

October 22, 2015

To the Administrator Addressed:

Subject: 2014–2015 Final FIRST Ratings

Final 2014–2015 Financial Integrity Rating System of Texas (FIRST) ratings based on fiscal year 2014 are now publicly available. You can find ratings for both school districts and open-enrollment charter schools on the Texas Education Agency (TEA) website:

- [school district ratings](#)
- [charter school ratings](#)

A previous "To the Administrator Addressed" letter dated August 7, 2015, instructed your school district or charter school (local education agency [LEA]) to view its *preliminary* FIRST rating. The letter also provided information about the data the TEA analyzes to produce the rating and described the appeals process available to your LEA. This appeals process is now complete, and all FIRST ratings are final.

Required Reporting

Within two months of the release of its final FIRST rating, your LEA must announce and hold a public meeting to distribute a financial management report that explains the LEA's rating and its performance under each indicator for the current and previous year's ratings. The report also must provide the financial information described in 19 Texas Administrative Code (TAC) [§109.1001\(o\)\(3\)](#). We encourage your LEA to include in the report additional information that will be beneficial to stakeholders, especially information explaining any special circumstances that may have affected the LEA's performance under one or more of the indicators.

The first of two required newspaper notices to inform stakeholders of the meeting must be published no more than 30 days and no fewer than 14 days before the public meeting. Your LEA may combine the meeting with a scheduled regular meeting of its governing board.

For full requirements related to the report and meeting, see 19 TAC [§109.1001\(o\)](#). For a template that your LEA can use in developing its financial management report, see the TEA [FIRST](#) web page or [FIRST Rating for Charter Schools](#) web page.

Accreditation Status

Please note that the TEA considers an LEA's FIRST rating when assigning an accreditation status, as required by the accreditation status rules in 19 TAC [§97.1055](#).

Contact for Further Information

If you have questions about your LEA's FIRST rating, please contact me by telephone at (512) 463-0947 or by email at Yolanda.Walker@tea.texas.gov.

Sincerely,

Yolanda Walker
Manager of Financial Accountability
Division of Financial Compliance



TEA releases final 2014-2015 financial accountability ratings

AUSTIN – The Texas Education Agency (TEA) today released final financial accountability ratings for more than 1,200 school districts and charters across the state, with almost 98 percent of all Texas school districts and charters earning a successful final rating for 2014-2015.

Created by the 77th Texas Legislature in 2001, the School Financial Integrity Rating System of Texas (FIRST) is designed to encourage public schools to better manage their financial resources in order to provide the maximum allocation possible for direct instructional purposes.

The 2014-2015 ratings are based on annual financial reports provided to TEA by districts and charters from the 2014 fiscal year. The financial accountability system requires TEA to review the audited financial reports from all districts and charters.

This year, the FIRST ratings are based on seven financial indicators, such as administrative cost expenditures; the accuracy of a district or charter’s financial information submitted to TEA; and any financial vulnerabilities or material weaknesses in internal controls as determined by an external auditor. Based on the submitted information, one of two financial management ratings – Pass or Substandard Achievement – is then assigned. For 2014-2015, the final FIRST ratings are as follows:

Final Rating	Districts	%	Charters	%	Total	%
Pass	1,012	98.83%	167	91.76%	1,179	97.76%
Substandard Achievement	12	1.17%	15	8.24%	27	2.24%
Total	1,024	100.00%	182	100.00%	1,206	100.00%

All school districts and charters are required to report information and financial accountability ratings to parents and taxpayers. In addition, school districts and charters must hold a public discussion or hearing regarding its financial report.

TEA formally notified school districts and charters of their preliminary FIRST rating in August. At that time, any district or charter that wished to appeal its rating had an opportunity to submit a written appeal with supporting evidence. Four school districts and eight charters submitted a request for an appeal of their preliminary FIRST rating. After a review of the submitted information, no appeals were granted.

To review the final 2014-2015 FIRST ratings for all districts and charters (plus view final FIRST ratings from previous years), visit the TEA website at <http://tea.texas.gov/index4.aspx?id=3864>.

RATING YEAR

2014-2015

Select An Option

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FIRST

Financial Integrity Rating System of Texas

2014-2015 RATINGS BASED ON SCHOOL YEAR 2013-2014 DATA -
DISTRICT STATUS DETAIL

Name: CELINA ISD(043903)	Publication Level 1: 8/20/2015 11:24:40 AM
Status: Passed	Publication Level 2: 8/20/2015 11:24:40 AM
Rating: Pass	Last Updated: 8/20/2015 11:24:40 AM
District Score: 30	Passing Score: 16

#	Indicator Description	Updated	Score
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?</u>	4/6/2015 2:33:53 PM	Yes
2	<u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>	4/6/2015 2:33:54 PM	Yes
3	<u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u>	4/6/2015 2:33:54 PM	Yes
4	<u>Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)</u>	7/30/2015 12:14:22 PM	Yes
			1 Multiplier Sum
5	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	7/15/2015 11:47:53 AM	10
6	<u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?</u>	8/17/2015 5:43:48 PM	10

7	<u>Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)</u>	4/6/2015 2:33:55 PM	10
			30 Weighted Sum
			1 Multiplier Sum
			30 Score

DETERMINATION OF RATING

A.	Did The District Answer 'No' To Indicators 1, 2, 3, Or 4? If So, The District's Rating Is Substandard Achievement .	
B.	Determine Rating By Applicable Range For Summation of the Indicator Scores (Indicators 5-7)	
	Pass	16-30
	Substandard Achievement	<16

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THE TEXAS EDUCATION AGENCY

1701 NORTH CONGRESS AVENUE · AUSTIN, TEXAS, 78701 · (512) 463-9734


Financial Integrity Rating System of Texas
**2014-2015 RATINGS BASED ON 2013-2014 SCHOOL YEAR DATA
INDICATOR TEST 1**

Name:	CELINA ISD (043903)
Indicator:	Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?
Status	Passed
Last Updated:	4/6/2015 2:33:53 PM

FORMULA

Field	Value
Date Received	2014/11/18
<= Due Date (Fiscal Year End + Deadline in Days After Fiscal Year End)	2014/12/28

RESULT DETERMINATION REFERENCE

This indicator will be considered PASSED if the audit report was on time or filed within 30 days of the deadline.

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Financial Integrity Rating System of Texas
**2014-2015 RATINGS BASED ON 2013-2014 SCHOOL YEAR DATA
INDICATOR TEST 2**

Name:	CELINA ISD (043903)
Indicator:	Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)
Status	Passed
Last Updated:	4/6/2015 2:33:54 PM

FORMULA

Field	Value
Clean Audit	true

RESULT DETERMINATION REFERENCE

This indicator will be considered PASSED if the district received a "clean audit" (unmodified opinion).

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Financial Integrity Rating System of Texas

**2014-2015 RATINGS BASED ON 2013-2014 SCHOOL YEAR DATA
INDICATOR TEST 3**

Name:	CELINA ISD (043903)
Indicator:	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)
Status	Passed
Last Updated:	4/6/2015 2:33:54 PM

FORMULA

Field	Value
Not Default Disclosures	false

RESULT DETERMINATION REFERENCE

This indicator will be considered PASSED if there were no disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations.

The district was able to make all bond payments.

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Financial Integrity Rating System of Texas
**2014-2015 RATINGS BASED ON 2013-2014 SCHOOL YEAR DATA
INDICATOR TEST 4**

Name:	CELINA ISD (043903)
Indicator:	Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)
Status	Passed
Last Updated:	7/30/2015 12:14:22 PM

FORMULA

Field	Value
(
(
2014 Total Students	2,071
- 2010 Total Students	1,901
)	
/ 2010 Total Students	1,901
)	
>= Threshold for Five-Year Percent Change in Students	0.1
Or	
(
(
Total Unrestricted Net Asset Balance	5,901,309
+ Accretion of Interest for Capital Appreciation Bonds	1,224,247
+ Pension Expense and Net Pension Liability	0
)	
> 0	
)	
Mathematical Breakdown: 0.0894 >= 0.1 Or 7,125,556 > 0	

RESULT DETERMINATION REFERENCE

This Indicator will be considered PASSED if EITHER of the following CONDITIONS is TRUE:

1. The District's Five-Year Percent Change in Students was 10% or MORE.

---- OR ----

2. The sum of Total Unrestricted Net Asset Balance in the governmental activities column in the Statement of Net Assets, Accretion of Interest for Capital Appreciation Bonds, and Pension Expense and Net Pension Liability, as applicable, was GREATER THAN ZERO.

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FIRST

Financial Integrity Rating System of Texas

2014-2015 RATINGS BASED ON 2013-2014 SCHOOL YEAR DATA
INDICATOR TEST 5

Name:	CELINA ISD (043903)
Indicator:	Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)
Result/Points	10
Last Updated:	7/15/2015 11:47:53 AM

FORMULA

Field	Value
District Administrative Cost Ratio	0.0698
And	
ADA	1,988.012
Or	
Sparse	false

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS

ADA Size	10	8	6	4	2	0
10,000 and Above	<= 0.0855	> 0.0855 <= 0.1105	> 0.1105 <= 0.1355	> 0.1355 <= 0.1605	> 0.1605 <= 0.1855	> 0.1855
5,000 to 9,999	<= 0.1000	> 0.1000 <= 0.1250	> 0.1250 <= 0.1500	> 0.1500 <= 0.1750	> 0.1750 <= 0.2000	> 0.2000
1,000 to 4,999	<= 0.1151	> 0.1151 <= 0.1401	> 0.1401 <= 0.1651	> 0.1651 <= 0.1901	> 0.1901 <= 0.2151	> 0.2151
500 to 999	<= 0.1311	> 0.1311 <= 0.1561	> 0.1561 <= 0.1811	> 0.1811 <= 0.2061	> 0.2061 <= 0.2311	> 0.2311
Less than 500	<= 0.2404	> 0.2404 <= 0.2654	> 0.2654 <= 0.2904	> 0.2904 <= 0.3154	> 0.3154 <= 0.3404	> 0.3404
Sparse	<= 0.3364	> 0.3364 <= 0.3614	> 0.3614 <= 0.3864	> 0.3864 <= 0.4114	> 0.4114 <= 0.4364	> 0.4364

Select An Option

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FIRST

Financial Integrity Rating System of Texas

2014-2015 RATINGS BASED ON 2013-2014 SCHOOL YEAR DATA
INDICATOR TEST 6

Name:	CELINA ISD (043903)
Indicator:	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?
Result/Points	10
Last Updated:	8/17/2015 5:43:48 PM

FORMULA

Field	Value
Sum of Differences	37
/ Denominator	17,706,220
< Acceptable Level of Variance	0.03

Mathematical Breakdown: $0 < 0.03$

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS	
10	0
< 3%	>= 3%

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Financial Integrity Rating System of Texas

**2014-2015 RATINGS BASED ON 2013-2014 SCHOOL YEAR DATA
INDICATOR TEST 7**

Name:	CELINA ISD (043903)
Indicator:	Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)
Result/Points	10
Last Updated:	4/6/2015 2:33:55 PM

FORMULA

Field	Value
Not Weak Internal Controls	false

RESULT DETERMINATION REFERENCE

DETERMINATION OF POINTS	
10	0
Yes	No

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