



POTH INDEPENDENT SCHOOL DISTRICT

Understanding the 2026 VATRE

Town Hall • Community Information Session

School funding • Defeasance • VATRE • District plan

November 3, 2026 election



One school tax rate is divided into two distinct funds

MAINTENANCE & OPERATIONS

M&O

Pays for the work of operating schools

Staff salaries
Utilities and supplies
Routine maintenance
Student programs and services

INTEREST & SINKING

I&S

Pays principal and interest on voter-approved debt

Bond payments
Debt-service schedules
Restricted to eligible debt purposes



Penny swapping does not permit VATRE funding to pay bond debt

PROHIBITED USE

Move pennies to M&O



Generate Tier II funding from the state



Use that funding for bond debt

NOT ALLOWED

POTH ISD'S PLAN

Last 3 years: Defeasance selected debt



This year: End defeasance, reduce the I&S rate



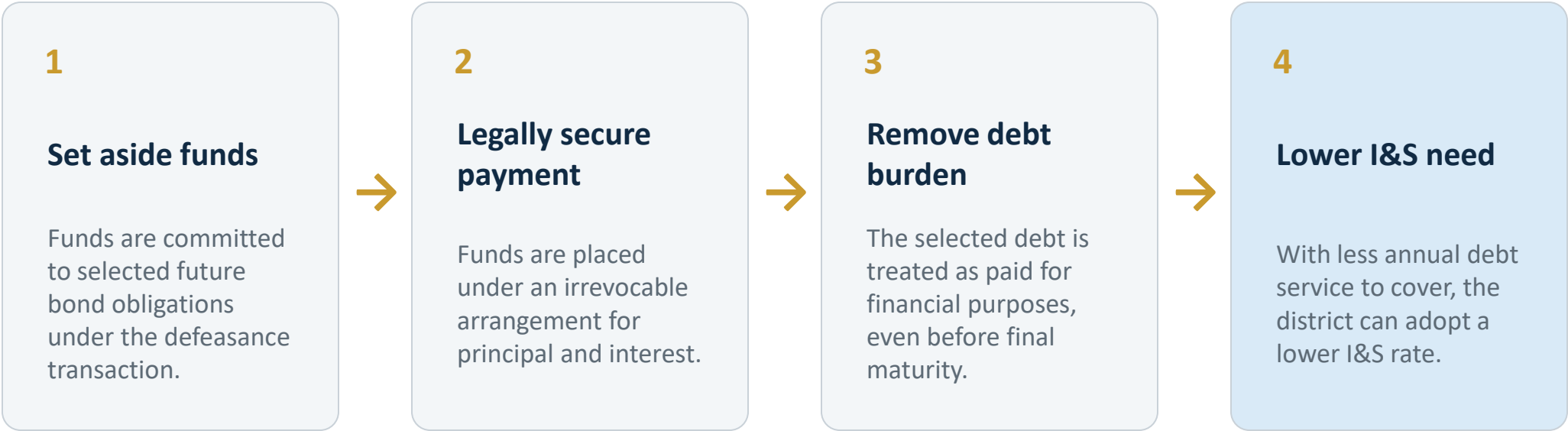
Use VATRE resources for salaries and facilities

NO VATRE FUNDS FOR BOND PAYMENTS

Texas Education Code §48.201: Tier II guaranteed-yield funding may not be used for debt service.



Defeasance reduces the debt that must be supported by I&S taxes



Closed	Defeased Bonds					Net D/S Savings
	Issue	Maturities	Call Date	Interest Rates	Principal	
8/27/24	Portion of S-2018	2043	8/15/25	3.50%	515,000	329,713
8/27/25	Portion of S-2018	2041 - 2043	9/16/25	3.50%	980,000	558,626
8/27/26	Portion of S-2018	2040 - 2041	9/21/26	3.50%	390,000	189,265
					\$ 1,885,000	\$ 1,077,604

The proposal shifts 12 cents between funds—not the total rate



I&S $-\$0.12$ | M&O $+\$0.12$ | TOTAL $\$0.00$ change

Rates shown per \$100 of taxable value



The VATRE changes both sides of the state–local funding partnership

CURRENT FOR 26-27 • WITHOUT VATRE

Local M&O taxes	\$3,009,686
State funding	\$9,322,718
Total partnership	\$12,332,404

WITH VATRE

Local M&O taxes	\$3,544,978
State funding	\$10,137,668
Total partnership	\$13,682,646

≈ \$535,000 shifted into M&O

+

≈ \$815,000 additional state funding

= approximately \$1.35 million more for Poth ISD

Exact district estimates: +\$535,292 local M&O and +\$814,950 state funding

Why does the VATRE generate additional state funding? Poth ISD’s Maximum Compressed Rate is \$0.6169. The district school board currently adopts five M&O pennies above that rate. The VATRE would add 12 more, bringing Poth ISD to 17 enrichment pennies—eight “golden pennies” and nine “copper pennies.” Each group has a state-guaranteed funding yield per penny per weighted student. When local tax collections do not produce the guaranteed amount, the state provides additional funding to make up the difference. I&S pennies do not generate this M&O formula funding.



A VATRE asks voters to authorize an M&O rate above the voter-approval threshold

What voters decide

Whether Poth ISD may adopt the proposed \$0.78690 M&O rate as part of the \$0.95540 total school tax rate.

The election concerns tax-rate authority. It is separate from a bond election and does not authorize new bonded debt.

VATRE

Voter-Approval Tax Rate Election

November 3, 2026



The district identifies two uses for the additional M&O funding

STAFF SALARIES

Recruit and retain employees

Pay increases for teachers and staff are the first stated funding priority.

**Year 1 School Board Intention with successful VATRE election:
\$3,000 mid year retention stipends to all employees**

FACILITIES

Address projects beyond the annual maintenance budget

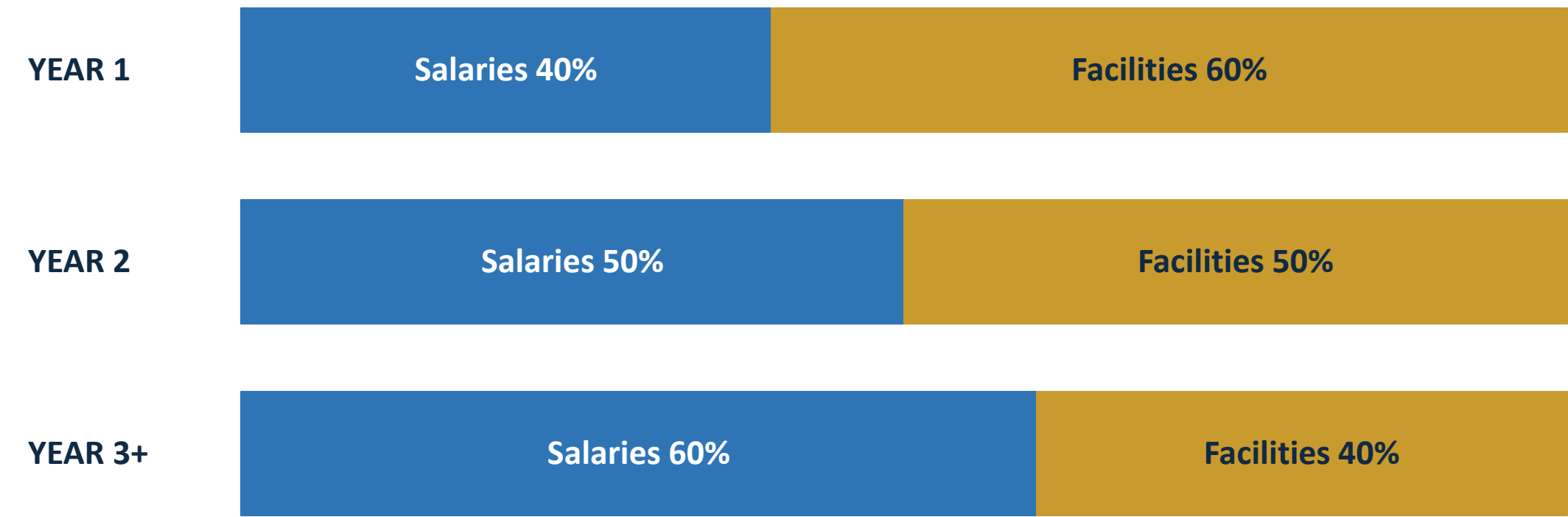
Larger maintenance and smaller construction-related improvements are the second stated priority.

Poth ISD Facility Committee has reviewed and ranked 30+ maintenance projects for the district

Estimated annual funds: approximately \$1.35 million



The allocation shifts toward salaries over three years



Planned distribution of estimated VATRE-related funds. Equates to approximately \$135,000 shift per year.



The rate is unchanged; an individual tax bill can still change with changes to taxable value (but not because of the VATRE election)

RATE COMPARISON

\$0.95540

per \$100 taxable value
under either rate structure

ILLUSTRATION

\$955.40

school district tax on \$100,000
of taxable value at \$0.95540

Actual bills depend on taxable value, exemptions, and other applicable tax-rate changes. Thus, if your property value increases from 2025 to 2026, your bill may increase **but not as a result of the VATRE**. The example is not a tax estimate for a specific property.



The November vote determines which M&O rate the district may adopt

IF APPROVED

The district may use the \$0.78690 M&O rate within the \$0.95540 total rate and implement the stated salary/facility plan.

IF NOT APPROVED

The district may not use the proposed voter-approved M&O rate; The M&O rate will return to the \$0.6669 rate of the prior year; budgeting proceeds without the estimated VATRE-related funding.

OCT 5

Registration deadline

OCT 19

Early voting begins

OCT 30

Early voting ends

NOV 3

Election Day

Questions: Braden Lyssy, CFO • blyssy@pothisd.us • 830-484-3330