

**BOARD OF TRUSTEES
AGENDA**

<input type="checkbox"/> Workshop	<input checked="" type="checkbox"/> Regular	<input type="checkbox"/> Special
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- (A) Report Only Recognition

Presenter(s): JORGE BARERRA, SCHOOL BOARD PRESIDENT

Briefly describe the subject of the report or recognition presentation.

PUBLIC HEARING ON "SCHOOL FIRST" RATING (FINANCIAL ACCOUNTABILITY RATING SYSTEM OF TEXAS)

- (B) Action Item

Presenter(s):

Briefly describe the action required.

- (C) **Funding source: Identify the source of funds if any are required.**

- (D) **Clarification: Explain any question or issues that might be raised regarding this item.**

SEE ATTACHED MEMORANDUM.



TO: Samuel Mijares, Superintendent

FROM: Ismael Mijares, Deputy Superintendent for Business & Finance

DATE: September 19, 2023

SUBJECT: PUBLIC HEARING ON “SCHOOL FIRST” RATING AND REPORTING REQUIREMENT ON “SCHOOL FIRST” RATING

As per 19 Texas Administrative Code (TAC) §109.1001(q), the school district must prepare and distribute the district’s *Financial Management Performance Rating*, or the “**School FIRST**” Rating (*Financial Accountability Rating System of Texas*) provided by the *Texas Education Agency (TEA)* and provide the public with the opportunity to comment on the report at a public hearing. The *Rating* is based on a comparison of indicators established by the *Commissioner of Education*.

As a requirement, the first *Notice* for this *Public Hearing* may not be placed more than 30 days or less than 10 days prior to the hearing. The district has met this requirement.

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 *District Service Center*, and will be posted on the district’s *Web Site*.

DATE:	August 7, 2023
SUBJECT:	Preliminary 2022–2023 FIRST Ratings
CATEGORY:	Accreditation Information
NEXT STEPS:	Share with appropriate staff

Your local educational agency's (LEA) preliminary 2022–2023 Financial Integrity Rating System of Texas (FIRST) rating is now available online. To access your LEA's FIRST rating, click the [Financial Integrity Rating System of Texas](#) link. Then, click the appropriate link as follows:

- School districts must click the School District FIRST Ratings link.
- Charter schools must click the Charter FIRST Ratings link.

Basis for FIRST Rating

Your LEA's rating is based on an analysis of the LEA's financial data for fiscal year 2022 (the fiscal period ended June 30, 2022, or August 31, 2022, depending on the ending date of your LEA's fiscal year). We determined your LEA's rating using the financial indicators specified in:

- [19 Texas Administrative Code \(TAC\) §109.1001\(e\)\(7\)](#) for school districts; and
- [19 Texas Administrative Code \(TAC\) §109.1001\(f\)\(7\)](#) or [19 TAC §109.1001\(g\)\(2\)](#) for charter schools, depending upon the type of charter school operated.

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

Opportunity for Appeal

If your LEA wishes to appeal an adverse issue it identifies in the preliminary rating, your LEA may submit a written appeal with supporting evidence to the TEA Financial Compliance Division. For the appeal to be considered, we must receive it by **September 7, 2023**. Send your appeal and supporting documentation to the following email address:

FinancialAccountability@tea.texas.gov.

Please note, all appeal requests, including supporting documentation, must be submitted through email to FinancialAccountability@tea.texas.gov on or before September 7, 2023. Appeals and supporting documentation that are not submitted to the Financial Accountability email address by the required deadline will not be considered or processed.

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 LEA's rating. If no appeal is submitted by your LEA, your LEA's preliminary rating becomes final on the 31st day after the preliminary ratings are released (September 8, 2023).

Final FIRST Rating and Required Reporting

We will issue final ratings to school districts and charter schools after we have reviewed any submitted appeals. Final 2022–2023 School FIRST and Charter FIRST ratings are anticipated to be released in November 2023.

Within two months of the release of your LEA's final School FIRST or Charter 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. If your LEA does not submit an appeal, your LEA may choose to use the date that the rating automatically became final as a basis for the two-month deadline to hold the public hearing.

The report also must provide the financial information described in [19 TAC §109.1001\(q\)\(3\)](#). 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 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 or charter school may combine the meeting with a scheduled regular meeting of the board of trustees or governing board, respectively.

For full requirements related to the report and meeting, see [19 TAC §109.1001\(q\)](#). For a template that your LEA can use in developing its financial management report:

- districts should see the TEA [School FIRST](#) web page and
- charter schools should see the TEA [Charter FIRST](#) web page.

To access additional rules concerning financial accountability ratings, please see [19 TAC §109.1001](#).

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, you may send an email to FinancialAccountability@tea.texas.gov or you may contact:

- Robin Aldridge at (512) 463-3940 or by email at Robin.Aldridge@tea.texas.gov for School FIRST
- Roger Seemion at (512) 936-3712 or by email at Roger.Seemion@tea.texas.gov for Charter FIRST



Financial Integrity Rating System of Texas

2022-2023 RATINGS BASED ON SCHOOL YEAR 2021-2022 DATA - DISTRICT STATUS DETAIL

Name: EAGLE PASS ISD(159901)	Publication Level 1: 8/4/2023 12:02:16 PM
Status: Passed	Publication Level 2: None
Rating: A = Superior Achievement	Last Updated: 8/4/2023 12:02:16 PM
District Score: 98	Passing Score: 70

#	Indicator Description	Updated	Score
1	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?	7/13/2023 6:19:27 PM	Yes
2	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.)	7/13/2023 6:19:27 PM	Yes
3	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.)	7/13/2023 6:19:27 PM	Yes
4	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? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)	7/13/2023 6:19:27 PM	Yes Ceiling Passed
5	This indicator is not being evaluated.		
			1 Multiplier Sum
6	Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	7/13/2023 6:19:27 PM	Ceiling Passed
7	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 in the Determination of Points section.	7/13/2023 6:19:27 PM	10
8	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.	7/13/2023 6:19:27 PM	10
9	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? See ranges below in the Determination of Points section.	7/13/2023 6:19:27 PM	10

10	This indicator is not being evaluated.		10
11	<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 increase of students in membership over 5 years was 7 percent or more or 1,000 or more students in membership, then the school district passes this indicator.)</u>	7/13/2023 6:19:27 PM	10
12	<u>What is the correlation between future debt requirements and the district's assessed property value?</u>	7/13/2023 6:19:27 PM	10
13	<u>Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.</u>	7/13/2023 6:19:27 PM	8
14	This indicator is not being evaluated.		10
15	This indicator is not being evaluated.		5
16	<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? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)</u>	7/13/2023 6:19:27 PM	Ceiling Passed
17	<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 and free from substantial doubt about the school district's ability to continue as a going concern? (The AICPA defines material weakness.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)</u>	7/13/2023 6:19:27 PM	Ceiling Passed
18	<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>	7/13/2023 6:19:27 PM	10
19	<u>Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?</u>	7/13/2023 6:19:27 PM	5
20	<u>Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?</u>	7/13/2023 6:19:27 PM	Ceiling Passed
			98 Weighted Sum
			1 Multiplier Sum
			(100 Ceiling)
			98 Score

DETERMINATION OF RATING

A.	Did the school district fail any of the critical indicators 1, 2, 3, or 4? 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.	
	A = Superior Achievement	90-100
	B = Above Standard Achievement	80-89
	C = Meets Standard Achievement	70-79
	F = Substandard Achievement	<70

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.

The school district receives an **F** if it scores below the minimum passing score, if it failed any critical indicator 1, 2, 3, or 4, if the AFR or the data were not both complete, or if either the AFR or the data were not submitted on time for FIRST analysis.

CEILING INDICATORS

Did the school district meet the criteria for any of the following **ceiling indicators** 4, 6, 16, 17, or 20? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.

Determination of rating based on meeting ceiling criteria.	Maximum Points	Maximum Rating
Indicator 4 (Timely Payments) - School district was issued a warrant hold.	95	A = Superior Achievement
Indicator 6 (Average Change in Fund Balance) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 16 (PEIMS to AFR) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement
Indicator 17 (Material Weaknesses) - Response to indicator is <i>No</i> .	79	C = Meets Standard Achievement
Indicator 20 (Property Values and Tax Discussion) - Response to indicator is <i>No</i> .	89	B = Above Standard Achievement

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THE **TEXAS EDUCATION AGENCY**

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

FIRST 5.14.3.3

User: Susana Perez
User Role: District

RATING YEAR **2021-2022** DISTRICT NUMBER **district #** **Select An Option** **Help** **Home** **Log Out**



Financial Integrity Rating System of Texas

2021-2022 RATINGS BASED ON SCHOOL YEAR 2020-2021 DATA - DISTRICT STATUS DETAIL

Name: EAGLE PASS ISD (159901)	Publication Level 1: 8/2/2022 2:05:39 PM
Status: Passed	Publication Level 2: None
Rating: A = Superior Achievement	Last Updated: 8/2/2022 2:05:39 PM
District Score: 100	Passing Score: 70

#	Indicator Description	Updated	Score
1	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?	7/12/2022 9:14:40 AM	Yes
2	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.)	5/16/2022 12:12:27 PM	Yes
3	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.)	5/16/2022 12:12:28 PM	Yes
4	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? (If the school district received a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments and will fail critical indicator 4. If the school district was issued a warrant hold, the maximum points and highest rating that the school district may receive is 95 points, A = Superior Achievement, even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days.)	5/16/2022 12:12:29 PM	Yes Ceiling Passed
5	This indicator is not being scored.		1 Multiplier Sum
6	Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures? (If the school district fails indicator 6, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	5/17/2022 9:52:38 AM	Ceiling Passed
7	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 in the Determination of Points section.	5/16/2022 12:12:30 PM	10
8	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? See ranges below in the Determination of Points section.	5/16/2022 12:12:31 PM	10
9	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? See ranges below in the Determination of Points section.	5/16/2022 12:12:32 PM	10
10	This indicator is not being scored.		10
11	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 increase of students in membership over 5 years was 7 percent or more, then the school district automatically passes this indicator. See ranges below in the Determination of Points section.	5/16/2022 12:12:34 PM	10
12	Was the debt per \$100 of assessed property value ratio sufficient to support future debt repayments? See ranges below in the Determination of Points section.	5/16/2022 12:12:35 PM	10

13	Was the school district's administrative cost ratio equal to or less than the threshold ratio? See ranges below in the Determination of Points section.	6/9/2022 11:29:46 AM	10
14	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.	5/16/2022 12:12:36 PM	10
15	This indicator is not being scored.		5
16	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? (If the school district fails indicator 16, the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	5/16/2022 12:12:37 PM	Ceiling Passed
17	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.) (If the school district fails indicator 17, the maximum points and highest rating that the school district may receive is 79 points, C = Meets Standard Achievement.)	5/16/2022 12:12:37 PM	Ceiling Passed
18	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.)	5/16/2022 12:12:37 PM	10
19	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	5/16/2022 12:12:38 PM	5
20	Did the school board members discuss the district's property values at a board meeting within 120 days before the district adopted its budget? (If the school district fails indicator 20 the maximum points and highest rating that the school district may receive is 89 points, B = Above Standard Achievement.)	5/16/2022 12:12:38 PM	Ceiling Passed
			100 Weighted Sum
			1 Multiplier Sum
			(100 Ceiling)
			100 Score

DETERMINATION OF RATING

A.	Did the school district fail any of the critical indicators 1, 2, 3, or 4? 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.								
	<table border="1"> <tr> <td>A = Superior Achievement</td> <td>90-100</td> </tr> <tr> <td>B = Above Standard Achievement</td> <td>80-89</td> </tr> <tr> <td>C = Meets Standard Achievement</td> <td>70-79</td> </tr> <tr> <td>F = Substandard Achievement</td> <td><70</td> </tr> </table>	A = Superior Achievement	90-100	B = Above Standard Achievement	80-89	C = Meets Standard Achievement	70-79	F = Substandard Achievement	<70
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CEILING INDICATORS

Did the school district meet the criteria for any of the following ceiling indicators 4, 6, 16, 17, or 20? If so, the school district's applicable maximum points and rating are disclosed below. Please note, an F = Substandard Achievement Rating supersedes any rating earned as the result of the school district meeting the criteria of a ceiling indicator.
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FIRST 5.14.2.0