

September 20, 2012

Action Required

To The Administrator Addressed:

Subject: 2012 Final FIRST Ratings

The purpose of this letter is to inform you that the *final* Financial Integrity Rating System of Texas (FIRST) ratings for 2012 are now publicly available. The ratings for both [school districts](#) and [open-enrollment charter schools](#) can be viewed on the Texas Education Agency (TEA) website.

A previous “To The Administrator Addressed” letter, dated June 28, 2012, instructed local educational agencies (LEAs), school districts and open-enrollment charter schools, to view their *preliminary* FIRST ratings, and provided details regarding the analysis of staff and student data used by TEA to create the ratings. The letter also described the appeals process available to LEAs. This appeals process is now complete and all FIRST ratings are final.

Required Reporting

In order to comply with the requirements given in [Title 19 of the Texas Administrative Code \(TAC\), §109.1005](#), all LEAs are required to report information and financial accountability ratings to parents and taxpayers by implementing specific reporting procedures, including the following:

1. Within two months after receipt of its final FIRST rating, each 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 of the indicators used in TEA’s analysis for the current year and each of the indicators used in TEA’s analysis for the prior year.
2. The LEA must inform taxpayers of this public meeting by publishing two newspaper notices, the first of which may not be published more than 30 days prior to or less than 14 days prior to the public meeting.

This public meeting may be combined with a scheduled regular meeting of the LEA’s governing board.

The financial management report must include specific information described in 19 TAC §109.1005. To help LEAs prepare the report, TEA has created a template for the report that LEAs can follow. A [template for school districts](#) and a [template for charter schools](#) are both available online. In addition to the required information, LEAs are encouraged to provide additional information in the report that will be beneficial to taxpayers, especially information that can explain any special circumstances that may have affected the LEA’s FIRST rating.

At the public meeting, the LEA should review the information that must be included in the financial management report.

LEAs should review [all of the requirements](#) given in 19 TAC §109.1005 for additional information.

Please note that as part of the financial management report, each LEA must provide a summary of the data that was previously submitted to TEA for purposes related to financial solvency. This data is required under the [financial solvency provisions](#) of Texas Education Code §39.0822.

Accreditation Status

In accordance with the [accreditation status rules](#) given in 19 TAC §97.1055, TEA will take into consideration an LEA's FIRST rating when assigning an accreditation status.

If you have questions about your LEA's FIRST rating, please contact the Division of Financial Audits at (512) 463-9095 or at schoolaudits@tea.state.tx.us.

Sincerely,

David McLaughlin
Interim Director, Division of Financial Audits