

**TO:** Gilberto Gonzalez, Superintendent  
**FROM:** Ismael Mijares, Deputy Superintendent for Business & Finance  
**DATE:** September 24, 2018  
**SUBJECT: *REPORTING REQUIREMENT ON “SCHOOL FIRST” RATING***

The financial health of every school district in Texas is evaluated as part of the *Financial Accountability Rating System* known as “**School FIRST**” (*Financial Integrity Rating System of Texas*). This System was created to help improve the management of school districts’ financial resources and evaluate their financial performance.

School districts are *rated* based on the financial data they submit to the *Texas Education Agency (TEA)* and according to defined indicators established by the *Commissioner of Education*. The *Rating Categories* are:

- “Superior,”
- “Above Standard”
- “Meets Standard”
- “Substandard Achievement”

Eagle Pass I.S.D. earned a rating of “**Superior**”, which demonstrates the quality of Eagle Pass I.S.D.’s financial management and reporting system.

Attached are the district’s *Financial Management Performance Ratings* provided by the *Texas Education Agency (TEA)* for the current and previous years. The district’s *Scores and Rating Criteria* shall be made available to the public as required. This information will be made available to the public at the *Public Hearing* in the *October Regular Board Meeting*, at the *De Luna Center*, and will be posted on the district’s *Web Site*.

August 8, 2018

**Important  
Accreditation  
Information**

To the Administrator Addressed:

**Subject: Official Notification of Preliminary 2017–2018 School FIRST Rating**

Your school district's preliminary 2017–2018 School Financial Integrity Rating System of Texas (FIRST) rating is now available online. To access your district's School FIRST rating:

- access the Texas Education Agency (TEA) website: <http://tea.texas.gov/>,
- click the Finance and Grants webpage tab link: [http://tea.texas.gov/Finance\\_and\\_Grants/](http://tea.texas.gov/Finance_and_Grants/),
- click the Financial Accountability link,
- click the School FIRST link, and
- click the School District FIRST Ratings link.

**Basis for School FIRST Rating**

Your district's rating is based on an analysis of the district's financial data for fiscal year 2017 (the fiscal period ended June 30, 2017, or August 31, 2017, depending on the ending date of your district's fiscal year). We determined your district's rating using the financial indicators specified in [19 Texas Administrative Code \(TAC\) §109.1001\(e\)](#).

Please carefully review your district's preliminary School FIRST rating and the data associated with each of the 15 indicators.

**Opportunity for Appeal**

If your district wants to appeal an adverse issue it identifies in the preliminary rating, your district may submit a written appeal with supporting evidence to the Financial Accountability Section. For the appeal to be considered, we must receive it by **September 10, 2018**. Send any appeal to the following address:

Texas Education Agency  
Financial Compliance  
Financial Accountability Section  
1701 North Congress Avenue  
Austin, TX 78701

**Please see 19 TAC §109.1001(n) for the rules regarding the filing of an appeal.** As stated in that section, we will consider only an appeal that would result in a change to your district's rating. **If no appeal is submitted by your district, the preliminary rating becomes final on the 31<sup>st</sup> day after the preliminary rating are released.**

## **Final School FIRST Rating and Required Reporting**

We will issue final ratings to school districts after we have reviewed any submitted appeals. Final 2017–2018 School FIRST ratings are anticipated to be released in October 2018.

Within two months of the release of its final School FIRST rating, your district must announce and hold a public meeting to distribute a financial management report that explains the district'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 TAC §109.1001(q)(3). We encourage your district to include in the report additional information that will be beneficial to stakeholders, especially information explaining any special circumstances that may have affected the district's performance under one or more of the indicators.

The required newspaper notice to inform taxpayers of the meeting must be published no more than 30 days and no fewer than 10 days before the public meeting. Your district may combine the meeting with a scheduled regular meeting of the board of trustees.

For full requirements related to the report and meeting, see 19 TAC §109.1001(q). For a template that your district can use in developing its financial management report, see the TEA [School FIRST](#) web page.

### **Accreditation Status**

Please note that the TEA considers a district's School 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 district's School FIRST rating, please contact Rita Bunton at (512) 936-3712 or by email at [Rita.Bunton@tea.texas.gov](mailto:Rita.Bunton@tea.texas.gov) or Yolanda Walker at (512) 463-0947 or by email at [Yolanda.Walker@tea.texas.gov](mailto:Yolanda.Walker@tea.texas.gov).

Sincerely,

David Marx  
Director  
Financial Compliance

RATING YEAR DISTRICT NUMBER 

Financial Integrity Rating System of Texas

## 2017-2018 RATINGS BASED ON SCHOOL YEAR 2016-2017 DATA - DISTRICT STATUS DETAIL

Name: **EAGLE PASS ISD(159901)**

Publication Level 1: 8/6/2018 2:48:24 PM

Status: **Passed**

Publication Level 2: 8/8/2018 12:11:29 PM

Rating: A = Superior

Last Updated: 8/8/2018 12:11:29 PM

District Score: 98

Passing Score: 60

#	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>	4/20/2018 9:13:01 AM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.		
2.A	<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>	4/20/2018 9:13:01 AM	Yes
2.B	<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>	4/20/2018 9:13:01 AM	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>	4/20/2018 9:13:01 AM	Yes
4	<u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?</u>	4/20/2018 9:13:01 AM	Yes

5	<u>Was the total unrestricted net position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position greater than zero? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.)</u>	4/20/2018 9:13:02 AM	Yes
			1 Multiplier Sum
6	<u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)</u>	4/20/2018 9:13:02 AM	10
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	4/20/2018 9:13:02 AM	8
8	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 7 percent or more, then the school district passes this indicator.) (See ranges below.)</u>	4/20/2018 9:13:02 AM	10
9	<u>Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?</u>	4/20/2018 9:13:03 AM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	4/20/2018 9:13:03 AM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	4/20/2018 9:13:03 AM	10
12	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)</u>	6/19/2018 11:22:07 AM	10
13	<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>	4/20/2018 9:13:04 AM	10
14	<u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>	4/20/2018 9:13:04 AM	10
15	<u>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?</u>	7/2/2018 1:39:01 PM	10
			98 Weighted Sum
			1

Multiplier  
Sum

98 Score

### DETERMINATION OF RATING

**A.** Did the district answer 'No' to Indicators 1, 3, 4, 5, or 2.A? If so, the school district's rating is **F for Substandard Achievement** regardless of points earned.

**B.** Determine the rating by the applicable number of points. (Indicators 6-15)

**A = Superior**

90-100

**B = Above Standard**

80-89

**C = Meets Standard**

60-79

**F = Substandard Achievement**

<60

**No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.**

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THE **TEXAS EDUCATION AGENCY**

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

FIRST 5.4.1.0

RATING YEAR



Financial Integrity Rating System of Texas

## 2016-2017 RATINGS BASED ON SCHOOL YEAR 2015-2016 DATA - DISTRICT STATUS DETAIL

<b>Name:</b> <b>EAGLE PASS ISD(159901)</b>		<b>Publication Level 1:</b> 8/8/2017 2:29:29 PM	
<b>Status:</b> <b>Passed</b>		<b>Publication Level 2:</b> 8/8/2017 2:29:29 PM	
<b>Rating:</b> A = Superior		<b>Last Updated:</b> 8/8/2017 2:29:29 PM	
<b>District Score:</b> 96		<b>Passing Score:</b> 60	
#	Indicator Description	Updated	Score
1	<a href="#"><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></a>	3/28/2017 12:03:28 PM	Yes
2	Review the AFR for an unmodified opinion and material weaknesses. The school district must pass 2.A to pass this indicator. The school district fails indicator number 2 if it responds "No" to indicator 2.A. or to both indicators 2.A and 2.B.		
2.A	<a href="#"><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></a>	3/28/2017 12:03:28 PM	Yes
2.B	<a href="#"><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></a>	3/28/2017 12:03:28 PM	Yes
3	<a href="#"><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></a>	3/28/2017 12:03:29 PM	Yes
4	<a href="#"><u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?</u></a>	3/28/2017 12:03:29 PM	Yes

5	<u>Was the total unrestricted net position balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Position 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>	3/28/2017 12:03:29 PM	Yes
			1 Multiplier Sum
6	<u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)</u>	3/28/2017 12:03:29 PM	8
7	<u>Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)</u>	3/28/2017 12:03:30 PM	8
8	<u>Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (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.) (See ranges below.)</u>	3/28/2017 12:03:30 PM	10
9	<u>Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?</u>	3/28/2017 12:03:30 PM	10
10	<u>Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)</u>	5/18/2017 12:31:38 PM	10
11	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)</u>	3/28/2017 12:03:31 PM	10
12	<u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)</u>	6/21/2017 8:25:59 PM	10
13	<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>	3/28/2017 12:03:32 PM	10
14	<u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u>	3/28/2017 12:03:32 PM	10
15	<u>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?</u>	3/28/2017 12:03:32 PM	10
			96 Weighted Sum



		1 Multiplier Sum
		96 Score

### DETERMINATION OF RATING

<b>A.</b>	Did the district answer 'No' to Indicators 1, 3, 4, 5, or 2.A? If so, the school district's rating is <b>F for Substandard Achievement</b> regardless of points earned.	
<b>B.</b>	Determine the rating by the applicable number of points. (Indicators 6-15)	
	<b>A = Superior</b>	90-100
	<b>B = Above Standard</b>	80-89
	<b>C = Meets Standard</b>	60-79
	<b>F = Substandard Achievement</b>	<60
<p><b>No Rating = A school district receiving territory that annexes with a school district ordered by the commissioner under TEC 13.054, or consolidation under Subchapter H, Chapter 41. No rating will be issued for the school district receiving territory until the third year after the annexation/consolidation.</b></p>		

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