

2022-2023 Katy ISD Official Budget

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 \$1,184,410,402, total expenditures of \$1,199,930,117 and net transfers in/out of (\$2,500,000). The budget consists of three fund types: General Fund, Special Revenue Fund, and Debt Service Fund.

The General Fund budget includes revenues of \$934,427,716, expenditures of \$943,848,861 and net transfers out of (\$2,500,000). Revenues are composed of local revenues, including property taxes (53.51%), revenues received from the state (44.67%), and federal revenues (1.82%). Tax revenues are based on the Maintenance and Operations tax rate of \$0.91480 and taxable values of \$54.5 billion. State revenues are based on a projected enrollment of 91,872 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 salary increases approved by the Board earlier in the year. Expenditures and transfers out exceed revenues resulting in a projected decrease in fund balance of (\$11,921,145).

The Special Revenue budget consists of anticipated revenues and expenditures pertaining to the District's food services operations. Food Service revenues and expenditures are projected to be \$39,532,883 and \$46,110,604 respectively, resulting in a projected decrease in fund balance of (\$6,577,721).

The Interest & Sinking (I&S) expenditure budget is \$209,970,652 and is used to account for payment of principal and interest on the District's long-term debt. Total revenue is \$210,449,803 with the primary revenue source being local property taxes of \$208,069,910 based on the current Debt Service tax rate of \$0.39. State funding of \$1,905,215 is budgeted as I&S Hold Harmless for the 2021 \$15,000 increase in Homestead exemption called Additional State Aid for Homestead Exemption (ASAHE). Fund Balance is projected to increase \$479,151.

It is the intent of the District that the budgetary process results in the most effective mix of educational and financial resources available while attaining the goals and objectives of the

District. This includes the identification and prioritization of both educational and educational support components. These components are initially identified and prioritized by the principals and department heads and are later reviewed by central administrators, a budget committee, and finally the Board of Trustees.

This priority budgeting approach allows the District to establish layers of expenditures that can be matched to the anticipated revenues and desired levels of fund balances. The ultimate decision of the level of funding and components to be funded is the responsibility of the Board.

As part of the budget development process, the District's management has taken into consideration all the factors that drive school district budgets: enrollments, compensation plan, facility needs, property values, state funding, and the local economy. The budget may be amended during the year to address the unanticipated or changing needs of the District. Changes to functional expenditure categories, revenue objects, or other sources and uses accounts require Board approval.

Katy ISD continues to be one of the fastest growing school districts in the Houston metropolitan area, growing at an average of 3.6% from 2013 to 2022 with the 2022-23 enrollment projected to be 91,872 students. The District has also experienced growth in property values over the past ten years with assessed values increasing at an average of 9.6% annually. The 2022-23 values are budgeted at a 14.3% appraised value growth based on value information received from the District's three county appraisal districts at the time of budget adoption.

Salary increases for teachers were approved at \$3,600 per teacher which is approximately a 5.0% average increase, and starting teacher pay was increased to \$60,700. Salaries increased 5% of mid-point salary ranges for all hourly staff and other staff received a 3% of mid-point salary increase.

According to American Schools and Universities Magazine, as of September 2021, Katy ISD is the 42nd largest school district in the nation and is one of the fastest growing school districts. The District's latest demographic report predicts that with the most likely growth projections, over 104,000 students will attend Katy ISD schools by the year 2030. There are many reasons for the District's growth but a community survey revealed that the primary reason new residents move to the Katy area is because of its schools.

It appears that the population of the District continues to grow and all indicators point to continued growth over the next decade. This growth makes it imperative for the District to

continue to plan wisely for the future. A need for additional facilities continues to be a financial focal point of the District. The District maintains its Long Range Facilities Plan that projects and prioritizes facility needs over the next 5-10 years. From this plan, the District was able to present needs to a bond committee of over 100 members who determined projects that should be included in a bond authorization. A successful Bond election was held in the spring of 2021 providing \$676 million for the future construction, renovation, and equipping of facilities and the purchase of land and buses. With the schedule for opening new facilities and renovations, projected enrollments, and projected funding levels based on current law, the District develops budget priorities and short and long range plans.

The District's bonds are rated AAA by Standard & Poor's (S&P) and Aaa by Moody's Investor Service (Moody's) based on the guarantee of the Permanent School Fund of the State of Texas. The District's underlying ratings are AA by Standard & Poor's and Aa1 by Moody's Investor Service.

Katy ISD was awarded the Texas Comptroller of Public Accounts' [Transparency Stars Program](#) Star for Traditional Finances which spotlights local government financial transparency. The award recognizes districts that keep their books open to the public; provide clear, consistent pictures of spending; and share information in a user-friendly format that lets taxpayers easily access additional information.

In addition, Katy ISD received the Transparency Star for Debt Obligations in 2021.

For the nineteenth consecutive year, the District scored the highest possible rating of "Superior Achievement" for the Schools FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas School Districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools FIRST is to ensure quality performance in the management of school district's financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended August 31, 2020, the thirty-eighth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a

governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The District has submitted the August 31, 2021, CAFR for evaluation under this program but has not yet received results.

The District was awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International (ASBO) for its Comprehensive Annual Financial Report for the year ended August 31, 2021. This award has been received for thirty-ninth consecutive years.

The Texas Association of School Business Officials (TASBO) recognized Katy ISD with its Award of Excellence in Financial Management. This award recognizes school districts that have implemented professional standards, best practices, and innovations in financial reporting.

This budget narrative is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Katy I.S.D., 6301 South Stadium Lane, P.O. Box 159, Katy, Texas 77492.

KATY INDEPENDENT SCHOOL DISTRICT
OFFICIAL BUDGET BY OBJECT
2022 - 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2022	\$313,097,456	\$25,307,117	\$59,470,208	\$397,874,781
REVENUES:				
5700 Property Taxes and Other Local Revenues	499,970,447	18,149,500	208,544,588	726,664,535
5800 State Program Revenues	417,439,269	180,000	1,905,215	419,524,484
5900 Federal Program Revenues	17,018,000	21,203,383		38,221,383
Total Revenues	934,427,716	39,532,883	210,449,803	1,184,410,402
EXPENSES:				
6100 Payroll Costs	831,842,450	17,611,196		849,453,646
6200 Purchased and Contracted Services	47,196,555	260,000		47,456,555
6300 Supplies and Materials	43,496,515	23,889,708		67,386,223
6400 Other Operating Expenses	20,840,223	49,700		20,889,923
6500 Debt Payments			209,970,652	209,970,652
6600 Capital Outlay	473,118	4,300,000		4,773,118
Total Expenditures	943,848,861	46,110,604	209,970,652	1,199,930,117
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(2,500,000)			(2,500,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	(11,921,145)	(6,577,721)	479,151	(18,019,715)
BUDGETED FUND BALANCE AT AUGUST 31, 2023	\$301,176,311	\$18,729,396	\$59,949,359	\$379,855,066

KATY INDEPENDENT SCHOOL DISTRICT
OFFICIAL BUDGET BY FUNCTION
2022 - 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2022	\$313,097,456	\$25,307,117	\$59,470,208	\$397,874,781
REVENUES:				
5700 Property Taxes and Other Local Revenues	499,970,447	18,149,500	208,544,588	726,664,535
5800 State Program Revenues	417,439,269	180,000	1,905,215	419,524,484
5900 Federal Program Revenues	17,018,000	21,203,383		38,221,383
Total Revenues	934,427,716	39,532,883	210,449,803	1,184,410,402
EXPENDITURES:				
11 Instruction	613,160,998			613,160,998
12 Instructional Resources and Media Services	9,761,889			9,761,889
13 Curriculum and Instructional Staff Development	13,274,427			13,274,427
21 Instructional Leadership	8,266,009			8,266,009
23 School Leadership	51,429,909			51,429,909
31 Guidance, Counseling and Evaluation Services	46,619,723			46,619,723
32 Social Work Services	919,882			919,882
33 Health Services	9,687,841			9,687,841
34 Student (Pupil) Transportation	24,733,418			24,733,418
35 Food Services		46,110,604		46,110,604
36 Co curricular/Extracurricular Activities	21,497,352			21,497,352
41 General Administration	17,535,704			17,535,704
51 Plant Maintenance and Operations	83,640,188			83,640,188
52 Security and Monitoring Services	12,433,968			12,433,968
53 Data Processing Services	18,137,413			18,137,413
61 Community Services	340,731			340,731
71 Debt Service			209,970,652	209,970,652
81 Facilities Acquisition and Construction	1,093,184			1,093,184
93 Payments to Fiscal Agents	909,892			909,892
95 Payments to Juvenile Justice Education Program	123,577			123,577
97 Payments to Tax Increment Fund	4,882,756			4,882,756
99 Intergovernmental	5,400,000			5,400,000
Total Expenditures	943,848,861	46,110,604	209,970,652	1,199,930,117
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(2,500,000)			(2,500,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	(11,921,145)	(6,577,721)	479,151	(18,019,715)
BUDGETED FUND BALANCE AT AUGUST 31, 2023	\$301,176,311	\$18,729,396	\$59,949,359	\$379,855,066

KATY INDEPENDENT SCHOOL DISTRICT
OFFICIAL BUDGET BY FUND/FUNCTION/OBJECT
2022 - 2023

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
ESTIMATED REVENUES:				
LOCAL AND INTERMEDIATE				
5710 Real and Personal Property Taxes	\$486,507,333		\$208,069,910	\$694,577,243
5720 From Services to Other LEAs				
5730 Tuition and Fees from Patrons	2,599,280			2,599,280
5740 Other Revenues from Local Sources	7,950,334	\$12,000	474,678	8,437,012
5750 Co-Curricular/ Enterprising	2,913,500	18,137,500		21,051,000
5760 Intermediate Sources				
5700 Local and Intermediate Totals	<u>499,970,447</u>	<u>18,149,500</u>	<u>208,544,588</u>	<u>726,664,535</u>
STATE				
5810 Per Capita/ Foundation	363,241,165			363,241,165
5820 TEA Funded		180,000	1,905,215	2,085,215
5830 Non-TEA Funded	54,198,104			54,198,104
5840 Shared Services - State				
5800 State Totals	<u>417,439,269</u>	<u>180,000</u>	<u>1,905,215</u>	<u>419,524,484</u>
FEDERAL				
5910 Other Direct Federal Revenue				
5920 TEA Funded	2,643,000	21,048,382		23,691,382
5930 Non-TEA Funded	14,250,000	155,001		14,405,001
5940 Direct Federal	125,000			125,000
5950 Shared Services - Federal				
5900 Federal Totals	<u>17,018,000</u>	<u>21,203,383</u>	<u></u>	<u>38,221,383</u>
5000 TOTAL - ALL REVENUES	<u>934,427,716</u>	<u>39,532,883</u>	<u>210,449,803</u>	<u>1,184,410,402</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
APPROPRIATED EXPENDITURES:				
11 Instruction				
6100 Payroll Costs	\$591,996,806			\$591,996,806
6200 Purchased and Contracted Services	4,046,022			4,046,022
6300 Supplies and Materials	16,149,212			16,149,212
6400 Other Operating Expenses	926,334			926,334
6600 Capital Outlay	42,624			42,624
11 Total Instruction	<u>613,160,998</u>			<u>613,160,998</u>
12 Instructional Resources & Media Services				
6100 Payroll Costs	8,768,122			8,768,122
6200 Purchased and Contracted Services	6,738			6,738
6300 Supplies and Materials	973,873			973,873
6400 Other Operating Expenses	13,156			13,156
6600 Capital Outlay				
12 Total Instructional Resources & Media Services	<u>9,761,889</u>			<u>9,761,889</u>
13 Curriculum and Instructional Staff Development				
6100 Payroll Costs	11,085,230			11,085,230
6200 Purchased and Contracted Services	357,486			357,486
6300 Supplies and Materials	692,057			692,057
6400 Other Operating Expenses	1,139,654			1,139,654
6600 Capital Outlay				
13 Total Curriculum and Instr. Staff Development	<u>13,274,427</u>			<u>13,274,427</u>
21 Instructional Leadership				
6100 Payroll Costs	7,331,146			7,331,146
6200 Purchased and Contracted Services	513,371			513,371
6300 Supplies and Materials	203,543			203,543
6400 Other Operating Expenses	217,949			217,949
6600 Capital Outlay				
21 Total Instructional Leadership	<u>8,266,009</u>			<u>8,266,009</u>

	10	20/30/40	50	98
	General	Special	Debt	Memorandum
	Fund	Revenue	Service	Totals
	Fund	Fund	Fund	Totals
23 School Leadership				
6100 Payroll Costs	\$50,061,861			\$50,061,861
6200 Purchased and Contracted Services	21,952			21,952
6300 Supplies and Materials	556,223			556,223
6400 Other Operating Expenses	789,873			789,873
6600 Capital Outlay				
23 Total School Leadership	<u>51,429,909</u>			<u>51,429,909</u>
31 Guidance, Counseling & Evaluation Services				
6100 Payroll Costs	43,480,096			43,480,096
6200 Purchased and Contracted Services	760,676			760,676
6300 Supplies and Materials	2,158,507			2,158,507
6400 Other Operating Expenses	220,444			220,444
6600 Capital Outlay				
31 Total Guidance, Counseling & Eval. Services	<u>46,619,723</u>			<u>46,619,723</u>
32 Social Work Services				
6100 Payroll Costs	866,882			866,882
6200 Purchased and Contracted Services				
6300 Supplies and Materials	53,000			53,000
6400 Other Operating Expenses				
6600 Capital Outlay				
32 Total Social Work Services	<u>919,882</u>			<u>919,882</u>
33 Health Services				
6100 Payroll Costs	8,933,620			8,933,620
6200 Purchased and Contracted Services	424,830			424,830
6300 Supplies and Materials	303,382			303,382
6400 Other Operating Expenses	26,009			26,009
6600 Capital Outlay				
33 Total Health Services	<u>9,687,841</u>			<u>9,687,841</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
34 Student (Pupil) Transportation				
6100 Payroll Costs	\$17,518,007			\$17,518,007
6200 Purchased and Contracted Services	3,631,749			3,631,749
6300 Supplies and Materials	3,243,101			3,243,101
6400 Other Operating Expenses	340,561			340,561
6600 Capital Outlay				
34 Total Student (Pupil) Transportation	<u>24,733,418</u>			<u>24,733,418</u>
35 Food Services				
6100 Payroll Costs		\$17,611,196		17,611,196
6200 Purchased and Contracted Services		260,000		260,000
6300 Supplies and Materials		23,889,708		23,889,708
6400 Other Operating Expenses		49,700		49,700
6600 Capital Outlay		4,300,000		4,300,000
35 Total Food Services		<u>46,110,604</u>		<u>46,110,604</u>
36 Co curricular/ Extracurricular Activities				
6100 Payroll Costs	12,291,331			12,291,331
6200 Purchased and Contracted Services	1,592,387			1,592,387
6300 Supplies and Materials	4,107,249			4,107,249
6400 Other Operating Expenses	3,344,685			3,344,685
6600 Capital Outlay	161,700			161,700
36 Total Co curricular/ Extracurricular Activities	<u>21,497,352</u>			<u>21,497,352</u>
41 General Administration				
6100 Payroll Costs	12,864,289			12,864,289
6200 Purchased and Contracted Services	1,392,978			1,392,978
6300 Supplies and Materials	779,534			779,534
6400 Other Operating Expenses	2,420,503			2,420,503
6600 Capital Outlay	78,400			78,400
41 Total General Administration	<u>17,535,704</u>			<u>17,535,704</u>

	10	20/30/40	50	98
	General	Special	Debt	Memorandum
	Fund	Revenue	Service	Totals
		Fund	Fund	
51 Plant Maintenance & Operations				
6100 Payroll Costs	\$43,038,847			\$43,038,847
6200 Purchased and Contracted Services	28,012,134			28,012,134
6300 Supplies and Materials	7,163,466			7,163,466
6400 Other Operating Expenses	5,262,865			5,262,865
6600 Capital Outlay	162,876			162,876
51 Total Plant Maintenance & Operations	<u>83,640,188</u>			<u>83,640,188</u>
52 Security and Monitoring Services				
6100 Payroll Costs	11,161,784			11,161,784
6200 Purchased and Contracted Services	344,549			344,549
6300 Supplies and Materials	828,245			828,245
6400 Other Operating Expenses	71,872			71,872
6600 Capital Outlay	27,518			27,518
52 Total Security and Monitoring Services	<u>12,433,968</u>			<u>12,433,968</u>
53 Data Processing Services				
6100 Payroll Costs	11,378,932			11,378,932
6200 Purchased and Contracted Services	497,448			497,448
6300 Supplies and Materials	6,020,209			6,020,209
6400 Other Operating Expenses	240,824			240,824
6600 Capital Outlay				
53 Total Data Processing Services	<u>18,137,413</u>			<u>18,137,413</u>
61 Community Services				
6100 Payroll Costs	182,817			182,817
6200 Purchased and Contracted Services	70,658			70,658
6300 Supplies and Materials	68,914			68,914
6400 Other Operating Expenses	18,342			18,342
6600 Capital Outlay				
61 Total Community Services	<u>340,731</u>			<u>340,731</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
71 Debt Service				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses				
6500 Debt Service			\$209,970,652	\$209,970,652
6600 Capital Outlay				
71 Total Debt Service			<u>209,970,652</u>	<u>209,970,652</u>
81 Facilities Acquisition and Construction				
6100 Payroll Costs	\$882,680			882,680
6200 Purchased and Contracted Services				
6300 Supplies and Materials	196,000			196,000
6400 Other Operating Expenses	14,504			14,504
6600 Capital Outlay				
81 Total Facilities Acquisition and Construction	<u>1,093,184</u>			<u>1,093,184</u>
93 Payments to Fiscal Agents				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	909,892			909,892
6600 Capital Outlay				
93 Payments to Fiscal Agents	<u>909,892</u>			<u>909,892</u>
95 Payments to Juvenile Justice Education Program				
6100 Payroll Costs				
6200 Purchased and Contracted Services	123,577			123,577
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
95 Payments to Juvenile Justice Education Prog.	<u>123,577</u>			<u>123,577</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
97 Payments to Tax Increment Fund				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	\$4,882,756			\$4,882,756
6600 Capital Outlay				
97 Payments to Tax Increment Fund	<u>4,882,756</u>			<u>4,882,756</u>
99 Intergovernmental				
6100 Payroll Costs				
6200 Purchased and Contracted Services	5,400,000			5,400,000
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
99 Intergovernmental	<u>5,400,000</u>			<u>5,400,000</u>
6000 TOTAL - ALL EXPENDITURES	<u>943,848,863</u>	<u>46,110,604</u>	<u>209,970,652</u>	<u>1,199,930,117</u>
1100 Net (Revenues - Expenditures)	<u>(9,421,147)</u>	<u>(6,577,721)</u>	<u>479,151</u>	<u>(15,519,715)</u>
OTHER RESOURCES:				
7911 Sale of Bonds				
7912 Sale of Assets				
7914 Loan Proceeds (Non-Current)				
7915 Transfers In	500,000			500,000
7916 Premiums				
7919 Extraordinary Items				
7000 TOTAL - OTHER RESOURCES	<u>500,000</u>			<u>500,000</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
OTHER USES:				
8911 Transfers Out	\$3,000,000			\$3,000,000
8948 Loan Principal				
8949 Miscellaneous Other Uses				
8000 TOTAL - OTHER USES	<u>3,000,000</u>			<u>3,000,000</u>
9000 Net (Other Resources - Other Uses)	<u>(2,500,000)</u>			<u>(2,500,000)</u>
1200 Net (1100 + 9000)	<u>(11,921,147)</u>	<u>(\$6,577,721)</u>	<u>\$479,151</u>	<u>(18,019,715)</u>
BALANCES				
3100 Beginning Fund Balance 9/1/2022	<u>\$313,097,456</u>	<u>\$25,307,117</u>	<u>\$59,470,208</u>	<u>\$397,874,781</u>
3110 Ending Fund Balance 8/31/2023	<u><u>\$301,176,309</u></u>	<u><u>\$18,729,396</u></u>	<u><u>\$59,949,359</u></u>	<u><u>\$379,855,066</u></u>

Per Texas Senate Bill 622 passed during the 85th Legislative Session:

Advertising budget for Statutorily Required Public Notices - Object Code 6491
New 2018-19

2022-2023 <u>OFFICIAL GOF BUDGET</u> \$14,722	2021-2022 <u>PROJECTED GOF ACTUALS</u> \$8,850
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Per Texas House Bill 1495 passed during the 86th Legislative Session:

Payments that may have contributed to lobbying efforts - Object Code 6214* New 2019-20
(This will be calculated as a percentage of due/membership payments to professional organizations.)

2022-2023 <u>OFFICIAL GOF BUDGET</u> \$ 5,800	2021-2022 <u>PROJECTED GOF ACTUALS</u> \$ 2,161
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