Budget Workshop IV

May 19, 2025

FY 2025-2026

HUFFMAN
INDEPENDENT SCHOOL DISTRICT

Agenda

- Food Service Fund
- Property Taxes
- Debt Service Fund
- General Fund

Food Service

Property Taxes

Local
Property Tax

State Aid
FSP & ASF

Maintenance & Operations (M&O) Taxes

Interest & Sinking (I&S) Taxes

State Aid
ASAHE

General Fund

Debt Service Fund









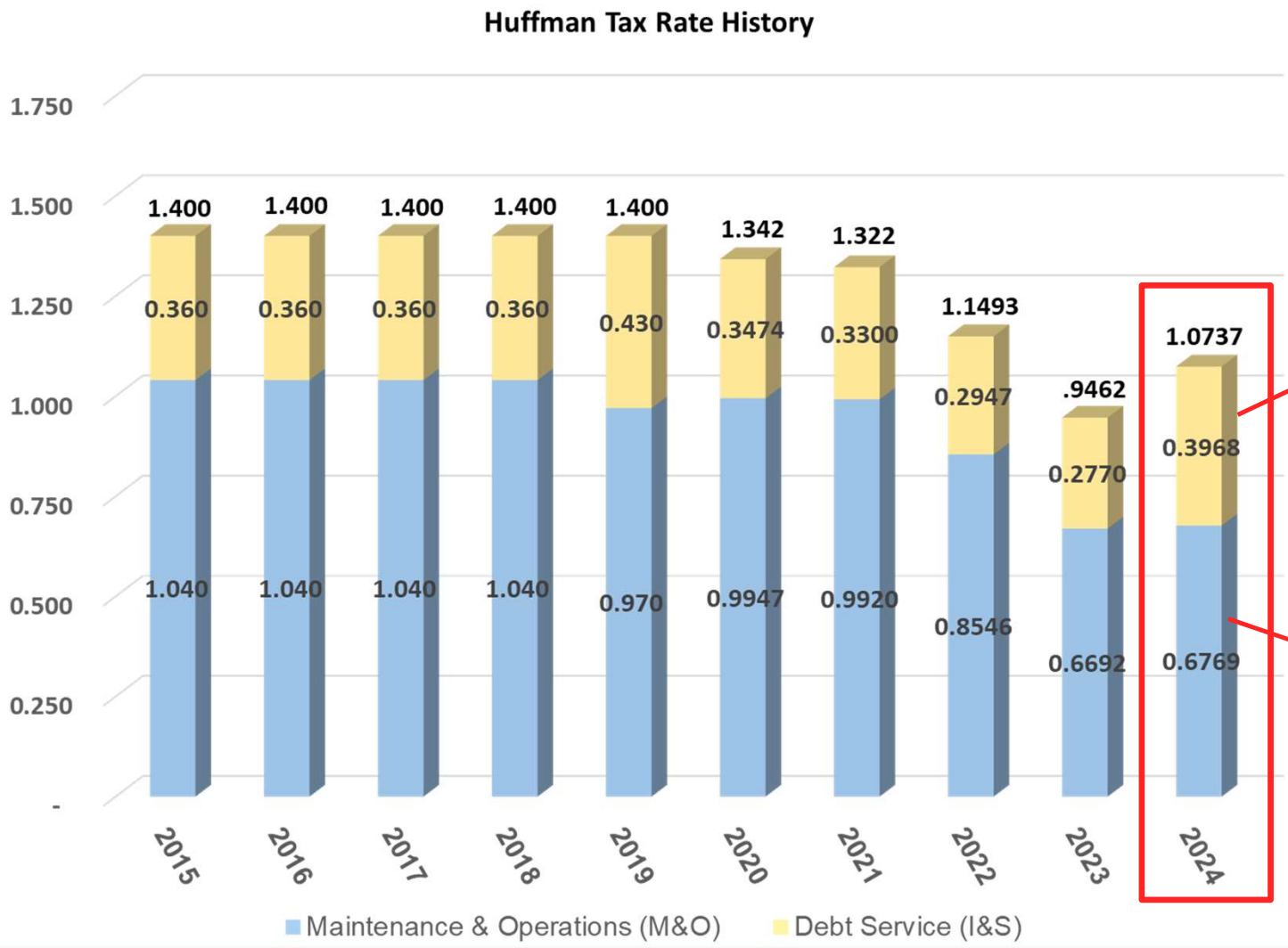




Daily District Operations
Salaries & Benefits, Classroom Supplies, Utilities, Transportation, Maintenance, Custodial, etc.

To repay Bonds for voter-approved projects
Facilities Construction & Renovation

Capital Projects Fund



I&S
Increase of
$0.11981

2023 Voter-approved Bond

****

M&O
Increase of
$0.01

Disaster Penny

Huffman ISD
2025 Certified Estimate of Taxable Value

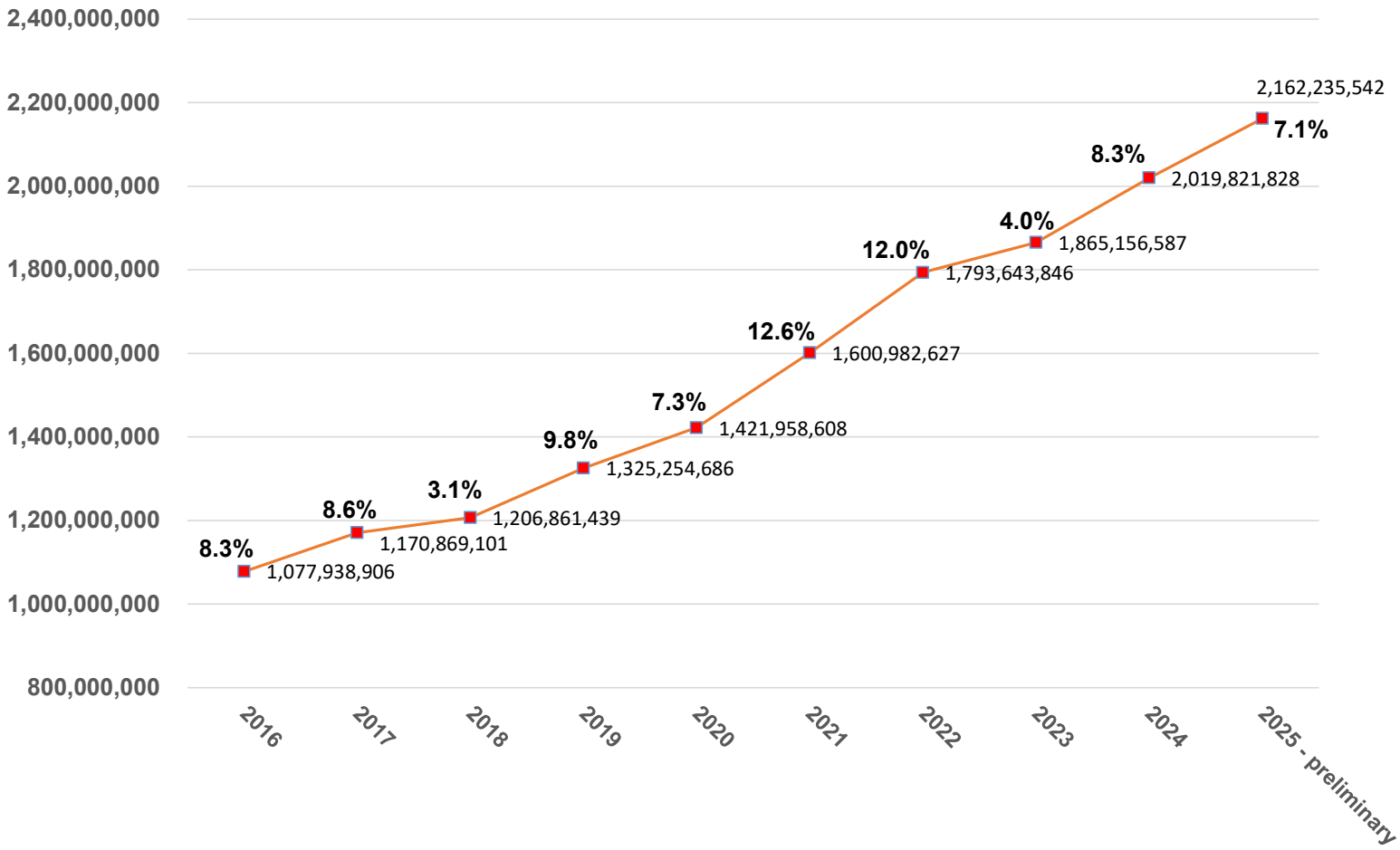
Major Property Category	2024 Taxable Value	Percent Change	Projected 2025 Taxable Value
Residential & Rural Improved	1,494,382,926	8.25%	1,617,627,675
Apartments	20,531,083	-11.34%	18,203,472
Commercial	138,336,435	17.65%	162,748,680
Vacant Land	228,913,211	-2.98%	222,098,272
Industrial	745,647	0.00%	745,647
Utility	66,922,390	4.61%	70,006,709
Commercial Personal	32,299,841	1.50%	32,782,885
Industrial Personal	17,829,636	0.43%	17,906,214
All Other Property	19,860,659	1.29%	20,115,988

Projected 2025 Taxable Value	**2,019,821,828**	**7.05%**	**2,162,235,542**

Projected 2025 Taxable Value Range

Accuracy +/- 5%	**2,054,123,765**	**To**	**2,270,347,319**

Huffman ISD
10 Year Taxable Value



Harris Central Appraisal District
Truth in Taxation Data

Jur: Huffman ISD

	2024	2025
Average Market Value of Residences:	$324,279	$320,226
Average Taxable Value of Residences:	$227,960	$230,596

Interest & Sinking (I&S) Tax Rate

DEBT SERVICE FUND

What is the I&S Tax Rate?

- Funds debt repayment for voter-approved bonds
- May fluctuate from year to year up to $0.50
- May only be set to support the debt repayment
- Held in a separate account called the Debt Service Fund

Debt Service Requirements

Bond Issues	2024-25 Payments	2025-26 Payments
Series 2012 Refunding Bond	$ 766,150	$ 241,250
Series 2013 Refunding Bond	209,725	194,775
Series 2014 Refunding Bond	637,788	640,788
Series 2015 Refunding Bond	438,531	447,731
Series 2016 Bond	590,700	589,700
Series 2017A Bond	1,546,669	1,547,169
Series 2018 Bond	695,955	690,755
Series 2019 Refunding Bond	268,300	748,300
Series 2024 Bond	3,733,075	1,986,688
Series 2025 Bond - Pending	-	-
Continuing Disclosures - SEC 15c2-12	2,000	2,000
Transparency Report - HB1378	250	250
Total Debt Service Requirement	$ 8,889,142	$ 7,089,405

Debt Service Requirements (preliminary)

Bond Issues	2025-26 Payments (est. high pymt)	2025-26 Payments (est. low pymt)
Series 2012 Refunding Bond	$ 241,250	$ 241,250
Series 2013 Refunding Bond	194,775	194,775
Series 2014 Refunding Bond	640,788	640,788
Series 2015 Refunding Bond	447,731	447,731
Series 2016 Bond	589,700	589,700
Series 2017A Bond	1,547,169	1,547,169
Series 2018 Bond	690,755	690,755
Series 2019 Refunding Bond	748,300	748,300
Series 2024 Bond	1,986,688	1,986,688
Series 2025 Bond - ESTIMATED	2,386,358	477,272
Continuing Disclosures - SEC 15c2-12	2,000	2,000
Transparency Report - HB1378	250	250
Total Debt Service Requirement	$ 9,475,763	$ 7,566,677

Debt Service Requirements (preliminary), ct'd

Bond Issues	2025-26 Payments (est. high pymt)		2025-26 Payments (est. low pymt)	
Total Debt Service Requirement	$ 9,475,763		$ 7,566,677	
Less Amounts from Following Sources:				
Est. Add'l State Aid for Homestead Exemption (ASAHE)	801,538		801,538	
Interest Earnings, estimated	100,000		100,000	
Delinquent Collections, estimated	300,000		300,000	
I & S Tax Collections needed to repay debt	$ 8,274,225		$ 6,365,139	
Determination of Tax Rate:				
Certified Taxable Property Values, preliminary values	2,162,235,542	[1]	2,162,235,542	[1]
Per $100.00, 100% Collection Rate	21,622,355		21,622,355	
Tax rate necessary to collect at 100%	$ 0.38267	[1]	$ 0.29438	

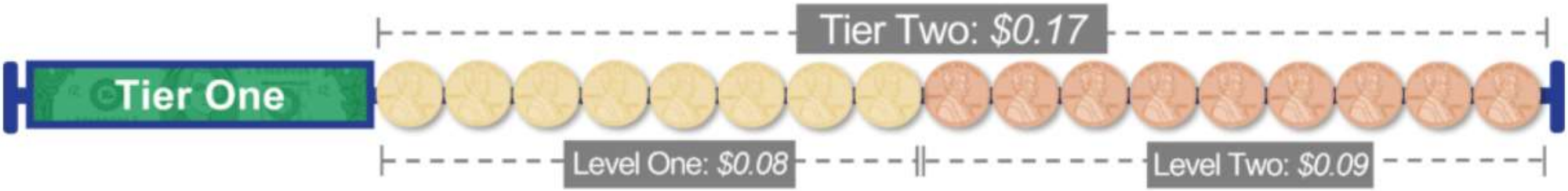
[1] Preliminary as of 4/28/2025

Maintenance & Operations (M&O) Tax Rate

GENERAL FUND

What is the M&O Tax Rate?

- Funds day-to-day operations, alongside State Aid



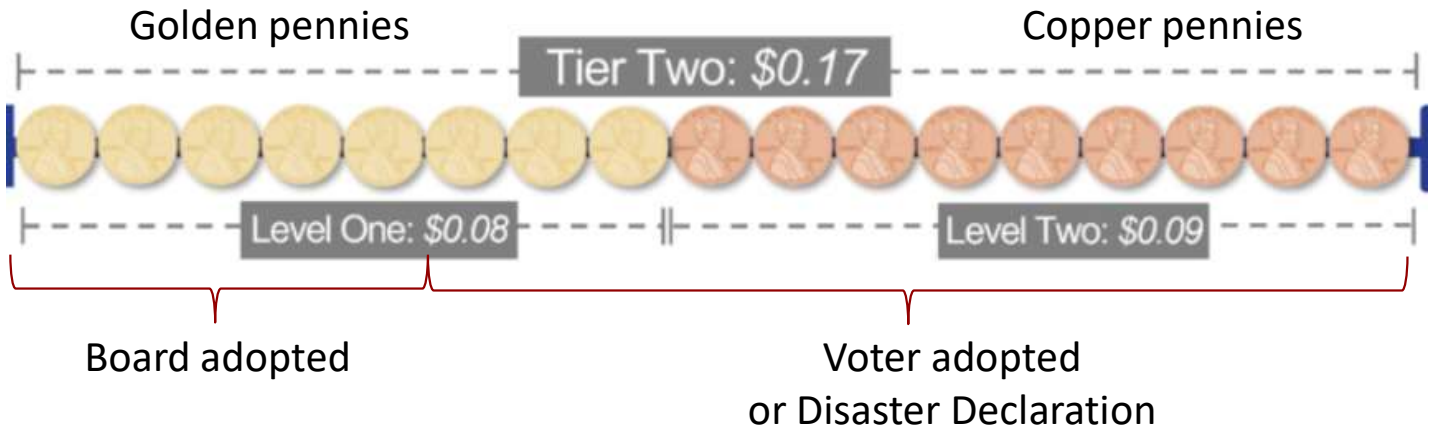
M&O Tax Rate - Tier One

- $1.00 prior to compression from HB3, 86th Texas Legislature, 2019
- Maximum Compressed Rate (MCR) dependent on
  - Estimated statewide property growth and
  - Local property value growth
- 2024 Maximum Compressed Rate = $0.6169
- 2025 Maximum Compressed Rate = unknown
  - Current Law estimate: $0.5909
  - TEA will not notify us of our MCR until August 5



M&O Tax Rate - Tier Two

- Also known as the “Enrichment Rate”
- Maximum of $0.17 allowed
- Additional funding guaranteed from the State based on tax effort



Voter Approval Tax Rate Elections (VATRE)

A special election held by a Texas public school district to seek voter approval for increasing its Maintenance and Operations (M&O) tax rate beyond the state-mandated limit.

The M&O tax rate funds daily operational expenses such as teacher and staff salaries, utilities, classroom supplies, and student programs.

When a district needs to raise this rate above the threshold set by the Texas Education Agency (TEA), it must obtain voter approval through a VATRE.

Disaster Exception - Tax Code 26.042(e)

When increased expenditure of money by a school district is necessary to respond to a disaster, including a tornado, hurricane, flood, wildfire, or other calamity, but not including a drought, epidemic, or pandemic, that has impacted the school district and the governor has requested federal disaster assistance for the area in which the school district is located, an election is not required under *Section 26.08* to approve the tax rate adopted by the governing body of the school district for the year following the year in which the disaster occurs. A tax rate adopted under this subsection applies only in the year for which the rate is adopted.

Hurricane Beryl

- July 8, 2024
- Category 1 Hurricane
- Houston area directly affected by the eyewall with more than 2.7 million losing power
  - More than a week for many areas to regain power
- Most of the District was fully functional July 17, 2024

Hurricane Cost to Date	
Expended	$385,582
Encumbered	20,729
Labor*	13,659
Equipment	96,412
Total Estimated Cost	$516,382

** Amount that could be claimed with FEMA*

FEMA Reimbursement	Total	75% Federal	25% Local
Claimed to Date	$364,128	$273,096	$91,032
Amount Remaining	152,254	114,191	38,064
Total Estimated Cost	$516,382	$387,287	$129,096

Additional Future Costs?

- Correcting areas in the District prone to flooding
  - Hargrave High School Parking Lot
  - Falcon Ridge Elementary School Playground

- These *could possibly* be partially covered by a grant after Hazard Mitigation Plan is completed

Tier Two Pennies & Huffman ISD

- Up to 12 pennies are available
  - VATRE – requires voter approval
  - Disaster Pennies – requires supermajority of the Board of trustees
- Each penny is estimated to bring in $193,253 in local tax revenue
- Each penny generates additional funding from the State
  - Golden ~ $443,273
  - Copper ~ $23,812

Guaranteed Yield per penny

Current Law

Golden

$132.40





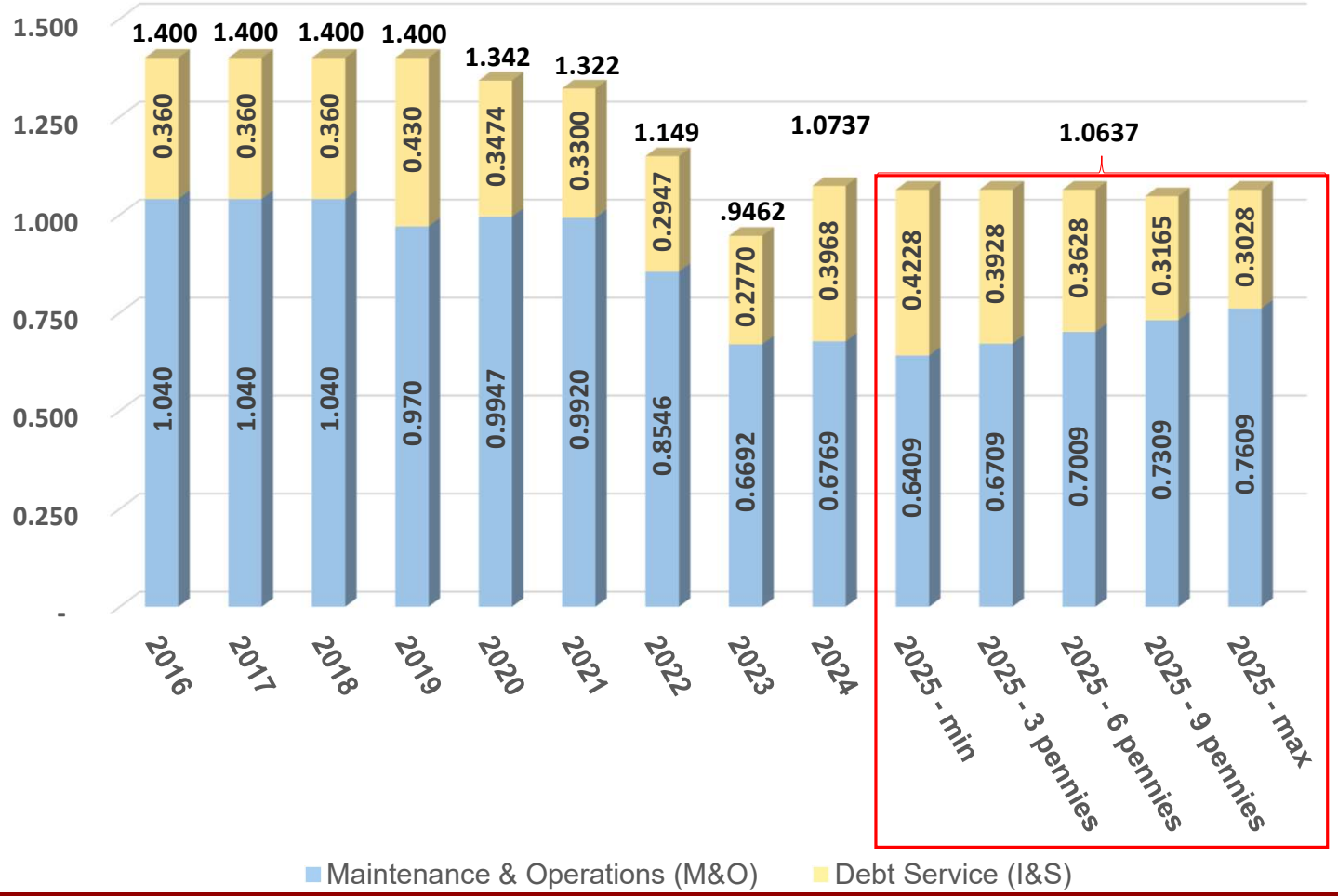
Copper

$49.28

Each Penny*	Golden	Copper
Local Revenue	$193,253	$193,253
State Revenue	443,273	23,812
Total	$636,526	$217,065

* Based on 5th – 6weeks WADA and preliminary HCAD values

Huffman Tax Rate History



Taxpayer Effect

		Taxes Due
2024 Average Market Value of Residence	$324,279	
2024 Average Taxable Value of Residence	$227,960	
2024 HISD Tax Rate	$1.07370	$ 2,448

		Taxes Due
2025 Average Market Value Residence *	$320,226	
2025 Average Taxable Value Residence *	$230,596	
2025 HISD Tax Rate **	$1.06370	$ 2,453
	Estimated Taxes Change from prior year	$ 5

* As provided by Tax Assessor

** Estimated

Revenue Generated – Current Law

2025 HISD Tax Rate*		Revenue ↑
no additional pennies	$ 1.06370	$ (600,942)
+ $0.01	$ 1.06370	$ 35,584
+ $0.02	$ 1.06370	$ 672,109
+ $0.03	$ 1.06370	$ 1,308,636
+ $0.04	$ 1.06370	$ 1,522,745
+ $0.05	$ 1.06370	$ 1,740,992
+ $0.06	$ 1.06370	$ 1,959,238
+ $0.07	$ 1.06370	$ 2,172,758
+ $0.08	$ 1.06370	$ 2,391,006
+ $0.09	$ 1.06370	$ 2,608,958
+ $0.10	$ 1.06370	$ 2,826,617
+ $0.11	$ 1.06370	$ 3,044,570
+ $0.12	$ 1.06370	$ 3,262,228

Golden

Copper

General Fund

Assumptions for Revenue: Formula

General Fund

- **No changes in state funding**
- **Taxable Value Growth – 7.1%**
  - Based on preliminary Values released on April 30, 2025
  - Certified Values will be released in late July
- **ADA* – 94.2%**
- **Refined ADA* – 3,382.145**
- **Similar trends for student demographics**

* Averages after the 5th – 6 weeks for 2024-2025 and assumes no changes from this year to next

Assumptions for Expenditures

General Fund

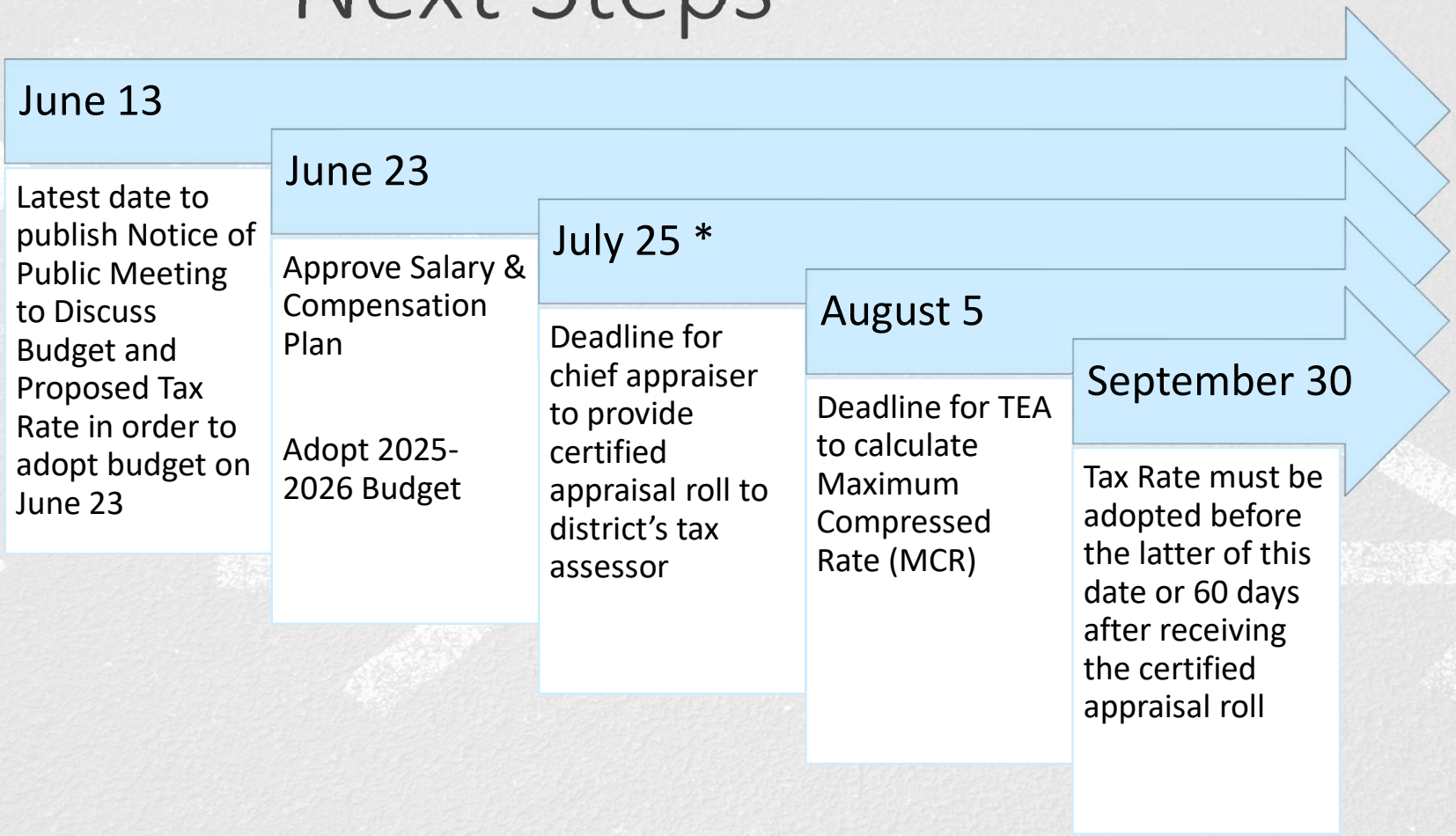
- **Repayment of 2nd Tax Note**
- **Preliminary Compensation Increase**
  - 3% average staff raise
  - Market/Experience adjustments
  - Awaiting final legislation before we can bring the compensation plan to the Board for adoption
- **Increased Staffing**
  - Special Education
  - Bilingual
  - CTE

2025-2026 Preliminary Budget Scenarios

Description	No Additional Pennies	3 Additional Pennies	6 Additional Pennies	9 Additional Pennies	12 Additional Pennies
Revenue*	$37,548,289	$39,457,867	$40,108,469	$40,758,189	$41,411,460
Payroll	33,387,629	33,387,629	33,387,629	33,387,629	33,387,629
NonPayroll	12,088,845	12,088,845	12,088,845	12,088,845	12,088,845
Total Expenditures	45,476,474	45,476,474	45,476,474	45,476,474	45,476,474
Excess of Rev Over/(Under) Exp	($7,928,185)	($6,018,607)	($5,368,005)	($4,718,285)	($4,065,015)
Other Financing Sources	2,049,000	2,049,000	2,049,000	2,049,000	2,049,000
Net Change in Fund Balances	($5,879,185)	($3,969,607)	($3,319,005)	($2,669,285)	($2,016,015)

* Assumes Current Law

Next Steps


June 13
Latest date to publish Notice of Public Meeting to Discuss Budget and Proposed Tax Rate in order to adopt budget on June 23
June 23
Approve Salary & Compensation Plan
Adopt 2025-2026 Budget
July 25 *
Deadline for chief appraiser to provide certified appraisal roll to district's tax assessor
August 5
Deadline for TEA to calculate Maximum Compressed Rate (MCR)
September 30
Tax Rate must be adopted before the latter of this date or 60 days after receiving the certified appraisal roll



Questions?