit of its financial statements and provide an opinion on its AFR. <ul style="list-style-type: none"> ○ The independent auditor must: <ul style="list-style-type: none"> ○ be associated with a CPA firm that has a current valid license issued by the Texas State Board of Public Accountancy or another state licensing authority; ○ be a CPA with a current valid license issued by the Texas State Board of Public Accountancy, as required under the TEC, §44.008; and ○ adhere to the GAAS, adopted by the AICPA, as amended, and the generally accepted government auditing standards GAGAS, adopted by the U.S. GAO, as amended. 						
Revision (Module 4)	<p><i>4.6.5 Compliance with Laws and Regulations</i></p> <p>In a school district audit, the auditor is also required to test compliance with laws and regulations. The following exhibit lists the major state compliance requirements that are to be tested by auditors, along with suggested audit procedures. Auditors should refer to the Financial Accounting and Reporting and Financial Accounting and Reporting Appendices modules of FASRG as well as other references for information regarding these requirements.</p>						
Revision (Module 4)	<p><i>4.6.5 Compliance with Laws and Regulations</i></p> <p>Exhibit 2. Compliance with Laws and Regulations</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Laws and Regulations</th> <th style="width: 33%;">Audit Procedures</th> <th style="width: 33%;">Cross-Reference Guide</th> </tr> </thead> <tbody> <tr> <td>55%/100% Direct Expenditure</td> <td> <ul style="list-style-type: none"> • Effective 2019–2020, determine whether the School District spent 55 percent of the FSP allotment for direct costs related to compensatory education, </td> <td>Financial Accounting and Reporting module; Financial Accounting and</td> </tr> </tbody> </table>	Laws and Regulations	Audit Procedures	Cross-Reference Guide	55%/100% Direct Expenditure	<ul style="list-style-type: none"> • Effective 2019–2020, determine whether the School District spent 55 percent of the FSP allotment for direct costs related to compensatory education, 	Financial Accounting and Reporting module; Financial Accounting and
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Type of Change	Changes to 2020 FASRG		
	<p>Requirement for FSP Allotments</p>	<p>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, and early education programs. LEAs shall adopt a policy regarding the use of funds to support their gifted and talented program.</p> <ul style="list-style-type: none"> • 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. • For FSP Compensatory Education, determine whether expenditures were in alignment with the strategies, supplemental FTEs and supplemental financial resources in the district/campus. • 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, compensatory education, special education, career and technology, dyslexia or related disorder, and college, career, or military readiness. 	<p>Reporting Appendices module; Special Supplement — Charter Schools module; and Compensatory Education, module</p>
<p>Addition (Module 4)</p>	<p><i>4.6.5 Compliance with Laws and Regulations</i></p> <p>Exhibit 2. Compliance with Laws and Regulations</p>		

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Type of Change	Changes to 2020 FASRG		
	Laws and Regulations	Audit Procedures	Cross-Reference Guide
	<p>Additional Audit Procedures for the Compensatory Education Allotment Program</p>	<ul style="list-style-type: none"> • 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. 	<p>Compensatory Education module</p>
<p>Addition (Module 4)</p>	<p><i>4.6.5 Compliance with Laws and Regulations</i></p> <p>Exhibit 2. Compliance with Laws and Regulations</p>		
	Laws and Regulations	Audit Procedures	Cross-Reference Guide

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Type of Change	Changes to 2020 FASRG		
	<p>Additional Audit Procedures for the Bilingual Education Allotment Program</p>	<ul style="list-style-type: none"> • Determine if the LEA applied for and received a Bilingual Education Exception and/or ESL Waiver under the TEC, §29.054. If so, determine if a minimum of 10 percent of the total Bilingual Education (BE) allotment funds were used for comprehensive professional development plans in accordance with 19 TAC §89.1207(b)(1)(E). • Review the methodologies used for the identification, assessment, and classification of student enrollment in bilingual education programs to determine whether they comply with the TEC, §29.056. This review should include the procedures used for determining if parent approval was received for the student’s entry, exit, or placement in the bilingual education program; if a home language survey was timely and properly conducted, signed by the parent, and placed in the student’s permanent folder; and if tests were administered by professional or paraprofessionals with the appropriate language skills and training. • Select a sample of bilingual education program costs and review selections to determine if the expenditures are coded properly to the bilingual education program per the TEC, §48.105(b), and are included in the direct cost percentage calculation. Specific test should be performed to review for unallowable costs of salaries for bilingual/ESL teachers and administrative staff. 	<p>Auditing module</p>
Deletion (Module 4)	<p><i>4.6.5 Compliance with Laws and Regulations</i></p> <p>Exhibit 2. Compliance with Laws and Regulations</p> <p>[All references to “State Regulations” and “Data and Collection Reporting module” were deleted in this exhibit.]</p>		
Revision (Module 4)	<p>4.6.6.2 Disclosures of Related-Party Transactions</p>		

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	Refer to statutes, laws , and regulations regarding nepotism and pecuniary interest in the Financial Accounting and Reporting module as well as other references for information regarding these requirements.
Revision (Module 4)	<p>4.6.8.1 Report on Basic Financial Statements</p> <p>The report on the general purpose financial statements and supplementary schedule of expenditures of federal awards needs to mention that the audit was performed according to GAAS and GAS. This report will be a part of the AFR prepared by the school district. Refer to the Financial Accounting and Reporting Appendices module of FASRG for an example of an AFR.</p>
Revision (Module 4)	<p>4.7.5.1 Supplementary Schedule of Federal Financial Assistance</p> <p>See the AFR example in the Financial Accounting and Reporting Appendices module for information to be included in the Supplementary Schedule.</p>
Deletion (Module 4)	<p><i>4.7.6 American Recovery Reinvestment Act (ARRA)</i></p> <p>For TEA-specific information related to the ARRA funds, please see the TEA Stimulus web page. 2 CFR, §200, Appendix XI to Part 200—Compliance Supplement, provides ARRA-specific guidance. Please refer to the following:</p> <ul style="list-style-type: none"> ● Module 1 FAR Appendices, Appendix 8.A, General Requirements for All Federal Programs <ul style="list-style-type: none"> ○ Appendix 8.A.4 D. Davis Bacon Act ○ Appendix 8.A.9 L. Procurement and Suspension and Debarment ○ Appendix 8.A.13 M. Subrecipient Monitoring ○ Appendix 8.A.14 N. Special Tests and Provisions ● Module 1 FAR Appendices, Appendix 8.B, Matrix of Compliance Requirements ● Module 1 FAR Appendices, Appendix 8.C, Agency Program Requirements <p>ARRA information is generally presented in bold type.</p> <p>The U.S. Department of Education also has a separate web page related to the ARRA, at http://www.ed.gov/recovery.</p> <p>4.7.6.1 Reporting under ARRA</p>

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	<p>Entities that receive ARRA funding in the form of grants, loans, or cooperative agreements directly from the Federal Government are required to report under Section 1512 of ARRA. OMB M-09-21, Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009, provides guidance on how to do this. 2 CFR, §200, Appendix XI to Part 200—Compliance Supplement, clarified some related accrual versus cash basis reporting issues.</p> <p>4.7.6.2 Reporting under FFATA</p> <p>For non-ARRA awards, ARRA §1512(c)(4) requires reporting under the Federal Funding Accountability and Transparency Act (FFATA).]</p>
Addition (Module 4)	<p><i>4.7.6 Reporting Under the Federal Funding Accountability and Transparency Act (FFATA)</i></p> <p>2 CFR, §200, Appendix XI to Part 200—Compliance 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 \$25,000 or more; and contractor reporting of each first-tier subcontract award of \$25,000 or more in Federal funds. Effective October 1, 2010, each time a recipient (TEA) makes a new award of \$25,000 or more, it has to file a report. (If the subaward is made after October 1, 2010, out of funds awarded before that date, no report is required). Required data elements include the Data Universal Numbering Systems (DUNS) number, the CFDA number, and a new Federal Assistance Identification Number (FAIN).</p> <p>FFATA reporting is required:</p> <ul style="list-style-type: none"> • for each grant of \$25,000 or more to a subrecipient, • if that grant was assigned a new FAIN number (that is, the entire grant number, not part of it, must be different), • if the award was issued on October 1, 2010, or later by the federal government and if the recipient (TEA) passed it through to subrecipients (an ISD that receives an award directly, is not a TEA subrecipient, and so no FFATA reporting is required), and • if it appears that the prime recipient may delegate some of its FFATA reporting duties to the subrecipient. <p>The FFATA Subaward Reporting Systems (FSRS) is the tool used for reporting the information.</p>
Revision (Module 4)	<p>Appendix 1—Sample Request for Qualifications</p> <p style="text-align: center;">EXAMPLE</p> <p>The audit will include procedures applicable to compensatory education funds as required by Module 6 of the FASRG, if required.</p>

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Revision (Module 4)	<p style="text-align: right;">Attachment B</p> <p style="text-align: center;">Audit Schedules that Have Been Prepared by the District</p> <p>CAPITAL ASSETS</p> <ul style="list-style-type: none"> 15. Summary of Changes 16. Schedule by Function and Source 17. Schedule by Function and Activity 18. Schedule of Changes in Capital Assets by Function and Activity 19. Summary of Construction in Progress 20. Construction in Progress Schedule 21. Major Commitments for Construction in Progress
Revision (Module 5)	<p style="text-align: center;">Financial Accountability System Resource Guide, Update 17 Module 5: Purchasing</p> <p>Texas Education Agency 2020</p>
Revision (Module 5)	<p>5.11 Purchases Valued at or above \$50,000</p> <p>As required by statute and policy, all district contracts for the purchase of goods and services valued at \$50,000 or more in the aggregate for each 12-month period should be made by one of the procurement methods outlined in the TEC, §44.031, that provides the best value for a district. This requirement does not include contracts for the purchase of produce, vehicle fuel, or depository contracts.</p>

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Revision (Module 5)	<p><i>5.11.1.2 Federal Funds and the Use of Commodity Codes</i></p> <p>A district should remain diligent in monitoring the requirements for federal funds through the TEA Department of Grant Compliance and Administration.</p>
Revision (Module 5)	<p>5.13 Competitive Bidding</p> <p>References: TEC, §44.0351; Texas Local Government Code, Chapter 271</p>
Deletion (Module 5)	<p><i>5.26.3 Boycott Israel</i></p> <p>[The Texas Government Code, §808.001(2) and §2271.002, states that a district may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company that it does not boycott Israel and will not do so during the term of the contract.</p> <p>As defined in the Texas Government Code, §808.001(2), a “company” means “a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit.”]</p>
Addition (Module 5)	<p><i>5.26.3 Boycott Israel</i></p> <p>Texas Government Code, Chapter 808 and Chapter 2271, outline the prohibition on investment in companies that boycott Israel. Districts must read and gain an understanding of the requirements outlined in Texas Government Code, Chapters 808 and 2271, to ensure full compliance.</p>
Revision (Module 5)	<p><i>5.26.4 Relationships with Foreign Entities</i></p> <p>In accordance with the Texas Government Code, Chapter 2271, a contractor also must certify and verify that the contractor, and any affiliate, subsidiary, or parent company, does not and will not boycott Israel during the term of the agreement.</p>
Revision (Module 5)	<p>5.41 Recycled Products</p> <p>A district may seek an exemption from compliance if:</p>

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	<ul style="list-style-type: none"> • it has a population of less than 5,000 within its geographic boundaries and/or • it has a student enrollment of less than 10,000 • and it demonstrates to the Water Commission that compliance would create a hardship on the district. <p>Districts must also adhere to the applicable requirements outlined in 30 TAC, Chapter 328.</p>
Revision (Module 6)	<p style="text-align: center;">Financial Accountability System Resource Guide, Update 17</p> <p style="text-align: center;">Module 6: State Compensatory Education, Guidelines, Financial Treatment, and an Auditing and Reporting System</p> <p style="text-align: center;">Texas Education Agency 2020</p>
Revision (Module 6)	<p>6.1 Introduction</p> <p>Over the last three decades, state compensatory education (SCE) has experienced many changes that have affected the delivery of educational programs to educationally disadvantaged students. An objective of this volume of the Financial Accountability System Resource Guide (FASRG) is to provide detailed information that will assist local education agencies (LEA) with the understanding of the numerous options for use of the SCE allotment. Foremost, the intent of this volume of the FASRG is to explain various components of the SCE auditing and reporting system required by Texas Education Code (TEC), §48.104.</p>
Addition (Module 6)	<p>6.1 Introduction</p> <p>Beginning with the 2019–2020 school year, school districts and open-enrollment charter schools received an increased allotment for the SCE program. House Bill 3 (HB 3), the school finance bill, passed during the 2019 legislative session, changed the allotment from 0.20 per student to a range of 0.225 to 0.275 per student. With increased funding and spending requirements, the purpose of the SCE program is to increase academic achievement and reduce the dropout rate for educationally disadvantaged students and at-risk students.</p> <p>The following is a summary of the changes to the SCE program as a result of HB 3.</p> <ul style="list-style-type: none"> • Increases overall allotment from 0.20 to a range of 0.225 to 0.275. <ul style="list-style-type: none"> ○ Students who are designated as educationally disadvantaged are now eligible to receive supplemental services paid for with compensatory education funds. ○ To the Administrator Addressed: House Bill 3 (HB 3) Implementation: SCE Program (July 12, 2019)

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	<ul style="list-style-type: none"> • Establishes a new allotment methodology. <ul style="list-style-type: none"> ○ The methodology accounts for severe economic disadvantage in a student’s neighborhood based on the census block in which the student resides and the index category of the census block. • Changes spending requirements. <ul style="list-style-type: none"> ○ Adds childcare services and life skills programs (program for teen parents) to the allowable use of SCE funds. ○ Requires 55 percent of the SCE allotment be spent on the SCE program. ○ Requires the commissioner to adopt rules on spending requirements, with a focus on streamlined reporting and in a way that does not reduce eligible uses. • Requires a Compensatory Education Allotment Advisory Committee to advise the agency on: <ul style="list-style-type: none"> ○ establishing other economic criteria to be considered in determining the allotment methodology using the census block groups; ○ rules detailing the method to count students who qualify for the allotment in a dropout recovery school or program or a residential treatment facility; ○ methods for properly counting students who are homeless within the meaning of "homeless children and youths" under 42 USC §11434a; and ○ rules to determine the appropriate weight by which to adjust the basic allotment in determining the compensatory allotment for various types of SCE students. • Does not prohibit the use of SCE funds that were authorized under what was the TEC, §42.152.
Revision (Module 6)	<h3 style="color: #4F81BD;">6.1.1 History of Texas State Compensatory Education</h3> <p>In Texas, SCE began with the passage of House Bill (HB) 1126, 64th Texas Legislature, 1975. Since the inception of SCE, the program has undergone numerous changes resulting in some of the current rules for SCE that are disclosed in the TEC, §29.081, the TEC, §48.104, and other applicable statutes and rules.</p>
Revision (Module 6)	<h4 style="color: #4F81BD;">6.1.2.1 Compensatory Education Goal</h4> <p>The goal of state compensatory education is to reduce any disparity in performance on assessment instruments administered under the TEC, Chapter 39, Subchapter B, Assessment of Academic Skills,³⁰ between</p> <ul style="list-style-type: none"> • students who are educationally disadvantaged and students who are not educationally disadvantaged; and • students at risk of dropping out of school, as defined in the TEC, §29.081, and all other school district students.³¹ <p>SCE program’s desired result is to provide challenging and meaningful instructional programs and services that will close the achievement gap between students at risk of dropping out of school and their peers.</p>

³⁰ [TEC, Chapter 39, Subchapter B, Assessment of Academic Skills](#)

³¹ [TEC, §29.081](#)

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Type of Change	Changes to 2020 FASRG
Revision (Module 6)	<p><i>6.1.2.2 Compensatory Education Objectives</i></p> <p>The purpose of the SCE program is to supplement the regular or basic education program with compensatory, intensive, or accelerated instruction.</p>
Revision (Module 6)	<p><i>6.1.2.2 Compensatory Education Objectives</i></p> <p>Districts must separately budget sufficient funds, including funds under TEC, §48.104³² to provide required accelerated instruction to students who failed to perform satisfactorily on an EOC. A district may not budget funds received under TEC, §48.104, for any other purpose until the district adopts a budget to support additional accelerated instruction under TEC, §29.081 (b-1). A district shall evaluate the effectiveness of accelerated instruction programs under Subsection (b-1) and annually hold a public hearing to consider the results.</p> <p>¹ TEC, §48.104</p>
Revision (Module 6)	<p><i>6.1.2.2 Compensatory Education Objectives</i></p> <p>Supplemental instructional services that are offered to at-risk students and educationally disadvantaged students should provide additional opportunities to be successful in school. Services provided should:</p> <ul style="list-style-type: none"> • be comprehensive and specific to meet the individualized needs of the at-risk and/or educationally disadvantaged student; • be coordinated among LEA staff, partner organizations, and parents/guardians as appropriate; • supplement each at-risk and/or educationally disadvantaged student’s regular education program by providing additional time and or resources; and • support personal and social development through supplemental academic, developmental, and counseling services that are designed to keep the student in school, promote to the next grade level, and graduate from high school.
Revision (Module 6)	<p>6.2.1 State Compensatory Education Statutes, Laws, and Regulations</p> <p>TEC and other state statutes and regulations contain the legal requirements for SCE. SCE is defined in law as programs and or services designed to supplement the regular education program for students identified as at risk of dropping out of school and educationally disadvantaged students. Statutes, laws, regulations, and correspondence related to the SCE program are outlined below.</p> <p>State Statutory Requirements TEC, Chapters 11, 28, 29, and 48, establish statutory requirements related to LEA’s SCE program implementation and compliance. These requirements include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • TEC, §§11.251–11.253, related to the district improvement plan and the campus improvement plan requirements

³² [TEC, §48.104](#)

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	<ul style="list-style-type: none"> • TEC, §28.0217, relates to satisfactory performance on state assessment instruments and providing accelerated instruction to certain students • TEC, §29.081, defines the purpose of the SCE program and the statutory criteria for determining whether a student is at risk of dropping out of high school • TEC, §29.089, allows school districts and charter schools to fund mentoring programs with state compensatory education funds • TEC, §48.104, provides the method for TEA to calculate school district and open-enrollment charter school allotments <p>State Regulatory Requirements</p> <p>Information pertaining to the eligible student count for the compensatory education allotment is detailed in 19 TAC §61.1027.</p> <p>Additional information on the statutes, laws, rules, regulations, and correspondence related to the SCE program are located under the State Compensatory Education heading on the Support for At-Risk Schools and Students webpage on the TEA website.</p>
Revision (Module 6)	<h3 style="color: #4F81BD;">6.2.2 District and Campus Improvement Plans</h3> <ul style="list-style-type: none"> ○ A summative evaluation is quantitative, using numeric scores or letter grades to assess learner achievement. It measures the worth of a program at the end of the program activities. The focus is on outcome.
Revision (Module 6)	<h4 style="color: #4F81BD;"><i>6.2.2.1 State Criteria for Identification of Students at Risk of Dropping Out of School</i></h4> <p>The SCE program may also supplement the local accelerated reading program, dyslexia program and or the school district’s mentoring services program. TEC, §48.104,³³ allows charges to the state compensatory education allotment in proportion to the percentage of students that meet the criteria in TEC, §29.081(d) or (g)³⁴ for programs that serve students that:</p> <p>¹ TEC, §48.104</p>
Revision (Module 6)	<h4 style="color: #4F81BD;"><i>6.2.2.1 State Criteria for Identification of Students at Risk of Dropping Out of School</i></h4> <p>7. Has been expelled in accordance with the TEC, §37.007³⁵ during the preceding or current school year</p> <p>Any student who has been expelled from school during the preceding or current school year meets this definition.</p>
Revision (Module 6)	<h4 style="color: #4F81BD;"><i>6.2.2.1 State Criteria for Identification of Students at Risk of Dropping Out of School</i></h4>

³³ [TEC, §42.152\(c-1\)](#)

³⁴ [TEC, §29.081\(d\)\(g\)](#)

³⁵ [TEC, §37.007](#)

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	<p>12. Is homeless, as defined by Title 42 United States Code (USC) Section 11302, and its subsequent amendments</p> <p>Students are considered to be at risk when they are homeless as defined by federal statute in 42 USC §11302³⁶ (Section 11302 is located in Chapter 119 of Title 42 of the USC.), as amended.</p> <p>For more information about homeless students, see the Texas Education for Homeless Children and Youth website.</p>
<p>Deletion (Module 6) (from item 12)</p>	<p><i>6.2.2.1 State Criteria for Identification of Students at Risk of Dropping Out of School</i></p> <p>Under 42 USC §11302, the terms “homeless”, “homeless individual”, and “homeless person”, including children and youths, means</p> <p>(1) an individual or family who lacks a fixed, regular, and adequate nighttime residence;</p> <p>(2) an individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;</p> <p>(3) an individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including hotels and motels paid for by Federal, State, or local government programs for low-income individuals or by charitable organizations, congregative shelters, and transitional housing);</p> <p>(4) an individual who resided in a shelter or place not meant for human habitation and who is exiting an institution where he or she temporarily resided;</p> <p>(5) an individual or family who-</p> <p>(A) will imminently lose their housing, including housing they own, rent, or live in without paying rent, are sharing with others, and rooms in hotels or motels not paid for by Federal, State, or local government programs for low-income individuals or by charitable organizations, as evidenced by-</p> <p>(i) a court order resulting from an eviction action that notifies the individual or family that they must leave within 14 days;</p> <p>(ii) the individual or family having a primary nighttime residence that is a room in a hotel or motel and where they lack the resources necessary to reside there for more than 14 days; or</p> <p>(iii) credible evidence indicating that the owner or renter of the housing will not allow the individual or family to stay for more than 14 days, and any oral statement from an individual or family seeking homeless assistance that is found to be credible shall be considered credible evidence for purposes of this clause;</p> <p>(B) has no subsequent residence identified; and</p>

³⁶ [42 USC §11302](#)

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	<p>(C) lacks the resources or support networks needed to obtain other permanent housing; and</p> <p>(6) unaccompanied youth and homeless families with children and youth defined as homeless under other Federal statutes who-</p> <p>(A) have experienced a long-term period without living independently in permanent housing,</p> <p>(B) have experienced persistent instability as measured by frequent moves over such period, and</p> <p>(C) can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.</p> <p>(b) Domestic violence and other dangerous or life-threatening conditions</p> <p>Notwithstanding any other provision of this section, the Secretary shall consider to be homeless any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions in the individual's or family's current housing situation, including where the health and safety of children are jeopardized, and who have no other residence and lack the resources or support networks to obtain other permanent housing.</p> <ul style="list-style-type: none"> • Regardless of age, all students—including preschool students—who meet the statutory definition of homeless are considered homeless. • Students whose parents will not permit them to live at home are considered homeless. • Students who have run away from home, even if their parents are willing to have them return home, are considered homeless. • Living with grandparents or other relatives does not in itself constitute being homeless. • “Unaccompanied Youth” are considered homeless only when they meet the definition of homeless. Not being in the physical custody of a parent or guardian does not in itself meet the definition of homeless.
Revision (Module 6)	<p>6.2.2.1 State Criteria for Identification of Students at Risk of Dropping Out of School</p> <p>14. Students who have been incarcerated or who have parents that have been incarcerated within the student's lifetime in a penal institution as defined by Penal Code, §1.07. These students are eligible to receive certain services that other at-risk students receive, such as counseling and academic enhancement services.</p> <p>Penal Code, §1.07(a)(37), defines “penal institution” as “a place designated by law for confinement of persons arrested for, charged with, or convicted of an offense.” TEA considers the term “incarcerated” in the amended section of the TEC, §29.081, to</p>

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	<p>mean conviction for a criminal offense and consequent sentencing and confinement to jail or prison. The juvenile equivalent is adjudication and placement in a juvenile detention facility.</p> <p>TEA’s general guidelines for documenting a student at-risk due to incarceration are as follows:</p> <ul style="list-style-type: none"> • Timeline for identification. This begins as soon as the appropriate school staff is informed of a student’s incarceration or that a student’s parent or guardian has been incarcerated in a penal institution in the student’s lifetime. • Start date. This is the date of disclosure to campus staff. • End date. The student remains identified as at-risk for the remainder of his/her public school education. • Districts may legally request this information. Documentation must be maintained and may include a detailed “memo-to-file.”
Revision (Module 6)	<p><i>6.2.2.1 State Criteria for Identification of Students at Risk of Dropping Out of School</i></p> <p>Under the TEC, §48.104(l)(2), SCE program may also supplement the local accelerated reading program, dyslexia program and or the school district’s mentoring services program. The TEC, §48.104(l)(2),³⁷ allows charges to the state compensatory education allotment in proportion to the percentage of students that meet the criteria in the TEC, §29.081(d) or (g)³⁸ for programs that serve students that:</p>
Revision (Module 6)	<p>6.2.3 Electronic Report Submission Requirements</p> <p>All school districts and open-enrollment charter schools, whose SCE allotment is \$750,000 or more for the previous fiscal year, are required to submit district and campus improvement plans and an annual local SCE program evaluation to the TEA to evaluate SCE program compliance. For LEAs whose SCE allotment is less than \$750,000, the TEA will request selected plans as needed to determine program compliance.</p> <p>The following documents must be submitted through the Texas Education Agency Login environment (TEAL) Audit application:</p> <ol style="list-style-type: none"> 1. DIP; and 2. CIP (open-enrollment charter schools submit instructional plans) - a minimum of two for the campuses that had the highest percentage of students at risk of dropping out of school. Of the two CIPs³⁹ that must be submitted: <ol style="list-style-type: none"> a. At least one must be for the non-Title I campus, if any, that had the highest percentage of students at risk of dropping out of school during the school year b. One plan for each campus that received an F performance rating in the Texas Accountability Rating System for the previous school year

³⁷ [TEC, §48.104](#)

³⁸ [TEC, §29.081\(d\)\(g\)](#)

³⁹ It is possible that a school district or open-enrollment charter school may be required to submit more than two campus improvement plans.

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	<p>3. Local evaluation of SCE strategies, activities, and programs is required for a school district or an open-enrollment charter school that:</p> <ul style="list-style-type: none"> a. had any F - Unacceptable Performance campuses based on state academic accountability ratings; or b. reported more than 59 percent at-risk students during the previous school year
Revision (Module 6)	<p>6.2.3.1 Electronic Report Submission Due Date</p> <p>(The 150th day after the last day permissible to send data for the PEIMS data midyear collection resubmission.) Typically, the last day for the PEIMS data FINAL midyear collection resubmission occurs in mid- to late-February; therefore, the 150th day typically falls mid- to late-July.^[40]</p> <p>^[42] [TEC, §42.152(e)]</p>
Revision (Module 6)	<p>6.2.3.3 PEIMS Reporting Requirements</p> <p>Students at risk of dropping out of school must be reported through PEIMS and must meet the state criteria during the fall resubmission.^[43]</p> <p>^[4] [TEC, §42.152(e)] ¹ 2018–2019 TEA Data Standards</p>
Revision (Module 6)	<p>6.2.4.1 Compensatory Education Allotment</p> <p>House Bill 3 (HB 3) increased the compensatory education allotment from 0.20 per student to a range of 0.225 to 0.275 per student. The increase in funding comes with changes in spending requirements. The methodology for funding the program has changed from a single multiplier for each eligible student to a tiered multiplier focused on individual students. The weight is based on the census block group where the educationally disadvantaged student’s home or residence address is located. Census blocks identified as economically disadvantaged are sorted into five tiers and assigned different funding weights for each tier. Organized from least to most severe economic disadvantage, the five tiers of the index are 0.225, 0.2375, 0.25, 0.2625, and 0.275.</p>

^[40] [\[TEC, §42.152\(e\)\]](#)

^[42] [\[TEC, §42.152\(e\)\]](#)

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	<p>If insufficient data is available for any school year to evaluate the level of economic disadvantage in a census block group, a school district is entitled to an annual allotment equal to the basic allotment multiplied by 0.225 for each student who is educationally disadvantaged and resides in that census block group.</p> <p>Previous methodology resulted in close to \$1,000 per eligible student. The new methodology provides approximately \$1,400 per student on the low end and \$1,700 per student on the high end.</p> <p>Funding allocated for SCE programs is based on an index for economically disadvantaged census block groups in the state.⁴² This index provides criteria for determining which census block groups are economically disadvantaged. It categorizes economically disadvantaged census block groups in five tiers according to the relative severity of economic disadvantage. In determining the severity of economic disadvantage in a census block group, the commissioner considers:</p> <ul style="list-style-type: none"> • the median household income; • the average educational attainment of the population; • the percentage of single-parent households; • the rate of homeownership; and • other economic criteria the commissioner determines likely to disadvantage a student's preparedness and ability to learn. <p>On a schedule determined by the commissioner, each school district reports to the agency the census block group in which each educationally disadvantaged student enrolled in the district resides. The agency provides a resource to school districts for use in determining the census block group in which a student resides.</p> <p>¹⁴ TEC, §48.104(a-b)</p>								
Revision (Module 6)	<p>Exhibit 6.2.4.1.A SCE Annual Allotment Eligibility Criteria</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">Adjusted Basic Allotment Multiplier (Multiply the basic allotment by the multiplier)</th> <th style="width: 20%;"></th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Qualification Criteria for SCE Allotment</td> <td></td> <td style="text-align: center;">Applicable Statute or Rule</td> <td></td> </tr> </tbody> </table>		Adjusted Basic Allotment Multiplier (Multiply the basic allotment by the multiplier)			Qualification Criteria for SCE Allotment		Applicable Statute or Rule	
	Adjusted Basic Allotment Multiplier (Multiply the basic allotment by the multiplier)								
Qualification Criteria for SCE Allotment		Applicable Statute or Rule							

⁴² [TEC, §48.104\(a\)\(b\)](#)

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	Educationally Disadvantaged Student	0.225, 0.2375, 0.25, 0.2625, and 0.275 (weights ordered from least to most severe economic disadvantage)	TEC, §48.104(b-d)
	A student that does not have a disability and resides in a residential placement facility in a district in which the student’s parents or legal guardian do not reside	0.275	TEC, §48.104(b)
	Full-time student that is pregnant and in a remedial and support program authorized under TEC, §29.081	2.41	TEC, §48.104(b)
	Full-time student in a virtual education program through the state virtual school network, if the school district submits a plan to the commissioner of education detailing the enhanced services that will be provided to the student and the commissioner of education approves the plan	0.225, 0.2375, 0.25, 0.2625, and 0.275	TEC, §48.104(f)
Revision (Module 6)	<p><i>6.2.4.1 Compensatory Education Allotment</i></p> <p>The TEC, §48.104, gives the commissioner of education the authority to provide an alternative method for school districts and open-enrollment charter schools to count the number of eligible educationally disadvantaged students.</p>		
Revision (Module 6)	<p><i>6.2.4.2 Alternative Method for Receiving the Compensatory Education Allotment</i></p> <p>To be counted for SCE funding using the alternative method, each student considered to be educationally disadvantaged must meet the income eligibility requirements for the</p>		

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	<p>NSLP for free or reduced-priced lunches⁴³;</p> <p>¹⁵ TEC, §48.104</p>
Revision (Module 6)	<p><i>6.2.4.3 Budgeting and Expenditure of SCE Funds</i></p> <p>Each LEA that is required to provide accelerated instruction under TEC, §29.081(b-1)⁴⁴ shall separately budget sufficient funds, including funds under TEC, §48.104,⁴⁵ for that purpose. A district may not budget funds received under TEC, §48.104 for any other purpose until the district adopts a budget to support additional accelerated instruction under TEC, §29.081(b-1).</p> <p>¹¹ TEC, §48.104</p>
Revision (Module 6)	<p><i>6.2.4.3 Budgeting and Expenditure of SCE Funds</i></p> <p>Under TEC, §48.104(k), SCE funds must be used to fund supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between students who are educationally disadvantaged and students who are not educationally disadvantaged, and students at risk of dropping out of school, as defined by TEC, §29.081, and all other students.</p>
Revision (Module 6)	<p><i>6.2.4.4 Allowable Costs</i></p> <p>Under the TEC, §48.104(k),⁴⁵ SCE funds must be used to fund supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39, or disparity in the rates of high school completion between students who are educationally disadvantaged and students who are not educationally disadvantaged, and students at risk of dropping out of school, as defined by Section 29.081, and all other students.</p> <p>Fifty-five percent (55%) of the annual SCE allotment must be expended during the school year for which it was allotted for compliant compensatory programs and or services, direct costs. No more than 45 percent (45%) of the Foundation School Program (FSP) SCE allotment may be spent on indirect costs.⁴⁶ Specifically, the direct program funds, may be used to meet the costs of providing:</p> <ul style="list-style-type: none"> • a compensatory programs and services under TEC, §29.081; or • a disciplinary alternative education program established under TEC, §37.008; or • to pay the costs associated with placing students in a juvenile justice alternative education program established under TEC, §37.011; or

⁴³ [TEC, §48.104](#)

⁴⁴ [TEC, §29.081](#)

⁴⁵ [TEC, §48.104](#)

⁴⁶ [19 TAC §105.11\(a\)](#)

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	<ul style="list-style-type: none"> • to support a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Pub. L. No. 103-382 and its subsequent amendments, and by federal regulations implementing that Act. <p>In meeting the requirements of providing a compensatory, intensive, or accelerated instruction program under TEC, §48.104(I)(2), a district's compensatory education allotment must be used for costs supplementary to the regular education program, such as:⁴⁷</p> <ul style="list-style-type: none"> • costs for the SCE program and student evaluation, • instructional materials and equipment and other supplies required for quality instruction of identified at-risk students, • supplemental staff expenses, • salary for teachers of at-risk students, and • smaller class size, and • individualized instruction of identified at-risk students. <p>A program specifically designed to serve students at risk of dropping out of school, as defined by TEC, §29.081, is considered to be a program supplemental to the regular education program, and a school district may use its compensatory education allotment for such a program.</p> <p>In addition, SCE program funds may also supplement the accelerated reading program, dyslexia or related disorder program, and the LEA's mentoring services program. TEC, §48.104(I)(2) (formally under §42.152), allows charges to the SCE allotment in proportion to the percentage of students that meet the criteria in TEC, §29.081(d) or (g) for programs that serve students that:</p> <ul style="list-style-type: none"> • are enrolled in an accelerated reading program under TEC, §28.006(g); • are enrolled in a program for treatment of students who have dyslexia or a related disorder as required by TEC, §38.003; or • to fund the LEA's mentoring services program under TEC, §29.089. <p>LEAs should consider the following questions when determining if a cost is allowable for the SCE program:</p> <ul style="list-style-type: none"> • Is the program or service being offered to an identified at-risk student? • Is the program or service supplemental to other federal and state programs, and the regular education program that is offered to all students? • Is the program or service reasonable and necessary to carry out the intent and purpose of SCE? • Was the program or service disclosed in the DIP and or CIP, or the instructional plan for open-enrollment charter schools, before SCE funds were expended? • Will the program or service enhance the academic performance of the identified at-risk students?

⁴⁷ [TEC, §48.104](#)

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	<p>LEAs that receive SCE program funding pursuant to TEC, §48.104, are responsible for</p> <ul style="list-style-type: none"> • obtaining the appropriate data from families of potentially eligible students, • verifying that information, and • retaining the records in accordance with records retention requirements. <p>In addition, a district shall evaluate the effectiveness of accelerated instruction programs under TEC, §29.081(c)⁴⁸ and annually hold a public hearing to consider the results.</p> <p>¹⁹ TEC, §48.104 ²⁰ TEC, §29.081(c)</p>
Revision (Module 6)	<p><i>6.2.4.5 Supplement, Not Supplant</i></p> <p>It is imperative that LEAs have an in-depth understanding of what it means to supplement a program with SCE funds and what it means to supplant a program with SCE funds. The definitions of supplement and supplant highlight the difference. The definitions are:</p> <ul style="list-style-type: none"> • Supplement – to add to; to enhance; to expand; to build upon; to increase; to extend; to create something new; and • Supplant – to take the place of; to replace with something else; substitute for. <p>Any program activity, program personnel, or program materials required by the district, federal law, state statute or rule, or SBOE rule may not be funded with SCE funds.</p>
Deletion (Module 6)	<p><i>6.2.4.5 Supplement, Not Supplant</i></p> <p>For specific guidance on what it means to supplement not supplant, as it is applicable to the Elementary and Secondary Education Act (ESEA) of 1965, as reauthorized by the Every Student Succeeds Act (ESSA) of 2015, grant funds, see the Supplement, Not Supplant Handbook on the Administering a Grant webpage on the TEA website.</p>
Revision (Module 6)	<p><i>6.2.4.5 Supplement, Not Supplant</i></p> <p>Supplemental costs can include items that are designed specifically to reduce any disparity in performance on assessment instruments administered under TEC, Chapter 39, Subchapter B,⁴⁹ or disparity in the rates of high school completion between students at risk of dropping out of school and all other LEA students⁵⁰ such as, but are not limited to:</p>

⁴⁸ [TEC, §29.081\(c\)](#)

⁴⁹ [TEC, Chapter 39, Subchapter B](#)

⁵⁰ [TEC, §29.081](#) and [TEC, §48.104](#)

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	<ul style="list-style-type: none"> • accelerated instruction for students that have taken an end-of-course (EOC) assessment as required by TEC, §39.023(c), and has not performed satisfactorily; • required accelerated instruction program(s) evaluation(s) to assess the impacts or effectiveness of programs; • student evaluation or assessment of progress in meeting the goals of the program in reducing any disparity in performance on assessment instruments administered under TEC, Chapter 39, Subchapter B, or disparity in the rates of high school completion between students at risk of dropping out of school and educationally disadvantaged students, and all other students in the school district; <p>²² TEC, §29.0819(c) and TEC, §48.104</p>
Revision (Module 6)	<p><i>6.2.4.5 Supplement, Not Supplant</i></p> <p>All costs must be both reasonable and necessary to achieve the purpose of the program. Training and training expense must be reasonable and necessary and training must be related and beneficial to the SCE program. Therefore, training must be aligned with the needs of at-risk students as indicated in the DIP and CIP needs assessment. LEAs should ensure that training is not a “one time” event. Training should be geared to improving student performance. It is important to evaluate the effectiveness of the training and ensure that the original learning goals were achieved. Documentation must be maintained that training was evaluated for effectiveness.</p>
Revision (Module 6)	<p><i>6.2.4.5 Supplement, Not Supplant</i></p> <p>TEA relies upon data reported by LEAs through TSDS PEIMS⁵¹ to determine compliance with certain supplement, not supplant requirements in the TEC,⁵² TAC,⁵³ and SBOE rules and other applicable laws, rules and statutes. The TEA may request additional data as necessary in order to clarify questions related to PEIMS data. Also, the TEA may conduct on-site visits as needed to fully assess qualitative and quantitative questions about SCE programs. If the TEA determines that an LEA supplanted costs, then financial penalties may apply.⁵⁴</p> <p>²⁴ TEC, §48.104(l)(2) ²⁶ TEC, §48.104</p>
Revision (Module 6)	<p><i>6.2.4.6 Use of the Compensatory Education Allotment for Mentoring Services Programs</i></p> <p>The TEC, §48.104(l)(2) (formerly under the TEC, §42.152), allows SCE funds to be used to supplement an LEA’s mentoring services program that was established in accordance with the TEC, §29.089.</p>

⁵¹ [TEC, §42.006](#)

⁵² [TEC, §48.104](#)

⁵³ [19 TAC §61.1027](#)

⁵⁴ [TEC, §48.104](#)

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Type of Change	Changes to 2020 FASRG
Revision (Module 6)	<p><i>6.2.4.6 Use of the Compensatory Education Allotment for Mentoring Services Programs</i></p> <p>It is also imperative that programs implement proven, evidence-based best practices to achieve their desired outcome. As with all other services provided for students at-risk of dropping out of school, a needs assessment must be conducted to aid in the development of the programs’ scopes of services. The analysis of the results of the assessment should provide the foundation that is critical in designing a program that can be integrated into raising the academic success of students at risk of dropping out of school.</p> <p>Before implementing any mentoring program, an LEA should have established policies and procedures related to the screening of potential mentors, including background checks; ongoing training and support for mentors and program staff; activities for mentors and students; and procedures for supervision and monitoring of mentoring relationships. Some available resources on the topic of mentoring service programs for school districts and open-enrollment charter schools are:</p>
Revision (Module 6)	<p><i>6.2.4.7 Use of the Compensatory Education Allotment for Class Size Reductions</i></p> <p>In meeting the costs of providing a compensatory, intensive, or accelerated instruction program under TEC, §29.081,⁵⁵ school districts may use the SCE allotment to fund costs supplementary to the regular education program to create smaller class sizes.⁵⁶</p> <p>¹⁹ TEC, §48.104(k)(1)(B)</p>
Deletion (Module 6)	<p><i>6.2.4.7 Use of the Compensatory Education Allotment for Class Size Reductions</i></p> <p>Example: Grade four on Campus A meets the state mandated 22:1 class size requirement; however, based on the campus needs assessment, the campus determines that the class size in grade four on Campus A needs to be further reduced. Statistically, 50% of the students in grade four meet the state eligibility criteria for students at risk of dropping out of school and 2% meet the local eligibility criteria. Therefore, it is allowable for SCE to pay 52% of the supplemental salary and benefit costs for reducing class size in grade four on Campus A.</p>
Revision (Module 6)	<p><i>6.2.4.8 Use of the Compensatory Education Allotment for Alternative Education Programs</i></p> <p>Under TEC, §48.104(k)(1)(B), Error! Bookmark not defined. a program specifically designed to serve students at risk of dropping out of school, as defined by TEC, 29.081, is considered to be a program supplemental to the regular education program and a school district may use its SCE allotment for such a program.</p>
Revision (Module 6)	<p><i>6.2.4.9 Use of the Compensatory Education Allotment in Support of the Title 1, Part A Program</i></p>

⁵⁵ [TEC, §29.081](#)

⁵⁶ [TEC, §48.104](#)

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Type of Change	Changes to 2020 FASRG
	<p>Direct SCE funds⁵⁷ may be used to support a program eligible under Title I of the Elementary and Secondary Education Act of 1965, as provided by Pub. L. No. 103-382 and its subsequent amendments, and by federal regulations implementing that act.</p> <p>SCE funds used to support a Title I program must be included in the campus budget and all SCE expenditures must be coded to the correct SCE fund code, align with the purpose of the SCE program, and follow all generally accepted accounting principles. SCE funds used to support upgrades to the educational program must also meet the same guidelines required by the federal statute in that SCE funds may only be used in compliance with applicable statutory and regulatory provisions. SCE expenditures used to support a Title I program must also be supplemental to the costs of the regular education program and must not replace required or allowable federal expenditures.</p>
Deletion (Module 6)	<p>6.2.4.9 Use of the Compensatory Education Allotment in Support of the Title 1, Part A Program</p> <p>Under ESSA, Title I, Part A, campuses at which at least 40% of the students are educationally disadvantaged are named “schoolwide” campuses. To determine a campus’ poverty percentage, use the same auditable poverty data that is used for identifying campuses for federal funding. The use of these funds will be described and evaluated in the schoolwide campus improvement plan.</p>
Revision (Module 6)	<p>6.2.5 State Compensatory Education Statutes, Laws, and Regulations</p> <p>3. Design appropriate SCE services for students that enable them to be performing at grade level at the conclusion of the next regular school year and provide services to prevent at-risk students from dropping out of school</p>
Revision (Module 6)	<p>6.2.5 State Compensatory Education Statutes, Laws, and Regulations</p> <div style="text-align: center;"> <pre> graph TD PC((Planning Cycle)) --> ID[Identification] PC --> CA[Comprehensive Assessment] PC --> D[Design] PC --> BA[Budget Adoption] PC --> DEL[Delivery] PC --> EVAL[Evaluation] PC --> PH[Public Hearing] PC --> IMP[Improve] ID --> CA CA --> D D --> BA BA --> DEL DEL --> EVAL EVAL --> PH PH --> IMP IMP --> ID </pre> </div>

⁵⁷ [19 TAC §105.11\(a\)](#)

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Type of Change	Changes to 2020 FASRG
Revision (Module 6)	<p>6.2.5 State Compensatory Education Statutes, Laws, and Regulations</p> <p>In addition, each school district must main accurate and current student records verifying the at-risk classification. Student records must include the reason(s) the student was</p> <ul style="list-style-type: none"> • identified, • when the student was identified, • the supplemental services provided, • periodic review and verification of the at-risk student’s at-risk classification, and • the date and documentation substantiating the reason for exiting the program. <p>SCE planning cycle is continuous and on-going throughout the school year; therefore, it is imperative that staff members that are part of the SCE planning team are fully engaged and knowledgeable about the requirements of the SCE program.</p>
Revision (Module 6)	<p>6.2.6 State Compensatory Education Programs and Resources</p> <p>Resources may include, but are not limited to:</p> <ul style="list-style-type: none"> • specialized supplemental materials for reading or mathematics programs; • specialized software; • additional staff, and equipment; • tutorials; • class size reduction; (Note: SCE funds cannot be used to meet state or federally mandated rules); • computer-assisted instruction • specialized staff development to train personnel who are working with students at risk of dropping out of school and/or educationally disadvantaged students (For more information, see the section labeled <i>Notes on training.</i>); • STAAR remediation; • individualized instruction; • extended day (instructional) sessions for prekindergarten; • accelerated instruction; and • extended day, week, or year instructional services
Revision (Module 6)	<p>6.2.6 State Compensatory Education Programs and Resources</p>

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Type of Change	Changes to 2020 FASRG
	<p>Notes on training</p> <p>Training and training expenses must be reasonable and necessary and training must be related and beneficial to the SCE program. Therefore, training must be aligned with the needs of at-risk and/or educationally disadvantaged students as indicated in the DIPs and CIPs for school districts and instructional plans of charter schools. LEAs should ensure that training is not a “one time” event. Documentation must be maintained that training was evaluated for effectiveness. Thoroughly written policies regarding attendance of staff at staff development trainings should be established and integrated.</p>
Revision (Module 6)	<p><i>6.2.6.1 SCE Expenditures and Program Support Documentation</i></p> <p>SCE funds must be used to provide support programs and or services that supplement the regular education program so that students at risk of dropping out of school and educationally disadvantaged students can succeed in school.</p>
Revision (Module 6)	<p><i>6.2.6.1 SCE Expenditures and Program Support Documentation</i></p> <p>Each LEA must maintain SCE support documentation that contains the following information to substantiate the cost of all supplemental SCE programs and or services:</p> <ol style="list-style-type: none"> 1. State the name of program. 2. State the purpose, goal, and objective. 3. State the amount that will be expended to support this program and the source of funds for the amounts expended. 4. Indicate the number of students that will be served. 5. Indicate the number of staff members involved. 6. Specify how the program supplements the regular education program. What documentation will the school district and each campus maintain to verify that this training is supplemental to the at-risk program and not the campus’ entire educational program? 7. Specify how the program will reduce the dropout rate. 8. Specify how the program will increase the achievement of students identified as being at risk of dropping out of school. TEC §29.081(d) 9. Specify how evaluations will be conducted to measure the impact of the program on student performance. In this specific case, specify how this training will be periodically evaluated for effectiveness. TEC §11.252(a)(8) and §11.253(d)(7) 10. Indicate the research used to support the effectiveness of the staff development. Basically, describe the settings and populations that have shown improved performance after using this program and summarize the evidence showing that this training improves student achievement. 11. What data will the campus use to evaluate the success of the new program as it relates to increased student achievement in the areas in need of improvement? (results of evaluation) TEC §29.081(c) 12. How will the campus monitor the implementation of the training into classrooms? Who will be responsible for mentoring and monitoring the implementation? What is the timeline for implementation?

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	<p>13. Indicate how the cost of the training is reasonable and necessary.</p> <p>14. Identify the page number(s) of the DIP and CIP for school districts and instructional plans for charter schools that describes the planned strategies, activities, services and/or functions that will be implemented in support of this program. TEC §11.251(b)</p> <p>15. The proposed use of SCE and federal funds must be disclosed in the applicable CIP. This disclosure must relate to the applicable line item in the approved budget.</p> <p>16. Specify timelines for ongoing monitoring of the implementation of each improvement strategy.</p>
Revision (Module 6)	<p>6.2.7 Evaluation of State Compensatory Education Programs</p> <p>LEAs are required to annually evaluate⁵⁸ and document the effectiveness of their designated SCE program in</p> <ol style="list-style-type: none"> 1. reducing any disparity in the performance on assessment instruments administered under TEC, Chapter 39, Subchapter B; 2. reducing any disparity in the rates of high school completion between students at risk of dropping out of school and all other district students; 3. reducing any disparity in the rates of high school completion between educationally disadvantaged students and all other district students; and 4. annually hold a public hearing to discuss the results of the LEAs evaluation of the accelerated instruction programs and services; and 5. include the results of this evaluation in the school district’s DIP and CIP or the charter school instructional plan. <p>SCE program evaluation and analysis allow LEAs to focus resources on strategies and goals that will most likely impact the achievement of students that failed to perform satisfactorily on required assessments and potentially eligible students served in compensatory education programs. LEAs are required to adequately document each SCE program that is offered. By adequately documenting SCE program successes and failures this will allow each LEA to</p> <ul style="list-style-type: none"> • perform a more accurate and thorough program evaluation; • direct SCE program allotment towards supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under Subchapter B, Chapter 39; or disparity in the rates of high school completion; and • discontinue programs and services that are not successful in producing the desired results for students that failed to perform satisfactorily on a required assessment instrument or students at risk of dropping out of school.
Revision (Module 6)	6.2.7.1 SCE Program Evaluation Design

⁵⁸ [TEC, §29.081](#)

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Type of Change	Changes to 2020 FASRG																
	Will our recommendations about the program allow our district to continue to meet the requirements outlined in TEC, §29.081 and §48.104 and the needs of our stakeholders?																
Revision (Module 6)	<h3 style="color: #4F81BD;">6.2.8 Analysis of Fiscal Data for Supplement and Supplant Compliance</h3> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 15%;">PIC Number</th> <th style="text-align: left;">Program</th> </tr> </thead> <tbody> <tr> <td>11</td> <td>Basic Educational Services (used only by LEAs with less than 500 enrolled students; see 6.2.4.7 Use of Compensatory Educational Allotment for Class Size Reductions)</td> </tr> <tr> <td>24</td> <td>Accelerated Education</td> </tr> <tr> <td>26</td> <td>Non-disciplinary Alternative Education Programs-AEP Services</td> </tr> <tr> <td>28</td> <td>Disciplinary Alternative Education Programs-DAEP Basic Services</td> </tr> <tr> <td>29</td> <td>Disciplinary Alternative Education Programs-DAEP State Compensatory Education Supplemental Costs</td> </tr> <tr> <td>30</td> <td>Title I, Part A Schoolwide activities related to State Compensatory Education costs on campuses with 40% or more educationally disadvantaged students</td> </tr> <tr> <td>34</td> <td>Pre-Kindergarten – Compensatory Education</td> </tr> </tbody> </table>	PIC Number	Program	11	Basic Educational Services (used only by LEAs with less than 500 enrolled students; see 6.2.4.7 Use of Compensatory Educational Allotment for Class Size Reductions)	24	Accelerated Education	26	Non-disciplinary Alternative Education Programs-AEP Services	28	Disciplinary Alternative Education Programs-DAEP Basic Services	29	Disciplinary Alternative Education Programs-DAEP State Compensatory Education Supplemental Costs	30	Title I, Part A Schoolwide activities related to State Compensatory Education costs on campuses with 40% or more educationally disadvantaged students	34	Pre-Kindergarten – Compensatory Education
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Deletion (Module 6)	<h3 style="color: #4F81BD;">6.3.1 Financial Accounting for Foundation School Program Compensatory Education Programs</h3> <p>A majority of SCE program expenditures are accounted for in the general fund, under function code 11, instruction. Other function codes account for additional instructional and non-instructional related activities.</p>																
Deletion (Module 6)	<h4 style="color: #4F81BD;">6.3.1.2 Function Codes</h4> <p>A majority of SCE program expenditures are accounted for in the general fund, under function code 11, Instruction. Other</p>																
Deletion (Module 6) (Footnote only)	<h4 style="color: #4F81BD;">6.3.1.2 Function Codes</h4> <p>[[±] 19 TAC §105.11(a)]</p>																
Revision (Module 6)	<h4 style="color: #4F81BD;">6.3.1.3 SCE Program Evaluation Design</h4> <p>School districts have flexibility in allocating resources to different campuses and in determining how resources are to be used to benefit students. It should be noted that supplemental services, supplies and or equipment charged to the SCE allotment need to be indicated in the district/charter school improvement plan and benefit potentially eligible students served in compensatory education programs.</p>																

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Revision (Module 6)	<p>6.3.1.6 Carryover Amounts</p> <p>At least 55 percent (55%) of the SCE allotment is to be spent on direct costs each year. If a disproportionate amount of the allotment is received at the end of the year, carry over amounts may result if expenditures are less than 55 percent of the SCE allotment for the school year.</p>																
Revision (Module 6)	<p>6.3.2 School District Support for Changes to Compensatory Education</p> <p>Several types of documents may be necessary to document the basis for charges to the SCE allotment, such as allocations of payroll costs to regular and or compensatory education. The primary and most important paper trail is provided by the school district DIP and CIP or the charter school instructional plan. SCE expenditure support documentation includes, but is not limited to:</p> <ul style="list-style-type: none"> • Teacher schedules • Campus staffing formulas • Job descriptions • Time and effort • Student case counts <p>LEAs may use other types of documentation to support teacher salaries unless they are split funded with federal programs. If a teacher’s salary is split funded with state funds, LEAs are encouraged to use alternative documentation to support the teacher’s salary.</p>																

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Revision (Module 6)	<p>6.3.2.1 Use of Local Criteria</p> <p>As with all other aspects of a SCE program, the LEA must document the need for the specific supplemental services or instruction in its comprehensive needs assessment. Once a need has been identified, the LEA may provide the specific supplemental services or instruction to students identified at risk of dropping out of school pursuant to local criteria. In accordance with TEC, §48.104,⁵⁹ the LEA must use its SCE allotment to fund supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under TEC, Chapter 39, Subchapter B, or disparity in the rates of high school completion between students at risk of dropping out of school, as defined by TEC, §29.081, and all other students. The school district may not use its compensatory education allotment to supplant other funds.</p> <p>²⁰ TEC, §48.104</p>
Revision (Module 6)	<p>6.3.2.1 Use of Local Criteria</p> <p>Similarly, the LEA must evaluate the effectiveness of the services or instruction. Lastly, consistent with the TEC, §48.104(k), a school district may only use its compensatory education allotment to provide the specific supplemental services or instruction in proportion to the number of at-risk students identified pursuant to local criteria as compared to the number of at-risk students identified pursuant to TEC, §29.081(d).</p>
Revision (Module 6)	<p>6.4 Risk Assessment Processes and Identification of Schools Requiring a Local Audit</p> <p>TEC, §48.104, and 19 TAC §61.1027 require the TEA to perform risk assessments and conduct audits on LEAs that have not used SCE funds in accordance with applicable statutes. TEA uses electronic reporting data submitted through the PEIMS and other reporting systems to conduct the risk assessments. LEAs that are notified of a requirement to submit supporting documentation must submit a set of documents for the risk assessment and analysis of each LEA’s SCE program:</p> <ol style="list-style-type: none"> 1. district improvement plans (DIP) from school districts 2. campus improvement plans (CIP) from school districts 3. current SCE local policies and procedures 4. other district, charter and campus plans approved by the commissioner of education 5. local evaluations by school districts and charter schools of SCE strategies, activities, and programs
Revision (Module 6)	<p>6.4.2 Risk Assessment Indicators</p>

⁵⁹ [TEC, §48.104](#)

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	<p>Exhibit 6.4.2.A SCE Risk Assessment Indicators</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;">Primary Indicators</th> </tr> <tr> <th style="text-align: center;">Indicator</th> <th style="text-align: center;">Standard</th> <th style="text-align: center;">Time Period</th> </tr> </thead> <tbody> <tr> <td>School FIRST district rating level for most recent ended school year</td> <td>Above substandard achievement</td> <td>Most recent rating</td> </tr> <tr> <td>Percent of SCE allocation actual expenditures reported in PEIMS in the General Fund for SCE-related costs</td> <td>Equal to or greater than 55% of annual SCE allocation</td> <td>Prior fiscal year</td> </tr> <tr> <td>District academic rating</td> <td>Rating exceeds (equivalent of academically unacceptable)</td> <td>Most recent rating</td> </tr> <tr> <td>Annual financial and compliance report</td> <td>Filed within 30 days of due date</td> <td>Most recent report filing</td> </tr> <tr> <td>Students that dropped out of school</td> <td>Five or fewer at-risk students or less than 1% of at-risk students</td> <td>Three-year annual trend</td> </tr> <tr> <td>STAAR performance</td> <td>Overall increase among at risk population</td> <td>Three-year annual trend</td> </tr> <tr> <td>End of Course (EOC) performance</td> <td>Overall increase among at risk population</td> <td>Three-year annual trend</td> </tr> <tr> <th colspan="3" style="text-align: center;">Other Indicators</th> </tr> <tr> <td>At-risk student ratio</td> <td>Exceeds statewide ratio</td> <td>Most recent reporting period</td> </tr> <tr> <td>District student/teacher ratio</td> <td>Less than statewide standard</td> <td>Most recent school year</td> </tr> <tr> <td>Attendance percentage</td> <td>Less than statewide percentage</td> <td>Most recent school year</td> </tr> </tbody> </table>	Primary Indicators			Indicator	Standard	Time Period	School FIRST district rating level for most recent ended school year	Above substandard achievement	Most recent rating	Percent of SCE allocation actual expenditures reported in PEIMS in the General Fund for SCE-related costs	Equal to or greater than 55% of annual SCE allocation	Prior fiscal year	District academic rating	Rating exceeds (equivalent of academically unacceptable)	Most recent rating	Annual financial and compliance report	Filed within 30 days of due date	Most recent report filing	Students that dropped out of school	Five or fewer at-risk students or less than 1% of at-risk students	Three-year annual trend	STAAR performance	Overall increase among at risk population	Three-year annual trend	End of Course (EOC) performance	Overall increase among at risk population	Three-year annual trend	Other Indicators			At-risk student ratio	Exceeds statewide ratio	Most recent reporting period	District student/teacher ratio	Less than statewide standard	Most recent school year	Attendance percentage	Less than statewide percentage	Most recent school year
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Revision (Module 6)	<p>6.4.3 Timeline for Risk Assessment</p> <p>Within 60 days after the due date for submission of the required reporting documents, a school district or charter school that evidenced a high degree of risk will be notified in writing concerning the TEA’s requirement that the school district or charter school</p>																																							

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	<p>obtain a local audit of state compensatory education. Evidence of high risk associated with data quality issues may result in notification at any time that such evidence is disclosed by TEA staff.</p> <p>The risk assessment processes described in this section are clearly outlined, therefore; a school district or charter school should be able to anticipate receiving notification from TEA to obtain a local audit. Thus, a school district or charter school should appropriately factor in this requirement during the budgetary development processes for the next fiscal year, as soon as the school district or charter school is able to reasonably anticipate the probability of this requirement.</p>
Deletion (Module 6)	<h3 style="color: #4F81BD;">6.4.3 Timeline for Risk Assessment</h3> <p>See the example timeline below: February 7, 2019 — last date for resubmitting prior school year midyear data July 8, 2019 — Electronic reports due to TEA (150 days)</p>
Revision (Module 6)	<h3 style="color: #4F81BD;">6.5 School District Sanctions and Interventions</h3> <p>As authorized in TEC, §48.104(m),⁶⁰ the Division of Financial Audits may conduct on-site monitoring of a school district’s or charter school’s expenditures of its state compensatory education allotment if one or more of the following criteria are observed for two or more consecutive school years.</p> <p>²¹ TEC, §48.104(m)</p>
Revision (Module 6)	<h3 style="color: #4F81BD;">6.5 School District Sanctions and Interventions</h3> <ul style="list-style-type: none"> • If the TEA identifies noncompliance during correspondence or on-site monitoring of the school district’s or charter school’s expenditures of its state compensatory education allotment; • If the data and reports submitted to the TEA disclosed significant deficiencies or noncompliance and the school district or charter school failed to adequately address the significant deficiencies or noncompliance; • If the school district did not submit district and campus improvement plans or the charter school did not submit equivalent plans in accordance with this section;

⁶⁰ [TEC, §48.104](#)

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	<ul style="list-style-type: none">• If the school district or charter school did not submit local evaluations of state compensatory education strategies, activities and programs, in accordance with this section;• If the school district or the charter school did not submit equivalent plans in accordance with this section; or• If the school district or charter school did not submit local evaluations of state compensatory education strategies, activities and programs, in accordance with this section.