



Gregory-Portland Independent School District

BOARD MEMORANDUM

TO: DR. MICHELLE CAVAZOS

FROM: DR. ISMAEL GONZALEZ III

CC: BOARD OF TRUSTEES
BRITTNEY SOLIZ SANDOVAL
DEBORAH GARZA
DR. WILLIAM STOUT
DR. MICHAEL NORRIS
PENNY ARMSTRONG

DATE: Monday, October 19, 2026

SUBJECT: Public Hearing for Financial Integrity Rating System of Texas (FIRST)

PRIORITIES

PRIORITY 4: EFFICIENT AND EFFECTIVE DISTRICT AND CAMPUS OPERATIONS

4.2 Maintain fiscal viability; stewardship; and improve staff knowledge of sustainable budgeting processes

BACKGROUND INFORMATION:

Type: Report

Purpose of FIRST

The Financial Integrity Rating System of Texas (FIRST) is the state's financial accountability system for school districts and charter schools. Created by the Legislature in 2001, FIRST evaluates how effectively districts manage public funds and ensures transparency for taxpayers. TEA releases ratings annually based on each district's prior fiscal year audited financial data.

Why FIRST Matters

- Ensures districts maintain sound financial practices, strong internal controls, and adequate reserves.
- Communicates financial health to the Board, community, and bond rating agencies.
- Identifies red flags early (e.g., audit findings, cash shortages, debt issues).
- May trigger required corrective actions or closer state monitoring if performance is low.

Districts receive ratings of Superior (A), Above Standard (B), Meets Standard (C), or Substandard Achievement (F).

Public Hearing Requirement

State law requires each district to hold a public hearing within two months of TEA releasing the official FIRST rating and to publish an Annual Financial Management Report. The purpose is to ensure transparency and public access to the district's financial condition, results on each indicator, and required disclosures.

What FIRST Evaluates

1. Financial Compliance (Critical Indicators)

- Timely submission of the annual financial report
- Clean/unmodified audit opinion
- No debt defaults
- Timely payments to TRS, IRS, and state agencies

2. Financial Health & Solvency

- Adequate fund balance and cash on hand
- Positive operating results
- Reasonable long-term debt levels
- Accuracy of revenue budgeting

3. Administrative & Operational Efficiency

- Administrative cost ratio
- Student-to-staff ratios
- Internal control findings
- Accuracy of financial and PEIMS data

Why the Management Report Includes the Superintendent's Contract

The FIRST Annual Financial Management Report must include transparency disclosures such as:

- The Superintendent's employment contract
- Reimbursements, compensation, and outside consulting income
- Gifts, business transactions, and related-party disclosures

These disclosures ensure open governance and help stakeholders understand how leadership is compensated and how financial decisions are overseen.