

General Fund Budget Amendment

Board Memorandum & Financial Budget Analysis

To	Board of Trustees
From	Dr. Ismael Gonzalez III, Assistant Superintendent for Business-Finance & Operations
Meeting Date	October 19, 2026
Action Requested	Approval of 2026-2027 General Fund Budget Amendment

Executive Summary

Administration recommends approval of amendments to the 2026-2027 General Fund budget based on updated financial information received subsequent to adoption of the original budget. The Board adopted a balanced General Fund budget with \$104,872,792 in projected revenues and \$104,872,792 in projected expenditures.

The recommended amendment increases projected revenues by \$7,547,879, consisting of additional interest earnings and insurance proceeds. Because the \$3,497,529 in insurance proceeds is associated with the November 1, 2025 hailstorm and is intended to support restoration of insured property damage, administration also recommends a corresponding \$3,497,529 increase in expenditure appropriations for eligible hailstorm-related work.

Net result: amended revenues of \$112,420,671, amended expenditures of \$108,370,321, and a projected budgetary surplus of \$4,050,350.

Amended Revenues	Amended Expenditures	Projected Surplus	Net Revenue Increase
\$112,420,671	\$108,370,321	\$4,050,350	\$7,547,879

1. Overall General Fund Budget Impact

General Fund	Adopted Budget	Recommended Amendment	Amended Budget
Local M&O Tax Collections	\$80,714,295	—	\$80,714,295
Chapter 313 Payments	\$10,500,000	—	\$10,500,000
Local Intermediate Sources	\$2,602,650	+\$7,547,879	\$10,150,529
Available School Fund	\$2,909,151	—	\$2,909,151
Foundation School Program	\$4,487,148	—	\$4,487,148
TRS-On-Behalf Payments	\$3,659,548	—	\$3,659,548
TOTAL REVENUES	\$104,872,792	+\$7,547,879	\$112,420,671
District-Wide Expenditures	\$77,767,439	+\$3,497,529	\$81,264,968
Recapture (Chapter 49)	\$27,105,353	—	\$27,105,353
TOTAL EXPENDITURES	\$104,872,792	+\$3,497,529	\$108,370,321
PROJECTED SURPLUS/(DEFICIT)	\$0	+\$4,050,350	\$4,050,350

The recommended revenue amendment totals \$7,547,879. The corresponding \$3,497,529 expenditure amendment for hailstorm-related work reduces the net budgetary impact to a projected surplus of \$4,050,350. The existing Chapter 313 revenue budget remains unchanged.

2. Detail of Recommended Amendments

Amendment	Account / Category	Original Budget	Increase	Amended Budget	Financial Character
Interest Earnings	199-00-5742-03-000-0-00-000	\$1,949,650	+\$4,050,350	\$6,000,000	Variable
Insurance Proceeds	199-00-5745-00-000-0-00-000	\$0	+\$3,497,529	\$3,497,529	One-time / event-driven
Hailstorm Expenditures	Appropriate function(s) / object codes	—	+\$3,497,529	\$3,497,529	One-time restoration costs

The \$7,547,879 increase within Local Intermediate Sources consists of \$4,050,350 in additional interest earnings and \$3,497,529 in insurance proceeds. No amendment is proposed to Chapter 313 payments.

3. Amendment Analysis by Revenue Source

Interest Earnings - \$4,050,350 Revenue Increase

The District originally budgeted \$1,949,650 in interest earnings. Based on current investment balances, recent earnings, and projected investment activity for the remainder of the fiscal year, administration recommends increasing the budget to \$6,000,000. The revised projection is supported by recent actual experience of approximately \$5,895,516 in FY 2024-2025 and \$6,404,479 in FY 2025-2026.

Interest earnings remain variable and are influenced by prevailing interest rates, Federal Reserve monetary policy, available cash and investment balances, maturities, and market conditions. The additional \$4,050,350 therefore improves the current-year position but should not be treated as permanent recurring operating revenue.

Insurance Proceeds - \$3,497,529 Revenue and Expenditure Increase

Administration recommends recognizing \$3,497,529 in insurance proceeds associated with the November 1, 2025 wind and hail event. Because the proceeds arise from insured property damage and are intended to support restoration of the affected facilities, administration also recommends a corresponding \$3,497,529 expenditure appropriation for eligible hailstorm-related repairs, restoration, and associated costs.

The September 21, 2026 updated Rough Order of Magnitude assessment identifies an estimated Replacement Cost Value of \$15,780,479.18, Actual Cash Value of \$13,641,880.72, and depreciation of \$2,138,598.47. The remaining potential insurance recovery is not included in this amendment because additional amounts remain subject to the claims process and carrier authorization.

Future authorized insurance proceeds and related expenditure appropriations can be addressed through subsequent budget amendments as amounts become sufficiently determinable and appropriate for recognition.

The District originally budgeted \$10,500,000 in Chapter 313-related payments. Following additional consultant review and analysis of existing agreements and anticipated current-year payments, administration now projects \$13,000,000, resulting in a \$2,500,000 increase.

Total Revenue Increase	\$7,547,879
Less: Hailstorm Expenditure Appropriation	(\$3,497,529)
Projected Net Budgetary Surplus	\$4,050,350
Primary Source of Surplus	Additional Interest Earnings

The projected \$4,050,350 surplus is attributable to the revised interest earnings estimate. The insurance proceeds do not increase the net budgetary surplus because a corresponding expenditure appropriation is recommended for the underlying hailstorm loss.

Source Contributing to Projected Surplus	Amount
Additional Interest Earnings	\$4,050,350
PROJECTED NET BUDGETARY SURPLUS	\$4,050,350

5. Recurring vs. Nonrecurring Financial Capacity

Although the amended budget projects a \$4.05 million surplus, administration does not consider this amount to represent \$4.05 million of new recurring financial capacity. Interest earnings fluctuate with rates, investment balances, cash flow, and market conditions. Insurance proceeds are one-time and tied directly to an insured loss and corresponding restoration costs.

Accordingly, the District should continue to distinguish between its current-year budgetary position and its long-term structural operating position. Administration recommends avoiding the use of these variable or temporary revenues to establish permanent recurring obligations such as ongoing staffing, compensation, or program commitments.

6. Financial Accountability and FIRST

The proposed amendments allow the adopted budget to more accurately reflect financial information that has become known or sufficiently supportable following budget adoption. The amendment recognizes updated investment earnings projections and authorized insurance proceeds while simultaneously establishing expenditure authority for hailstorm-related work associated with the insurance recovery.

Maintaining budget estimates that reasonably reflect anticipated fiscal-year activity supports sound financial management, transparent reporting to the Board, and compliance with applicable financial accountability requirements, including the Financial Integrity Rating System of Texas (FIRST). At the same time, administration will continue to avoid treating temporary or variable revenues as permanent resources simply because they are recognized in the current fiscal year.

7. Administration Recommendation

Revenue Amendment: Increase estimated General Fund revenues by \$7,547,879, from \$104,872,792 to \$112,420,671, consisting of \$4,050,350 in additional interest earnings and \$3,497,529 in insurance proceeds. No increase is proposed to the Chapter 313 payments budget.

Expenditure Amendment: Increase General Fund expenditure appropriations by \$3,497,529, from \$104,872,792 to \$108,370,321, to provide spending authority for eligible repairs, restoration, and associated costs related to the November 1, 2025 hailstorm and insurance recovery.

Projected Budgetary Result: Following the amendments, the General Fund is projected to have a \$4,050,350 budgetary surplus.

Financial Planning Recommendation: Treat the projected surplus conservatively and do not view it as recurring financial capacity because the additional interest earnings are variable and the insurance proceeds are nonrecurring.