

To: CFOs / Superintendents
From: MSD
Concerning: SOF / FIRST / Duties Calander / Template

Good morning, hope all is well.

Introduction

It is hard to imagine that summer is over, and we are into the 25-26 school year, but here we are!

It is harder to imagine that in our region, we have 44 superintendents that are either new to the role or within 2 years of being new to their district (I think 29 this year alone). Pair that with our new CFOs, and over half our schools have drastically different business office configurations.

For that reason, we want to take a little time each month to focus on a few financial matters. I hope that the information can be of value to you. Just remember, I am writing to a wide audience – both the tenured veteran and the novice.

The purpose of this correspondence is 1) to bring clarity to the topics discussed and 2) to prompt discussion and questions amongst your business office team. It is important for the CFO and Superintendent to keep an open dialogue because much is riding on that relationship.

We want to partner with you to bridge your communication(s) if needed. I have had the unique experience of being both a superintendent and a CFO during my tenure and can likely sympathize with you.

I understand the hardships of being new to the profession and I know the hardships of being tenured and still not knowing what to do at times! We all want to do a great, but sometimes we have doubts.

Sometimes we simply don't know what we don't know! Sometimes, we know exactly what we should do, but we still want a sounding board. I may not know the answer, but we have a lot of expertise here at the ESC and I can likely get to the bottom of your needs. I have made many contacts at TEA as well. Whatever the case, please reach out at any time. My contact information is as follows:

- Cell phone - (936) 645-3433
- Email - mdavis@esc7.net

And please know that we will help with anything. There is no question to big or small. I have been asked the basic question more than once by tenured CFOs "what is an M&O tax rate". On the flip side, I have been asked questions that really have no answer too, as many financial matters are nonsensical and or have no precedence. I also contact TEA on a district's behalf when a district wants anonymity. Just know we are here for you and trust that we want the best for you! So please call judgment free.

Today, I am writing to discuss:

1. The upcoming Near Final Summary of Finance (NF SOF)
2. The FIRST Rating(s)
3. Securing a calendar of upcoming deadlines and events.

Regarding the upcoming "Near Final" Summary of Finance (NF SOF)

My best advice regarding the upcoming SOF

In the very near future, if not already, you will have your “Near Final” NF SOF. My best advice to you, especially after the year we have had moving to a modernized PEIMS platform, is to compare your student ADA and FTE data from your student data system (SDS) and with your NF SOF. Do you see any major variance? If so, you could have PEIMS errors within the district, or perhaps a data upload issue within TEA. Those errors can cost your district major revenue. If that is the case, there could be a fix, but not without an attendance audit. We could guide you through a potential PEIMS audit if needed.

Where to find the SOF

You can find the SOF by logging into your TEAL account or by using the following URL:
<https://tealprod.tea.state.tx.us/Tea.FspReports.Web/>

If you have recently logged into the Foundation School Program to see any school district state aid report, including the SOF, you have noticed TEA’s updated website display. I am usually hesitant to change, but I am starting to enjoy the updated site.

Here is a glimpse of TEA’s new Foundation School Program site if you have yet to see it:

TEA

Unauthenticated

School District State Aid Reports

Help Exit

FOUNDATION SCHOOL PROGRAM

District Profile

TEA Home TEA Search TEA Locator TEA Divisions

This Page is designed to allow users to view/print school districts' Summary of Finances (SOF) or other state aid-related reports. The following caution is advised:

- Reports generated through this page are current as of the date that appears within the text of the report.
- District administrators are advised to visit this website at least once each month to view their districts' Summary of Finances reports and Payment Ledgers.
- District administrators are also advised to review the [To the Administrator Addressed Correspondence](#) for information about updates to the SOF reports and other state funding related news and [sign up for the Public School Funding Updates](#) email updates.

Foundation Allotments Reports (M&O State Aid)

Facilities Allotments Reports (I&S State Aid)

Transportation Reports

Payment Reports

Please select a report from the left pane to populate the school year.

The SOF can be found under the tab “Foundation Allotments Reports (M&O State Aid)”.

Foundation Allotments Reports (M&O State Aid)

Summary of Finances

Statewide Summary of Finances

Statewide Charter School Summary of Finances

Cost of Recapture

Tuition Limit

Facilities Allotments Reports (I&S State Aid)

Transportation Reports

Payment Reports

Summary of Finances

School Year: 2024-2025

CDN or District: [redacted]

ISD - [redacted]

The short report contains summary information with links to details of calculations. The long report will allow you to view the summary information with details of the calculations all in one document. Please remember that your district's allotment is based on the most current SOF run.

Run ID	Date	Payment Cycle	Foundation Allotment	SOF
45878	8/26/2025 3:55 PM	Preliminary	\$15,281,926	HTML PDF Excel
45681	6/25/2025 1:48 PM	Preliminary	\$15,281,926	HTML PDF Excel
45643	6/10/2025 5:27 PM	Preliminary	\$15,271,249	HTML PDF Excel
45642	6/10/2025 3:51 PM	Preliminary	\$15,271,247	HTML PDF Excel
45523	5/9/2025 1:39 PM	Preliminary	\$15,265,114	HTML PDF Excel
45446	4/22/2025 1:34 PM	Preliminary	\$15,265,109	HTML PDF Excel
45383	4/8/2025 4:26 PM	Preliminary	\$15,265,109	HTML PDF Excel
45301	3/21/2025 2:40 PM	Preliminary	\$15,265,109	HTML PDF Excel
45241	3/10/2025 3:37 PM	Preliminary	\$15,265,103	HTML PDF Excel
45221	3/7/2025 4:09 PM	Preliminary	\$15,265,094	HTML PDF Excel

Purpose of the SOF

The purpose of the summary of finance is to provide schools with a detailed overview of their estimated funding, including the breakdown of their local and state shares. The report can help schools monitor their state aid, budget, entitlements, and to prepare them for potential adjustments during the “settle-up” process at the end of the school year.

The SOF includes information on the number of students in average daily attendance (ADA) and weighted average daily attendance (WADA). The SOF shows the number of students making up special populations, property values, tax rates, and tax collections. The SOF shows the TIER I entitlement (basic entitlement) and the TIER II allotment (enrichment funding), and a variety of other FSP allotments.

Below you will see a snipped portion of an ISD SOF:

 2024-2025 Summary of Finances			
ISD () Last Update: AUG 26, 2025			
Payment Cycle: Preliminary		Payment Class: 1	Run Id: 45878
Funding Elements			
Students		LPE	DPE
1.	Refined Average Daily Attendance (ADA)	1,893.100	1,888.525
2.	Regular Program ADA (Ref ADA - Spec Ed FTEs - CT FTEs)	1,616.303	1,654.942
3.	Special Education FTEs Special Ed Detail Report	80.056	47.669
4.	Career & Technology FTEs	196.741	185.914
5.	Weighted ADA (WADA) WADA Calculation Detail Report	2,797.299	2,703.781
6.	PEIMS Enrollment	2,057	2,057
Property Values		LPE	DPE
7.	2023 (prior tax year) State Certified Property Value	\$553,631,478	\$544,700,809
8.	2024 (current tax year) State Certified Property Value (2023 State Certified Property Value * 1.0287)	\$610,418,113	\$610,418,113
Tax Rates and Collections		LPE	DPE

TEA runs many versions of the SOF each year for each district. The first SOF of the year will be created several months before the school year. New renditions are released as additional data becomes available. The “Run ID and the Last Update Date” details the specific run so that schools can research various changes to the SOF which often correspond to a “To the Administrator Addressed Correspondence” (TAA) from TEA. Updates to the SOF continue even after the close of the school year as final data becomes available.

Today, I want to focus on a few things regarding the SOF:

1. Payment Class

- There are 3 payment cycles that TEA uses to schedule foundation school fund payments to ISDs; payment class 1, 2, and 3. Payment class 4 and 5 are used by charter schools. The chart below details the payment class information, and the percentage paid each month for ISDs.

Month	Payment Class 1			Payment Class 2			Payment Class 3		
	% of Annual Entitlement	% Remaining	% of Unpaid Balance	% of Annual Entitlement	% Remaining	% of Unpaid Balance	% of Annual Entitlement	% Remaining	% of Unpaid Balance
September	15.0	100.0	15.0	22.0	100.0	22.0	45.0	100.0	45.0
October	10.0	85.0	11.8	18.0	78.0	23.1	35.0	55.0	63.6
November	10.0	75.0	13.3	9.5	60.0	15.8	–	–	–
December	10.0	65.0	15.4	–	–	–	–	–	–
January	10.0	55.0	18.2	–	–	–	–	–	–
February	5.0	45.0	11.1	–	–	–	–	–	–
March	10.0	40.0	25.0	–	–	–	–	–	–
April	–	–	–	7.5	50.5	14.9	–	–	–
May	10.0	30.0	33.3	5.0	43.0	11.6	–	–	–
June	10.0	20.0	50.0	10.0	38.0	26.3	–	–	–
July	10.0	10.0	100.0	13.0	28.0	46.4	–	–	–
August	–	–	–	15.0	15.0	100.0	20.0	20.0	100.0

- TEA determines your payment class based on your property wealth per student. Payment class 1 is for districts with property wealth per student that is less than half of the statewide average. Payment class 2 is for those between half the statewide average and statewide average. Payment class 3 is for those with property wealth greater than the statewide average.
- Knowing your payment class is important for cash flow purposes. For instance, if you are a district with fluctuating values (e.g. an oil / gas district), you may see yourself in payment class three one year, but with a need to move to class 1 or 2 the following year. TEA will sometimes work with schools who forecast and remedy cashflow problems, but they typically do not allow a school to change their payment class. If you anticipate cashflow issues, it is best to get TEA involved ASAP to see if they are

2. How money flows from TEA to school districts

- In the fall of even number years, districts are asked to supply TEA with student counts for the following two years. The legislature appropriates money for the coming biennium with these estimates.
- TEA uses the estimates to generate a Legislative Payment Estimate (LPE) for each school district. Money flows to school districts based on this LPE for each year of the biennium.
- At the end of each fiscal year, TEA will “settle-up” with each school district based on what the district earned in state aid for that particular year.

3. Payment cycle(s) – TEA uses three payment cycles with regards to state funding to deliver money.

- Preliminary
 - Preliminary payments are payments TEA makes to districts prior to the end of the school year. These payments are based on projected 1) property values, 2) tax collections, and 3) student counts.
 - The estimated student count data comes from ADA / FTE projections entered by the school district in the fall of even numbered years. Typically, the “attendance projections module” is open from October to December. Meaning, next October through December of 2026, you will have an opportunity to update your projections for the next two years of the biennium.
- Near Final (NF)
 - The NF SOF is generated in September following the end of a particular school year and incorporates final attendance counts and close to final tax collections assuming the district completed the tax information survey (TIS).

- . The NF SOF triggers the “settle-up” process (discussed in detail below).
- . Final
 - . TEA runs the final SOF in April of the following school year and incorporates final audited tax collections, EYS for special education, OFSDP, and credit recovery from PEIMS submission 4.
 - . Even after the “final” SOF, TEA retains the opportunity for further adjustments for property value audits and student attendance audits.

4. LPE

- . The LPE column is the set of calculations TEA is relying on to make payments during the relevant fiscal year. As stated above, the LPE is populated at the beginning of the fiscal year with the data used by the legislature to estimate the appropriations to TEA each session.
- . TEA uses your district’s student count from the district’s biennial student projections and the state’s estimated property values and tax rate to determine your state funding.
- . For ISDs, the LPE is only updated during the fiscal year when preliminary property values and tax rates are released and when compensatory education student counts are available, typically around March.
- . TEA updates the LPE to utilize the district budget tax collections for the relevant year uploaded through PEIMS.
- . For ISDs, ADA and other special program student counts are not updated until near final unless an extreme circumstance is recognized by TEA.

5. DPE

- . The DPE column is updated as data becomes available (see link below of when changes are made to the DPE).
- . The DPE serves the purpose of helping districts prepare for “settle-up”.
- . The DPE column starts being closer to what will happen as the year progresses.
- . Do you want to see the changes that will take place in the DPE and when? See these link(s):
 - . chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://tea.texas.gov/finance-and-grants/state-funding/foundation-school-program/fsp-hot-topics/state-funding-data-elements-sources-and-timelines-sept2024.pdf
 - . <https://tea.texas.gov/finance-and-grants/state-funding/foundation-school-program/summary-of-finances>

6. Should you use LPE or DPE?

- . Frankly, likely neither. Your finance template should be used to determine how much revenue you will receive. Assuming good data is entered into your finance template, you should have the more accurate revenue projection. However, the combination of the three, LPE, DPE, and the Finance Template, should get you the most complete look at your finances.
- . Remember that you will need to keep up with Maintenance of Effort (MOE) for both SPED and ESSA. Doing that may cause you to look at the LPE / DPE with more weight.

7. Settle up

- . Settle-up is the process by which TEA makes payments to school districts that were underpaid and recovers funds from districts that were overpaid.
 - . If a district has been underpaid, the amount of underpayment is sent to the school district in September.
 - . If the district was overpaid, the amount of overpayment is recouped by TEA throughout the next school year.
 - . There is often a “final settle-up” in April following the posting of the school audit with TEA.
 - . Being overpaid by TEA in a particular year is not detrimental if the district understands they have been overpaid when it occurs. Districts should not spend their overpaid monies in a particular year as the district auditor will book the revenue in the next fiscal year.
8. On October 2, 2026, I am going to host a ZOOM to discuss the SOF in greater detail. I am also going to discuss the FIRST indicators. You can take part in one or both of those offerings if you choose. The SOF discussion will take place at 9:00 AM. The FIRST Rating Discussion will take place at 1:00 PM.

Regarding the FIRST Rating(s)

I wanted to break down the following information regarding the FIRST Rating(s) in our Region.

Of our 102 schools, we had the following scores:

- 84 schools with superior achievement
- 9 schools with above standard achievement
- 7 schools who met standard achievement
- 1 school with substandard achievement
- 1 school with no rating as of the FIRST release

FIRST ratings are simply a tool to measure how we score on a particular set of criteria. FIRST ratings are not the end-all-be-all of a great business office. That said, if you have a “superior rating” be proud. But, as CFO and / or Superintendent, please know that schools can get a great FIRST rating and still have major flaws internally. There are schools in Texas with superior ratings that are a couple of years away from catastrophe. There are also schools without superior ratings that are a year away from a great rating.

My best advice for the FIRST Rating(s)

1. Use the information to your advantage but dig deeper than the FIRST rating when you are evaluating your financial situation.
2. All board members want a superior FIRST rating. Most feel “we can get it next year”. But in reality, you may have problems that will keep you from getting a superior rating the following year. In that situation, you should let you board know at this time of the year what you can actually expect to receive the following year if all goes well. I have “done the math” for a couple of schools. One of our schools with a C made a 78. Next year, if all goes well, they will likely make a 76. Their board expects an A. I would want to let them know now that may not happen.
3. Superintendents, know that all CFO’s want a superior rating. But, as with number 2 above, it may not happen. Know that there are certain parts of the FIRST rating that the CFO has direct influence

over, and they should be held accountable for those indicators. But also know that the FIRST rating does not solely reflect the actions of a CFO in a particular year. Rather, the FIRST Rating is a measure of collective decisions by 1) the business office 2) the superintendent 3, the school board, and 4) historical decisions that set the district on a particular course.

4. Don't forget to hold a public meeting within two months of the release of your school's FIRST rating to announce your rating and then explain it to the public. I think the official ratings will come out in November 2025.

. As stated, on October 2, 2025, I am going to host a ZOOM meeting to discuss the FIRST Rating Indicators at 1:00 PM. Please reach out to me if you would like to attend.

Regarding a Calendar of Upcoming Deadline and Events

Knowing what is due and when is a great help. Mr. Schneider has put together a monthly list of duties that he provides to the administrators in our region through his "R7 Executive Director Updates". You will find his calendar of events under the "monthly reminders".

Here is a link to those reminders:

[Monthly Reminders | ESC Region 7](#)

My goal is to send you that link each month just in case you have a hard time accessing it.

That link specifically details the following with regards to finance in September:

- Prepare for annual financial audit September 1st FY
- Distribute tax statements
- Calculate State Aid using end-of-first-six-weeks student data
- Review student attendance figures as compared to prior year and budget projections
- Review Investment Policies (annual)
- Register for Investment Officer training (TEC\$45.209)
- Access & review the LEA's Final FIRST Ratings/Charter FIRST; Prepare working calendar to schedule the publication & public hearing
- All TRS RP reports for the entire fiscal year must be at a "Complete" status. Failure to bring your RP report to a "Complete" status by the deadline may result in incorrect annual statements for your employees
- Chapter 49 districts - District Intent/Choice Selection must be submitted by September 1st, online in the FSP System. No board approval required. The form must be submitted for your district to proceed with its tax rate adoption for the fiscal year
- *The Agreement for the Purchase of Attendance Credit (Netting Chapter 48 Funding) contract must be submitted by September 1st, If not netting, the agreement is due January 13th. Specific board meeting minutes language required. Submit online in the TEAL - FSP System

TASBO has a master calendar that they give access to as well.

You can access TASBOs 2025-2026 master calendar here:

[Plan Your Year with the Master Calendar | TASBO](#)

Superintendents, especially you new ones, please keep track of upcoming events so that you can have a voice in your business office. Mr. Moore has a saying “inspect what you expect”. That goes a long way with the business office. I have not met a business manager yet that did not appreciate an extra set of eyes on due dates and financial matters. But I have met some superintendents that wished they had been more involved in financial matters!

Template

Omar is on Round 8 of this year’s template. The last changes to the template mostly impacted the Early Education Allotment. There is rumor that another template may be released soon. My suggestion to you is to re-run the latest template with actual student ADA. For certain, when the six-weeks ends, let’s run the V8 template. We can do that for you or help in any way. Stay as conservative as you can until preliminary property values are released in January!

Conclusion

To conclude, I am happy to be in the role of CFO here at ESC 7.

It is truly a blessing to be of service.

School finance is a broad topic. My goal is to send you information monthly that may help in some way. Perhaps it will help the new people more so than the veterans, but we are here to help everyone, so please reach out if ever you have a need.

As stated, on October 2, 2025, my plan is to ZOOM and discuss the SOF at 9:00 AM and the FIRST indicators at 1:00 PM. Please reach out to be a part of those discussions.

If you have questions prior to October 2, even if for a different topic, let us know.

In the meantime:

1. Double check your student ADA / FTE reports from your SDS with your NF SOF as soon as it is released. If there is a substantial variance, you may want to explore an attendance audit.
2. Present this year’s FIRST rating as required. If you anticipate a problem with your FIRST rating next year, set realistic expectations, and let your board know now verses later!
3. Develop a calendar of duties to provide context to your finance discussion(s)!
4. Run the template again as soon as the first six week grading period ends. You may want to do it sooner if you have had a drop in enrollment. Either way, stay as conservative as you can up until preliminary property values are released.
5. Don’t forget that the East Texas TASBO group will be meeting on September 17, 2025 (thanks Cayla!). That should be a great meeting!

It is hard to imagine the weight that you all bear, but we are here to share your burdens when needed.

We mean that wholeheartedly... msd