Budget Workshop IV

HUFFMAN
INDEPENDENT SCHOOL DISTRICT

June 11, 2026

Agenda

- District Insurance Renewals
- General Fund Budget Updates
- Notice of Public Hearing to Discuss Budget & Proposed Tax Rate
- Tax Rate Options for 2026-2027

District Insurance Renewals

2026-2027

Auto / Liability Renewal Comparison

Coverage	2025-2026	2026-2027	Change
Auto Liability	$ 58,877	$ 57,275	$ (1,602)
Auto Physical Damage	$ 20,070	$ 16,306	$ (3,764)
School Liability	$ 19,014	$ 20,274	$ 1,260
Cyber Liability & Security	$ 7,000	$ 7,000	$ -
	$ 104,961	$ 100,855	$ (4,106)

Workers Compensation Renewal

Coverage	2025-2026	2026-2027	Change
Workers Compensation *	$ 133,885	$ 132,414	$ (1,471)

* Estimated based on final payroll amounts for July 1 – June 30

Property Insurance RFQ/RFP

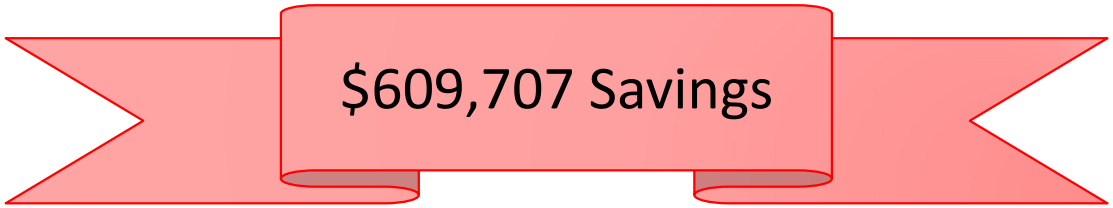
- 2-step process
  - RFQ: 4/7/2026
  - RFP: 5/28/2026
- RFQ process
  - Determine eligibility of respondents
  - Assign insurance “markets” to each eligible broker
- RFP process
  - Only one of the two eligible brokers responded

Property & Contents Coverage

Property & Contents Coverage	2025-2026	2026-2027	
Total Limit	$ 75,000,000	$ 189,440,792	
AOP Deductible	$ 25,000	$ 25,000	
All Other Wind/Hail Deductible	$ 100,000	$ 100,000	
Named Storm Wind/Hail Deductible	3%, minimum $100k	2%, minimum $100k	per building or structure
Flood Limit	$ 10,000,000	$ 10,000,000	($5m for zones A & V)
Named Storm Limit	$ 75,000,000	$ 189,440,792	

Property, Equipment, Crime Renewal

Coverage	2025-2026	2026-2027
Property & Contents	$ 1,231,189	$ 621,482
Equipment Breakdown	$ 8,904	$ 8,904
Crime	$ 3,868	$ 3,868
Total	$ 1,243,961	$ 634,254



2026-2027 Budget Updates

GENERAL FUND

2026-2027 Estimated Revenues

2025-2026 Amended Revenues	42,843,314
Less 3 golden pennies - Local	(510,635)
Plus Tax Collections based on Estimated Values	797,120
Less Interest Income	(82,590)
Less 3 golden pennies - State	(1,345,484)
Plus ASF Funding	488,126
Less FEMA Reimbursements	(261,634)
2026-2027 Preliminary Revenues	41,928,217

2026-2027 Estimated Expenditures

2025-2026 Amended Expenditures	46,469,796
Less 24-25 Maintenance Tax Note	(3,222,956)
Plus ~ 25-26 Maintenance Tax Note *	3,195,281
Less Payroll Changes Identified to date	(732,440)
Less Non-Payroll Changes Identified to date	(832,305)
2026-2027 Preliminary Expenditures	44,877,376

	2025-2026			2026-2027	
	Original Budget	Revised Budget	Estimated Actual	Preliminary *	Change from 25-26
Total Revenue	42,198,003	42,843,314	43,696,960	41,922,318	(1,774,642)
Total Expenditures	46,799,092	46,469,796	46,469,796	44,877,376	(1,592,420)
Net Revenue/(Deficit)	(4,601,089)	(3,626,482)	(2,772,836)	(2,955,058)	(182,222)
Other Fin. Sources/Uses	2,049,000	3,049,000	3,049,000	-	(3,049,000)
Net Change in Fund Balance	(2,552,089)	(577,482)	276,164	(2,955,058)	(3,231,222)
Beginning Fund Balance	5,311,493	7,250,477	7,250,477	7,526,641	
Ending Fund Balance	2,759,404	6,672,995	7,526,641	4,571,583	
Days Fund Balance	*21.52*	*52.41*	*59.12*	*37.18*	
Ending Fund Balance			7,526,641	4,571,583	
Other Fin. Sources/Uses			(3,049,000)	-	
Fund Balance w/out Note			4,477,641	4,571,583	
Days Fund Balance			*35.17*	*37.18*	

* Does not include Tax Note

Notice of Public Hearing to Discuss Budget & Proposed Tax Rate

2026-2027

Notice of Public Meeting to Discuss Budget and Proposed Tax Rate

June 12, 2026

- Posted to Website

- Published in Houston Business Journal

NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The Huffman Independent School District will hold a public meeting at 6:00pm., June 22, 2026 in Board Room, Admin Building, 24302 FM 2100, Huffman, Texas 77336. **The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited.**

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

Maintenance Tax	$0.78690/$100 (proposed rate for maintenance and operations)
School Debt Service Tax Approved by Local Voters	$0.10600/$100 (proposed rate to pay bonded indebtedness)

Comparison of Proposed Budget with Last Year's Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories.

Maintenance and operations	-3.01 % decrease
Debt Service	14.38 % increase
Total Expenditures	-0.39 % decrease

Total Appraised Value and Total Taxable Value (as calculated under Section 26.04, Tax Code)

	Preceding Tax Year	Current Tax Year
Total appraised value* of all property	$2,855,933,057	$3,011,069,956
Total appraised value* of new property**	$147,550,578	$154,791,149
Total taxable value*** of all property	$1,970,675,380	$2,077,724,271
Total taxable value*** of new property**	$101,814,113	$106,810,314

*Appraised value is the amount shown on the appraisal roll and defined by Section 1.04(8), Tax Code.
** "New property" is defined by Section 26.012(17), Tax Code.
*** "Taxable value" is defined by Section 1.04(10), Tax Code.

Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness* $144,625,000

*Outstanding principal.

Comparison of Proposed Rates with Last Year's Rates

	Maintenance & Operations	Interest & Sinking Fund*	Total	Local Revenue Per Student	State Revenue Per Student
Last Year's Rate	$0.69690	$0.36680	$1.06370	$5,501	$8,236
Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service	$0.72802	$0.42199	$1.15001	$6,837	$7,629
Proposed Rate	$0.78690	$0.10600	$1.19290	$7,008	$7,981

*The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both. The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.

Comparison of Proposed Levy with Last Year's Levy on Average Residence

	Last Year	This Year
Average Market Value of Residences	$322,663	$321,459
Average Taxable Value of Residences	$201,585	$202,582
Last Year's Rate Versus Proposed Rate per $100 Value	$1.06370	$1.19290
Taxes Due on Average Residence	$2,144.26	$2,416.60
Increase (Decrease) in Taxes		$272.34

Under state law, the dollar amount of school taxes imposed on the residence homestead of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.

Notice of Voter-Approval Rate: The highest tax rate the district can adopt before requiring voter approval at an election is $1.07290. This election will be automatically held if the district adopts a rate in excess of the voter-approval rate of $1.07290.

Fund Balances

The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated funds necessary for operating the district before receipt of the first state aid payment.

Maintenance and Operations Fund Balance(s)	$6,670,007
Interest & Sinking Fund Balance(s)	$3,700,352

A school district may not increase the district's maintenance and operations tax rate to create a surplus in maintenance and operations tax revenue for the purpose of paying the district's debt service.

Visit Texas.gov/PropertyTaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

Why the Public Notice Matters

- State law requires a public notice before budget and tax rate adoption.
- The notice informs taxpayers of the proposed budget and tax rate.
- It includes required comparisons and taxpayer impact information.
- The notice sets the maximum tax rate the Board may consider.
- The notice supports transparency before final action is taken.

Clarification About the Posted Rate

- The posted rate is the maximum rate the Board may consider under that notice.
- Posting the rate does not mean the Board has decided to adopt that rate.
- The Board may ultimately adopt a lower rate.
- A higher rate would require a revised notice and another public meeting.

Preserving Board Flexibility and Transparency

- Posting the maximum rate allows full discussion in public.
- It prevents the Board from being limited to a lower discussion ceiling.
- It allows the Board to compare options before final action.
- The final adopted rate may still be lower.

Budget and Tax Rate Timing

- The district's fiscal year begins July 1.
- The budget process occurs before final certified property values are typically available.
- The district may adopt its budget using a certified estimate.
- The tax rate cannot be adopted until the certified appraisal roll is received.
- Certified appraisal rolls are generally received in late July.

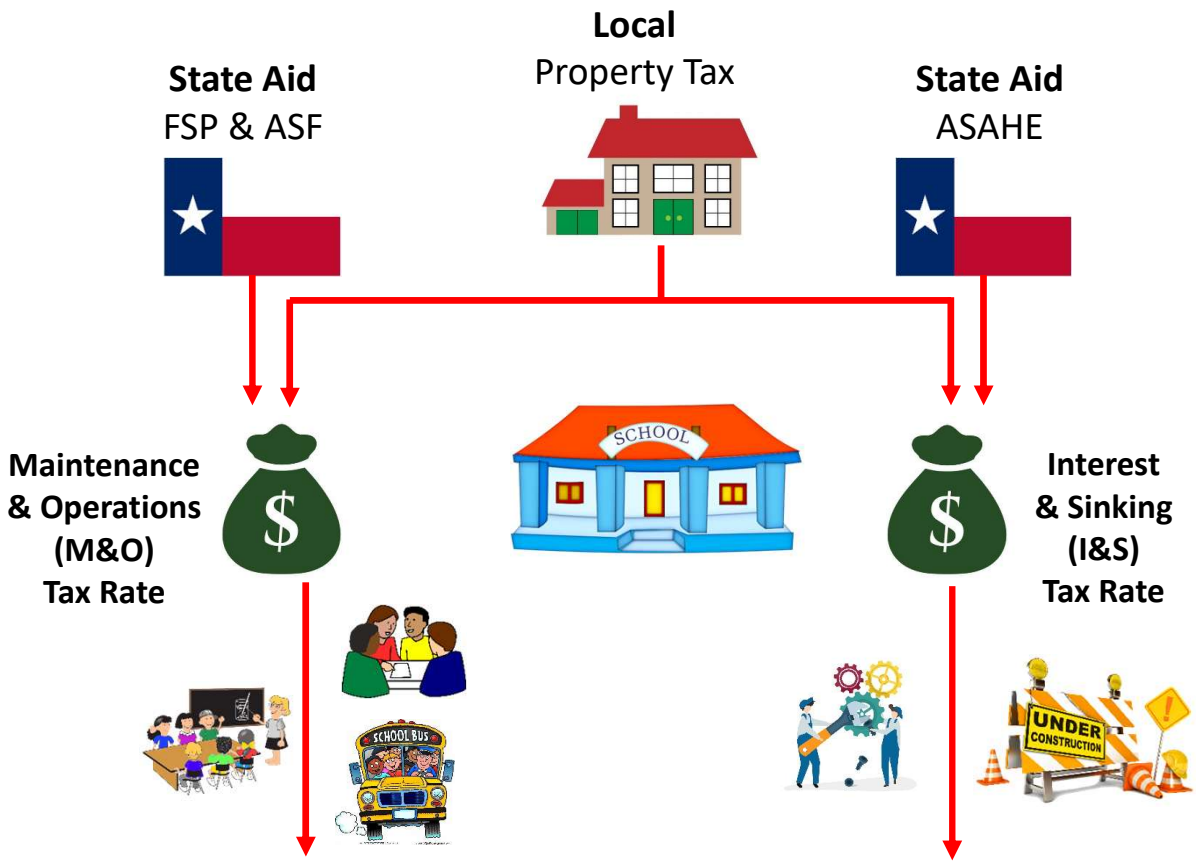
Revised Notice Requirements After Certified Values

- Certified values are received after the certified roll is provided.
- Final tax rate calculations are completed after certified values are available.
- TEA provides the Maximum Compressed Rate (MCR) by August 5.
- A revised notice and another public meeting may be required.
- This is especially important if the district is considering a VATRE.

VATRE Would Require a Later Revised Notice

- VATRE: Voter Approved Tax Rate Election
- A VATRE is required if the adopted rate exceeds the voter-approval rate.
- The voter-approval rate must be finalized after certified values.
- Posting the maximum rate now does not eliminate VATRE notice requirements.
- If considering a VATRE, the district would need to publish a revised notice and hold another public meeting before adopting the rate.

Understanding M&O and I&S



Maximum Rate Included for Discussion

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

Maintenance Tax	$0.78690 / $100 (proposed rate for maintenance and operations)
School Debt Service Tax Approved by Local Voters	$0.40600 / $100 (proposed rate to pay bond indebtedness)

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Debt Service	14.38 % increase
Total Expenditures	0.39 % decrease

Property Values Used in the Notice

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Used to determine revenues

Growth in district's tax base

Voter-Approved Debt Obligations

- I&S Tax Revenue is used to pay bonded debt.
- These bonds were previously approved by local taxpayers.

Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness* $144,625,000

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How the Proposed Rate Compares

Comparison of Proposed Rates with Last Year's Rates

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Estimated Taxpayer Impact

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Actual Tax Bills May Vary

- The notice uses an average residence.
- Individual taxable values may be higher or lower.
- Exemptions affect taxable values.
- Over-65 and disabled tax ceilings may limit increases for qualifying homeowners.

Protection for Taxpayers 65 and older

- State law provides a school tax ceiling for qualifying over-65 homesteads.
- School taxes generally may not increase above the frozen amount.
- This protection may limit the impact of tax rate changes for qualifying taxpayers.
- Individual tax bills may vary based on exemptions and eligibility.

What the Voter-Approval Rate Means

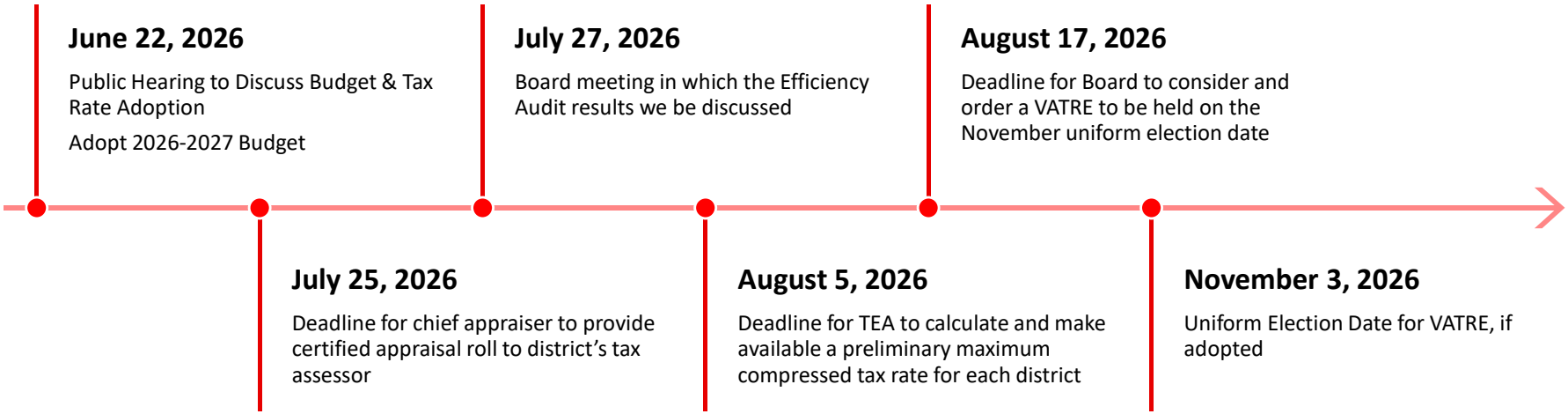
Notice of Voter-Approval Rate: The highest tax rate the district can adopt before requiring voter approval at an election is $1.07290. This election will be automatically held if the district adopts a rate in excess of the voter-approval rate of $1.07290.

- Voter-approval rate shown*: $1.07290
- Maximum posted rate shown: $1.19290
- A rate above the voter-approval rate requires voter approval.
- An election would be required for any rate adopted over the voter-approval rate.

* Final voter-approval rate will be available after certified appraisal roll and MCR are received.

Voter-Approval Tax Rate Election (VATRE)

- Required when the adopted rate exceeds the voter-approval rate.
- The Board may discuss options before deciding whether to call an election
- Voters decide whether to approve the adopted rate.



Estimated Year-End Fund Balances

- Fund balance supports cash flow and financial stability.
- M&O and I&S Fund balances are legally separate.

Fund Balances

The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated funds necessary for operating the district before receipt of the first state aid payment.

Maintenance and Operations Fund Balance(s)	$6,670,007
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Additional Notice Disclosures

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M&O Tax Rate Options

2026-2027

How M&O Funding Works – Tier 1

- Tier 1 funding is set by the state to support basic educational services.
- As property values rise, the local share increases and the state share decreases, so total funding does not automatically increase.
- Tier 1 is also affected by ongoing tax compression, which may reduce the future tax rate.



TIER 1 ENTITLEMENT
$6,215 /Student
(Adjusted for Student Weights)

Increase in Taxable Values = Increase in Local Funds / Decrease in State Funds = **SAME ENTITLEMENT $6,215/Student**

Rising property values do not automatically create more spendable revenue for the district.

REGION 4 EDUCATION SERVICE CENTER

How M&O Funding Works – Tier 2

- Tier 2 allows school districts to generate enrichment funding by taxing up to **17** cents above the MCR.
- The first five cents may be adopted by board action.
- Additional cents require voter approval through a VATRE.
- Golden pennies generate the highest level of state equalized funding.
- Copper pennies generate additional funding but are subject to tax compression.



Guaranteed Yield per penny

Golden

$129.52





Copper

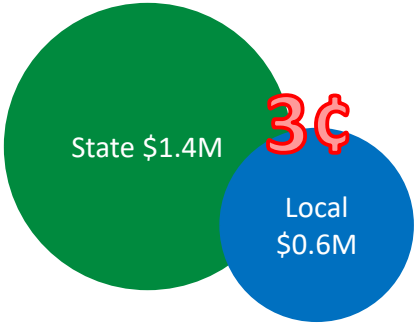
$49.72

Each Penny*	Golden	Copper
Local Revenue	$199,668	$199,668
State Revenue	472,225	57,635
Total	$671,893	$257,303

* 26-27 Preliminary - Based on revised WADA through 5th-6 weeks and estimated certified values

Estimated Funding Impact of VATRE

Number of Tier 2 Cents	5	8	10	14	17
Tier 1 State	$ 21,817,051	$21,817,051	$21,817,051	$21,817,051	$21,817,051
Tier 2 State	2,424,490	3,841,166	3,956,371	4,187,367	4,359,883
Local Share	12,457,276	13,056,280	13,455,616	14,254,287	14,853,291
Total State/Local Revenue	**$ 36,698,817**	**$ 38,714,497**	**$ 39,229,038**	**$ 40,258,705**	**$ 41,030,225**



$2,015,680
+ 3¢

$2,530,221
+ 5¢

$3,559,888
+ 9¢

$4,331,408
+ 12¢

Annual Community Tax Impact

M & O Tax Rate	Δ from Prior Year	
MCR + 5 cents	↓ $54	(5 Golden pennies)
MCR + 8 cents	↑ $7	(8 Golden pennies)
MCR + 10 cents	↑ $47	(8 Golden pennies + 2 Copper pennies)
MCR + 14 cents	↑ $128	(8 Golden pennies + 3 Copper pennies)
MCR + 17 cents	↑ $189	(8 Golden pennies + 9 Copper pennies)

Tax impact is calculated using only the Maintenance and Operations Tax Rate.

The MCR assumes no compression at this time.

Estimated homeowner impact is based on an average taxable home value of $202,582.

Tax ceilings for homeowners age 65 and older or disabled homeowners may limit the impact on qualifying homesteads.

Key Takeaways

- Insurance renewals provide budget relief
- 2026-2027 budget estimates are still being refined
  - Finalizing student counts for 25-26
- The posted tax rate is a maximum discussion rate
- Budget adoption and tax rate adoption occur on different timelines
- VATRE consideration requires later action
  - Revised Notice and public meeting
- Next Steps
  - June 22: Public Hearing to Discuss Budget and Tax Rate / Adopt 2026-2027 Budget
  - July/August: Certified values, MCR, final tax calculations, and VATRE decision timeline