



TEXAS EDUCATION AGENCY

1701 North Congress Ave ★ Austin, Texas 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838 ★ <http://www.tea.state.tx.us>

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Shirley J. Neeley, Ed.D.
Commissioner

August 11, 2006

TO THE SUPERINTENDENT ADDRESSED:

Subject: Official Notification of the 2006 Final School FIRST Rating

This communication is to transmit the school district's final 2006 School FIRST (Financial Integrity Rating System of Texas) rating. The July 7, 2006 TO THE ADMINISTRATOR letter notified school districts of the issuance of preliminary ratings under the financial accountability rating system, which is officially referred to as School FIRST. As noted in the July 7 letter, the 2006 School FIRST ratings were based upon an analysis of staff and student data reported for the 2004-2005 school year, and budgetary and actual financial data for the 2005 fiscal year (the fiscal period ended June 30, 2005 or August 31, 2005, depending upon the ending date of the school district's fiscal year).

A primary purpose of the July 7 notification letter was to provide school districts an opportunity to review the preliminary ratings and the data supporting the 21 indicators, and to submit a written appeal, as appropriate (the written appeals were due by July 26, 2005). Please note that the Texas Education Agency (TEA) staff responded to the appeals under a separate letter and the preliminary School FIRST ratings for certain school districts were amended in some instances. The final ratings and the data supporting the 21 indicators are accessible by the district at <https://seguin.tea.state.tx.us/apps/logon.asp>. Please note, School FIRST ratings are NOT being issued on paper and are only accessible from the TEA's Internet site.

Within two months of this notice of the issuance of the final School FIRST ratings, each school district will announce and hold a public meeting to distribute a financial management report that explains the district's performance under each of the 21 indicators and the resultant district's rating. The first notice in the newspaper to inform the taxpayers may not be more than 30 days prior to or less than 14 days prior to the public meeting, in accordance with Title 19, Texas Administrative Code, Section 109.1005. (The public meeting to present the School FIRST rating may be combined with a scheduled regular meeting of the board of trustees.) The district is encouraged to

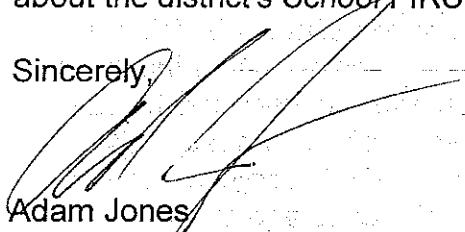
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provide additional information in the financial management performance report that will be beneficial to taxpayers, especially information explaining special circumstances, if any, that may have affected the district's performance under one or more of the indicators.

The TEA proposed additional refinements to the School FIRST process in response to comments received from stakeholders. These refinements will be effective for the financial ratings to be released on or about June 2008 [based upon an analysis of staff and student data reported for the 2006-2007 school year, and budgetary and actual financial data for the 2007 fiscal year (the fiscal period ended June 30, 2007 or August 31, 2007, depending upon the ending date of the school district's fiscal year)]. The changes will be implemented as an amendment of Title 19 Texas Administrative Code, Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System. The adopted adjustments include the addition of a new critical indicator and "raising the bar" for several indicators.

Improvements in financial management in many school districts have been identified since the initiation of School FIRST in 2003, one result being the provision of opportunities for increased financial allocations in support of classroom activities. The TEA gratefully acknowledges the generous assistance provided by the Comptroller of Public Accounts, many school and education service center officials during the development of School FIRST. The TEA also appreciates the continued assistance provided by TASBO, TSPRA and other professional associations. If you have questions about the district's School FIRST rating, please contact Rita Chase at (512) 463-9095.

Sincerely,



Adam Jones
Associate Commissioner for
Finance and Information Technology