



**2006**  
**Financial Integrity Rating System of Texas**  
**(School FIRST)**  
**Analysis of Data for the Year Ended**  
**August 31, 2005**



# UNITED INDEPENDENT SCHOOL DISTRICT

Roberto J. Santos  
Superintendent

Date: September 20, 2006

To: Board of Trustees  
United Independent School District

From: Samuel D. Flores  
Director of Accounting

Ref: 2006 Financial Integrity Rating System of Texas (School FIRST)

The 77<sup>th</sup> Legislative Session directed the commissioner of education, in consultation with the Comptroller's office, to "...develop and implement a financial accountability rating system for school districts in this state." In response to this directive, the Texas Education Agency (TEA) developed the Financial Integrity Rating System of Texas (School FIRST), which was implemented for the first time in the 2002-03 school year. The primary goal of School FIRST is to improve the management of a school district's financial resources.

Attached is a copy of the Official Notice from TEA, the Overall Statistics for the State of Texas, and the 21 indicators used for the 2006 District Status Indicators, in which United ISD received "**Superior Achievement.**" This is the fourth consecutive year that United Independent School District receives a superior achievement rating. The 2006 School FIRST rating was based upon an analysis of staff and student data reported for the 2004-05 school year, and budgetary and actual financial data for the 2005 fiscal year ended August 31, 2005. The ratings can be viewed at:  
<http://hancock.tea.state.tx.us/First/District.aspx?year=2004&district=240903>.

A public meeting to discuss the School FIRST rating for United ISD will be held on September 20, 2006 at 6:15 pm at the Student Activity Complex. The public notice that was displayed in The Laredo Morning Times on August 25<sup>th</sup> and September 1<sup>st</sup> is attached.

If you have any questions or need additional information, please contact me at 473-6368.

COPY: Mr. Roberto J. Santos  
Superintendent of Schools

Mr. Eduardo Zuniga, CPA  
Associate Superintendent for Student Support Services

Ms. Laida P. Benavides, CPA  
Assistant Superintendent of Business and Finance

NOTICE OF PUBLIC MEETING  
TO DISCUSS UNITED INDEPENDENT SCHOOL DISTRICT'S  
State Financial Accountability Rating

United Independent School District will hold  
a public meeting on  
Wednesday, September 20, 2006, 6:00 pm  
at the United I.S.D. Student Activity Complex,  
Fine Arts Building, 5208 Santa Claudia Lane  
Laredo, Texas 78043

The purpose of the meeting  
is to discuss  
United Independent School District's rating  
on the State's financial accountability system.

School FIRST Rating  
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21 INDICATORS

Financial Integrity Rating System of Texas

# 2004-2005 District Status Indicators (1 - 21)

#	Indicator Description
<b><u>CRITICAL INDICATORS</u></b>	
1	Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?
2	Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?
3	Was The Annual Financial Report Filed Within One Month After November 27th or January 28th Deadline Depending Upon The District's Fiscal Year End Date (June 30th or August 31st)?
4	Was There An Unqualified Opinion in Annual Financial Report?
5	Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?
<b><u>FISCAL RESPONSIBILITY</u></b>	
6	Was The Percent Of Total Tax Collections (Including Delinquent) Greater Than 96%?
7	Did The Comparisons Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 4 Percent Of Expenditures Per Fund Type (Data Quality Measure)?
8	Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < \$770.00 Per Student? (If The District's Five-Year Percent Change In Students = Or > 2%, Or If Property Taxes Collected Per Penny Of Tax Effort > \$100,000, Then Answer This Indicator Yes)
9	Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?
10	Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Master Or Monitor Assigned)
<b><u>BUDGETING INDICATORS</u></b>	
11	Was The Percent Of Operating Expenditures Expended For Instruction More Than 54%?
12	Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?
13	If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating Or Adding To The Fund Balance Deficit Situation)
14	Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent Taxes Receivables) In The General Fund = Or > 1:1? (If Deferred Revenues < Net Delinquent Taxes Receivable, Then Answer This Indicator Yes)
<b><u>PERSONNEL INDICATORS</u></b>	

- 15 Was The Administrative Cost Ratio Less Than The Standard In State Law?
- 16 Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size?
- 17 Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size?

**CASH MANAGEMENT INDICATORS**

- 18 Was The Total Fund Balance In The General Fund More Than 50% And Less Than 150% Of Optimum According To The Fund Balance And Cash Flow Calculation Worksheet In The Annual Financial Report?
- 19 Was The Decrease In Undesignated Unreserved Fund Balance  $< 20\%$  Over Two Fiscal Years?(If  $1.5 \text{ Times Optimum Fund Balance} < \text{Total Fund Balance In General Fund}$  Or If  $\text{Total Revenues} > \text{Operating Expenditures In The General Fund}$ , Then Answer This Indicator Yes)
- 20 Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?
- 21 Were Investment Earnings In All Funds More Than \$15 Per Student?

School FIRST Rating  
2006

CALCULATIONS

Financial Integrity Rating System of Texas  
**2004-2005 District Status**  
**United Independent School District**

Rating: Superior  
 Achievement

Indicators  
 Answered YES: 21 Indicators Answered NO: 0

**CRITICAL  
 INDICATORS** (1 - 5)

Indicator No.	Indicator Description	Result	Calculation		
1	Was The Total Fund Balance Less Reserved Fund Balance Greater Than Zero In The General Fund?	Yes	Fund Bal - Gen Fund \$34,666,710	Less Reserved \$7,278,059	\$27,388,651
2	Were There No Disclosures In The Annual Financial Report And/Or Other Sources Of Information Concerning Default On Bonded Indebtedness Obligations?	Yes			Passed
3	Was The Annual Financial Report Filed Within One Month After November 27th or January 28th Deadline Depending Upon The District's Fiscal Year End Date (June 30th or August 31st)?	Yes	Date Received 12/20/2005	Due Date 01/28/2006	39 days early
4	Was There An Unqualified Opinion in Annual Financial Report?	Yes			Passed
5	Did The Annual Financial Report Not Disclose Any Instance(s) Of Material Weaknesses In Internal Controls?	Yes			Passed

**FISCAL  
RESPONSIBILITY (6 - 10)**

<b>Indicator No.</b>	<b>Indicator Description</b>	<b>Result</b>	<b>Calculation</b>		
6	Was The Percent Of Total Tax Collections (Including Delinquent) Greater Than 96%?	Yes	Tax Collections \$84,344,494	Tax Levy \$83,996,704	100.41%
7	Did The Comparisons Of PEIMS Data To Like Information In Annual Financial Report Result In An Aggregate Variance Of Less Than 4 Percent Of Expenditures Per Fund Type (Data Quality Measure)?	Yes	No. of Data Error 334	No. of Data 291,007,626	0.04%
8	Were Debt Related Expenditures (Net Of IFA And/Or EDA Allotment) < \$770.00 Per Student? (If The District's Five-Year Percent Change In Students = Or > 2%, Or If Property Taxes Collected Per Penny Of Tax Effort > \$100,000, Then Answer This Indicator Yes)	Yes	Dt Exps < IFA/EDA \$16,294,463	No. of Students 33,895	\$481
9	Was There No Disclosure In The Annual Audit Report Of Material Noncompliance?	Yes	Passed		
10	Did The District Have Full Accreditation Status In Relation To Financial Management Practices? (e.g. No Master Or Monitor Assigned)	Yes	Passed		

**BUDGETING  
INDICATORS (11 - 14)**

<b>Indicator No.</b>	<b>Indicator Description</b>	<b>Result</b>	<b>Calculation</b>		
11	Was The Percent Of Operating Expenditures Expended For Instruction More Than 54%?	Yes	Instructional Exps. \$138,469,672	Total Expenditures \$237,844,205	58.22%
12	Was The Aggregate Of Budgeted Expenditures And Other Uses Less Than The Aggregate Of Total Revenues, Other Resources and Fund Balance In General Fund?	Yes	Revenues/Fund Bal \$224,122,675	Budgeted Exps/Uses \$201,255,528	\$22,867,147
13	If The District's Aggregate Fund Balance In The General Fund And Capital Projects Fund Was Less Than Zero, Were Construction Projects Adequately Financed? (To Avoid Creating Or Adding To The Fund Balance Deficit Situation)	Yes	Fund Bal Gen Fund \$34,666,710	Fund Bal CPF \$88,841,185	\$123,507,895
14	Was The Ratio Of Cash And Investments To Deferred Revenues (Excluding Amount Equal To Net Delinquent Taxes Receivables) In The General Fund = Or > 1:1? (If Deferred Revenues < Net Delinquent Taxes Receivable, Then Answer This Indicator Yes)	Yes	Cash in Gen Fund \$14,159,564	Def Rev less Taxes \$123,842	1:114.3357

**PERSONNEL  
INDICATORS (15 - 17)**

<b>Indicator No.</b>	<b>Indicator Description</b>	<b>Result</b>	<b>Calculation</b>		
15	Was The Administrative Cost Ratio Less Than The Standard In State Law?	Yes	8.45%	11.05%	-2.60%
16	Was The Ratio Of Students To Teachers Within the Ranges Shown Below According To District Size? (Between 13.5 and 22.0)	Yes	No. of Students 33,895	FTE Teachers 2,067.5147	16.3941
17	Was The Ratio Of Students To Total Staff Within the Ranges Shown Below According To District Size? (Between 6.60 and 14.0)	Yes	No. of Students 33,895	FTE Staff 4,917.3943	6.8929

**CASH  
MANAGEMENT  
INDICATORS (18 - 21)**

<b>Indicator No.</b>	<b>Indicator Description</b>	<b>Result</b>	<b>Calculation</b>	
18	Was The Total Fund Balance In The General Fund More Than 50% And Less Than 150% Of Optimum According To The Fund Balance And Cash Flow Calculation Worksheet In The Annual Financial Report?	Yes	Fund Bal - Gen Fund \$34,666,710	Optimum Fund Bal \$44,281,566 78.29%
19	Was The Decrease In Undesignated Unreserved Fund Balance < 20% Over Two Fiscal Years?(If 1.5 Times Optimum Fund Balance < Total Fund Balance In General Fund Or If Total Revenues > Operating Expenditures In The General Fund, Then Answer This Indicator Yes)	Yes	Undes/Unrsv Fnd Bal \$27,263,651	03-04 Undes Fnd Bal \$24,046,826 Increase
20	Was The Aggregate Total Of Cash And Investments In The General Fund More Than \$0?	Yes	TTL Cash/Investments \$14,159,564 \$14,159,564	
21	Were Investment Earnings In All Funds More Than \$15 Per Student?	Yes	Investment Earnings \$3,038,842	No. of Students 33,895 \$89.6546

School FIRST Rating  
2006

STATE COUNTS



## Financial Integrity Rating System of Texas

### Overall Statistics

#### 2004-2005 Status Counts

Status	Count	% Total	Enrollment	% Total Enrollment
Passed	1,015	97.88%	4,271,946	98.94%
Failed	22	2.12%	45,852	1.06%
<b>Total</b>	<b>1,037</b>	<b>100.00%</b>	<b>4,317,798</b>	<b>100.00%</b>

#### 2004-2005 Rating Counts

Ratings	Count	% Total	Enrollment	% Total Enrollment
Superior Achievement	959	92.48%	4,229,980	97.97%
Above Standard Achievement	52	5.01%	38,018	0.88%
Standard Achievement	4	0.39%	3,948	0.09%
Substandard Achievement	21	2.03%	42,936	0.99%
Suspended Due to Data Quality	1	0.10%	2,916	0.07%
<b>Total</b>	<b>1,037</b>	<b>100.00%</b>	<b>4,317,798</b>	<b>100.00%</b>

#### 2004-2005 No Answers By Indicator

Indicator	Count	% of No Answers	% of Districts	Enrollment	% Total Enrollment
1	13	1.45%	1.25%	12706	0.29%
3	8	0.89%	0.77%	35871	0.83%
4	4	0.45%	0.39%	13120	0.30%
5	22	2.46%	2.12%	197961	4.58%
6	63	7.03%	6.08%	209827	4.86%
7	14	1.56%	1.35%	56141	1.30%
8	41	4.58%	3.95%	19350	0.45%
9	25	2.79%	2.41%	98038	2.27%
11	233	26.00%	22.47%	347667	8.05%
12	16	1.79%	1.54%	11713	0.27%
13	2	0.22%	0.19%	421	0.01%
14	2	0.22%	0.19%	3357	0.08%
15	67	7.48%	6.46%	84498	1.96%
16	37	4.13%	3.57%	57231	1.33%
17	101	11.27%	9.74%	187781	4.35%
18	186	20.76%	17.94%	503282	11.66%
19	30	3.35%	2.89%	39266	0.91%
20	10	1.12%	0.96%	17080	0.40%
21	22	2.46%	2.12%	15552	0.36%

Last Updated: Tuesday, August 22, 2006 11:17:05 AM

Audit Home Page: [School Financial Audits](#) | Send comments or suggestions to [mailto:schoolaudits@tea.state.tx.us?subject=FIRST\\_Suggestions](mailto:schoolaudits@tea.state.tx.us?subject=FIRST_Suggestions)

[The Texas Education Agency](#)

1701 North Congress Avenue · Austin, Texas, 78701 · (512) 463-9734

School FIRST Rating  
2006

**OFFICIAL NOTIFICATION**

# TEA Correspondence

A **Microsoft Word version of this letter** is available for download and **PRINTING**.

**ACTION REQUIRED**

**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 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



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