



Post Office Box 159 • Katy, Texas 77492-0159

TO: Board of Trustees
FROM: Alton Frailey, Superintendent
SUBJECT: Proposed 2011-12 Official Budget
DATE: August 29, 2011

The Texas Education Code requires that every local education agency in Texas prepare and file a budget of anticipated revenues and expenditures with the Texas Education Agency. The State Board of Education requires that the budget be prepared no later than August 20 and adopted by August 31 by the Board of Trustees. The Superintendent is designated as the District's budget officer and is responsible for calling a board meeting to adopt the official budget.

The attached budget is based on the guidelines as outlined in the Texas Education Code and Texas Education Agency Financial Accounting Guide. The budget includes total revenues of \$562,975,709, total expenditures of \$556,215,434 and transfers in of \$740,000. The budget is composed of three fund types: General Fund, Special Revenue Fund, and Debt Service Fund.

The General Fund budget includes revenues of \$449,432,752, expenditures of \$442,797,518 and transfers out of \$2,737,982. Revenues are generated by local revenues, including property taxes (53%), revenues received from the state (44%) and federal revenues (3%) generated by the federal Edu Jobs program and the Build America Bonds subsidy. Tax revenues are based on the current Maintenance and Operations tax rate of \$1.1266 and taxable values of \$20.75 billion. State revenues are based on a projected enrollment of 62,532 students. Major expenditure categories include payroll, contracted services, supplies, operating expenditures, and capital. Payroll expenditures, which comprise 88% of the General Fund budget, include the staffing plans and teacher step increases approved by the Board earlier in the year. Revenues exceed expenditures and transfers out resulting in a projected increase in fund balance of \$3,897,252.

The Special Revenue budget reflects anticipated revenues and expenditures pertaining to the District's food services operations. Food Service revenues and expenditures are projected to be \$26,957,600 and \$24,717,916 respectively, resulting in a projected increase in fund balance of \$2,239,684.

The Debt Service Fund is used to account for payment of principal and interest on the District's long-term debt. The District's Debt Service expenditure budget for 2011-12 is \$88,700,000. As with the General Fund, the primary revenue sources are local property taxes and state funds. Local revenues of \$82,255,549 are based on a Debt Service tax rate of \$.40 and state funds are estimated at \$4,329,808. Other transfers in include \$240,000 of interest earnings on bond proceeds and \$3,237,982 for the subsidy from the Build America Bonds. Fund balance is projected to increase \$1,363,339 if no bonds are sold during the 2011-12 fiscal year.

Impact Statement: Approval of the Official Budget will provide funding for the District's daily operations, its food services programs, and the servicing of long-term debt.

Support of District Focus: Effective and Efficient Operations

It is recommended: that the Board of Trustees approve the 2011-12 Official Budget for the Katy Independent School District as presented.

Respectfully submitted,



Alton Frailey
Superintendent



William L. Moore
Chief Financial Officer