

2021-2022 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 \$1,103,836,902, total expenditures of \$1,100,468,918 and net transfers in/out of (\$2,423,000). The budget consists of three fund types: General Fund, Special Revenue Fund, and Debt Service Fund.

The General Fund budget includes revenues of \$878,094,985, expenditures of \$875,391,822 and net transfers out of (\$2,500,000). Revenues are composed of local revenues, including property taxes (53.3%), revenues received from the state (45.5%) and federal revenues (1.2%). Tax revenues are based on the current Maintenance and Operations tax rate of \$0.9617 and taxable values of \$48 billion. State revenues are based on a projected enrollment of 87,695 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. Revenues exceed expenditures and transfers out resulting in a projected increase in fund balance of \$203,163.

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 \$39,338,905 and \$38,824,096 respectively, resulting in a projected increase in fund balance of \$514,808.

The Interest & Sinking (I&S) expenditure budget is \$186,253,000 and is used to account for payment of principal and interest on the District's long-term debt. Total revenue is \$186,403,013 with the primary revenue source being local property taxes of \$185,119,997 based on the current Debt Service tax rate of \$0.39. State funding of \$1,181,016 is budgeted as I&S Hold Harmless for the 2016 \$10,000 increase in Homestead exemption called Additional State Aid for Homestead Exemption (ASAHE). Other sources of revenue include Transfers In of \$77,000 of interest earnings on bond proceeds. Fund Balance is projected to increase \$227,013.

It is the intent of the District that the budgetary process result 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, salary schedules, facility needs, property values, state funding, and the local economy.

The budget may be amended during the year to address unanticipated or changing needs of the District. Changes to functional expenditure categories, revenue objects, or other sources and uses accounts require Board approval. Continued COVID expenditures may be reimbursable by COVID-related grant funding and the General Operating budget will be adjusted for those needs not eligible for grant funding as those costs are identified. The Board approved a commitment of \$15 million of fund balance at the August 23, 2021 Board meeting to reflect the intention to address these needs should they arise.

Katy ISD continues to be one of the fastest growing school districts in the Houston metropolitan area, growing at an average of 3.44% from 2012 to 2021 with the 2021-22 enrollment projected to be 87,695 students. The District has also experienced growth in property values over the past ten years with assessed values increasing at an average of 8.9% annually. The 2021-22 values are budgeted at an 6.9% 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 \$1,330 per teacher which is approximately a 2.0% average increase, and starting teacher pay was increased to \$56,700. The classroom attendance based performance incentive plan was eliminated in favor of giving eligible classroom staff an additional \$665 base pay increase. Salaries increased 2% of mid-point salary ranges for all non-teaching staff. The budget also includes 1% to be distributed to all full time staff as a Lump Sum near December.

According to American Schools and Universities Magazine, 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 108,000 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 that 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 2020.

For the eighteenth 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 districts' 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, 2019, the thirty-seventh 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, 2020 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, 2020. This award has been received for thirty-eight 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
2021 - 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2021	\$274,262,196	\$8,283,689	\$62,420,361	\$344,966,246
REVENUES:				
5700 Property Taxes and Other Local Revenues	467,476,406	3,155,000	185,221,997	655,853,403
5800 State Program Revenues	399,850,579	180,000	1,181,016	401,211,595
5900 Federal Program Revenues	10,768,000	36,003,904		46,771,904
Total Revenues	878,094,985	39,338,904	186,403,013	1,103,836,902
EXPENSES:				
6100 Payroll Costs	768,802,131	16,716,967		785,519,098
6200 Purchased and Contracted Services	43,486,944	112,100		43,599,044
6300 Supplies and Materials	43,663,708	20,948,529		64,612,237
6400 Other Operating Expenses	19,188,907	46,500		19,235,407
6500 Debt Payments			186,253,000	186,253,000
6600 Capital Outlay	250,132	1,000,000		1,250,132
Total Expenditures	875,391,822	38,824,096	186,253,000	1,100,468,918
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(2,500,000)		77,000	(2,423,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	203,163	514,808	227,013	944,984
BUDGETED FUND BALANCE AT AUGUST 31, 2022	\$274,465,359	\$8,798,497	\$62,647,374	\$345,911,230

KATY INDEPENDENT SCHOOL DISTRICT
OFFICIAL BUDGET BY FUNCTION
2021 - 2022

		General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2021		\$274,262,196	\$8,283,689	\$62,420,361	\$344,966,246
REVENUES:					
5700	Property Taxes and Other Local Revenues	467,476,406	3,155,000	185,221,997	655,853,403
5800	State Program Revenues	399,850,579	180,000	1,181,016	401,211,595
5900	Federal Program Revenues	10,768,000	36,003,904		46,771,904
	Total Revenues	878,094,985	39,338,904	186,403,013	1,103,836,902
EXPENDITURES:					
11	Instruction	565,609,481			565,609,481
12	Instructional Resources and Media Services	9,437,743			9,437,743
13	Curriculum and Instructional Staff Development	12,593,315			12,593,315
21	Instructional Leadership	7,072,755			7,072,755
23	School Leadership	49,399,582			49,399,582
31	Guidance, Counseling and Evaluation Services	43,935,883			43,935,883
32	Social Work Services	595,935			595,935
33	Health Services	9,360,665			9,360,665
34	Student (Pupil) Transportation	23,557,079			23,557,079
35	Food Services		38,824,096		38,824,096
36	Co curricular/Extracurricular Activities	18,824,569			18,824,569
41	General Administration	16,078,640			16,078,640
51	Plant Maintenance and Operations	77,180,453			77,180,453
52	Security and Monitoring Services	12,084,425			12,084,425
53	Data Processing Services	16,230,368			16,230,368
61	Community Services	354,374			354,374
71	Debt Service			186,253,000	186,253,000
81	Facilities Acquisition and Construction	1,020,429			1,020,429
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	5,834,657			5,834,657
99	Intergovernmental	5,188,000			5,188,000
	Total Expenditures	875,391,822	38,824,096	186,253,000	1,100,468,918
OTHER FINANCING SOURCES (USES):					
	Operating Transfers In (Out)	(2,500,000)		77,000	(2,423,000)
	Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES		203,163	514,808	227,013	944,984
BUDGETED FUND BALANCE AT AUGUST 31, 2022		\$274,465,359	\$8,798,497	\$62,647,374	\$345,911,230

KATY INDEPENDENT SCHOOL DISTRICT
OFFICIAL BUDGET BY FUND/FUNCTION/OBJECT
2021 - 2022

	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	453,044,479		185,119,997	638,164,476
5720 From Services to Other LEAs				
5730 Tuition and Fees from Patrons	2,914,480			2,914,480
5740 Other Revenues from Local Sources	8,712,447	124,000	102,000	8,938,447
5750 Co-Curricular/ Enterprising	2,805,000	3,031,000		5,836,000
5760 Intermediate Sources				
5700 Local and Intermediate Totals	<u>467,476,406</u>	<u>3,155,000</u>	<u>185,221,997</u>	<u>655,853,403</u>
STATE				
5810 Per Capita/ Foundation	350,609,169			350,609,169
5820 TEA Funded		180,000	1,181,016	1,361,016
5830 Non-TEA Funded	49,241,410			49,241,410
5840 Shared Services - State				
5800 State Totals	<u>399,850,579</u>	<u>180,000</u>	<u>1,181,016</u>	<u>401,211,595</u>
FEDERAL				
5910 Other Direct Federal Revenue				
5920 TEA Funded	2,643,000	35,763,904		38,406,904
5930 Non-TEA Funded	8,000,000	240,000		8,240,000
5940 Direct Federal	125,000			125,000
5950 Shared Services - Federal				
5900 Federal Totals	<u>10,768,000</u>	<u>36,003,904</u>		<u>46,771,904</u>
5000 TOTAL - ALL REVENUES	<u>878,094,985</u>	<u>39,338,904</u>	<u>186,403,013</u>	<u>1,103,836,902</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
APPROPRIATED EXPENDITURES:				
11 Instruction				
6100 Payroll Costs	542,954,489			542,954,489
6200 Purchased and Contracted Services	3,361,030			3,361,030
6300 Supplies and Materials	18,690,264			18,690,264
6400 Other Operating Expenses	567,206			567,206
6600 Capital Outlay	36,492			36,492
11 Total Instruction	<u>565,609,481</u>			<u>565,609,481</u>
12 Instructional Resources & Media Services				
6100 Payroll Costs	8,479,859			8,479,859
6200 Purchased and Contracted Services	9,351			9,351
6300 Supplies and Materials	936,253			936,253
6400 Other Operating Expenses	12,280			12,280
6600 Capital Outlay				
12 Total Instructional Resources & Media Services	<u>9,437,743</u>			<u>9,437,743</u>
13 Curriculum and Instructional Staff Development				
6100 Payroll Costs	10,390,563			10,390,563
6200 Purchased and Contracted Services	371,355			371,355
6300 Supplies and Materials	704,901			704,901
6400 Other Operating Expenses	1,126,496			1,126,496
6600 Capital Outlay				
13 Total Curriculum and Instr. Staff Development	<u>12,593,315</u>			<u>12,593,315</u>
21 Instructional Leadership				
6100 Payroll Costs	6,402,572			6,402,572
6200 Purchased and Contracted Services	293,804			293,804
6300 Supplies and Materials	193,205			193,205
6400 Other Operating Expenses	183,174			183,174
6600 Capital Outlay				
21 Total Instructional Leadership	<u>7,072,755</u>			<u>7,072,755</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
23 School Leadership				
6100 Payroll Costs	48,080,086			48,080,086
6200 Purchased and Contracted Services	48,998			48,998
6300 Supplies and Materials	542,112			542,112
6400 Other Operating Expenses	728,386			728,386
6600 Capital Outlay				
23 Total School Leadership	<u>49,399,582</u>			<u>49,399,582</u>
31 Guidance, Counseling & Evaluation Services				
6100 Payroll Costs	40,749,843			40,749,843
6200 Purchased and Contracted Services	804,745			804,745
6300 Supplies and Materials	2,148,916			2,148,916
6400 Other Operating Expenses	232,379			232,379
6600 Capital Outlay				
31 Total Guidance, Counseling & Eval. Services	<u>43,935,883</u>			<u>43,935,883</u>
32 Social Work Services				
6100 Payroll Costs	545,935			545,935
6200 Purchased and Contracted Services				
6300 Supplies and Materials	50,000			50,000
6400 Other Operating Expenses				
6600 Capital Outlay				
32 Total Social Work Services	<u>595,935</u>			<u>595,935</u>
33 Health Services				
6100 Payroll Costs	8,611,497			8,611,497
6200 Purchased and Contracted Services	426,790			426,790
6300 Supplies and Materials	297,034			297,034
6400 Other Operating Expenses	25,344			25,344
6600 Capital Outlay				
33 Total Health Services	<u>9,360,665</u>			<u>9,360,665</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
34 Student (Pupil) Transportation				
6100 Payroll Costs	16,835,872			16,835,872
6200 Purchased and Contracted Services	3,445,265			3,445,265
6300 Supplies and Materials	2,935,381			2,935,381
6400 Other Operating Expenses	340,561			340,561
6600 Capital Outlay				
34 Total Student (Pupil) Transportation	<u>23,557,079</u>			<u>23,557,079</u>
35 Food Services				
6100 Payroll Costs		16,716,967		16,716,967
6200 Purchased and Contracted Services		112,100		112,100
6300 Supplies and Materials		20,948,529		20,948,529
6400 Other Operating Expenses		46,500		46,500
6600 Capital Outlay		1,000,000		1,000,000
35 Total Food Services		<u>38,824,096</u>		<u>38,824,096</u>
36 Co curricular/ Extracurricular Activities				
6100 Payroll Costs	11,569,087			11,569,087
6200 Purchased and Contracted Services	1,492,126			1,492,126
6300 Supplies and Materials	3,463,477			3,463,477
6400 Other Operating Expenses	2,250,879			2,250,879
6600 Capital Outlay	\$49,000			49,000
36 Total Co curricular/ Extracurricular Activities	<u>18,824,569</u>			<u>18,824,569</u>
41 General Administration				
6100 Payroll Costs	11,775,673			11,775,673
6200 Purchased and Contracted Services	1,343,048			1,343,048
6300 Supplies and Materials	1,095,571			1,095,571
6400 Other Operating Expenses	1,864,348			1,864,348
6600 Capital Outlay				
41 Total General Administration	<u>16,078,640</u>			<u>16,078,640</u>

	10	20/30/40	50	98
	General	Special	Debt	Memorandum
	Fund	Revenue	Service	Totals
		Fund	Fund	
51 Plant Maintenance & Operations				
6100 Payroll Costs	40,037,688			40,037,688
6200 Purchased and Contracted Services	25,776,374			25,776,374
6300 Supplies and Materials	6,358,978			6,358,978
6400 Other Operating Expenses	4,842,773			4,842,773
6600 Capital Outlay	164,640			164,640
51 Total Plant Maintenance & Operations	<u>77,180,453</u>			<u>77,180,453</u>
52 Security and Monitoring Services				
6100 Payroll Costs	10,713,196			10,713,196
6200 Purchased and Contracted Services	305,131			305,131
6300 Supplies and Materials	1,012,062			1,012,062
6400 Other Operating Expenses	54,036			54,036
6600 Capital Outlay				
52 Total Security and Monitoring Services	<u>12,084,425</u>			<u>12,084,425</u>
53 Data Processing Services				
6100 Payroll Costs	10,664,732			10,664,732
6200 Purchased and Contracted Services	426,888			426,888
6300 Supplies and Materials	4,949,276			4,949,276
6400 Other Operating Expenses	189,472			189,472
6600 Capital Outlay				
53 Total Data Processing Services	<u>16,230,368</u>			<u>16,230,368</u>
61 Community Services				
6100 Payroll Costs	200,714			200,714
6200 Purchased and Contracted Services	70,462			70,462
6300 Supplies and Materials	65,778			65,778
6400 Other Operating Expenses	17,420			17,420
6600 Capital Outlay				
61 Total Community Services	<u>354,374</u>			<u>354,374</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			186,253,000	186,253,000
6600 Capital Outlay				
71 Total Debt Service			<u>186,253,000</u>	<u>186,253,000</u>
81 Facilities Acquisition and Construction				
6100 Payroll Costs	790,325			790,325
6200 Purchased and Contracted Services				
6300 Supplies and Materials	220,500			220,500
6400 Other Operating Expenses	9,604			9,604
6600 Capital Outlay				
81 Total Facilities Acquisition and Construction	<u>1,020,429</u>			<u>1,020,429</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	5,834,657			5,834,657
6600 Capital Outlay				
97 Payments to Tax Increment Fund	<u>5,834,657</u>			<u>5,834,657</u>
99 Intergovernmental				
6100 Payroll Costs				
6200 Purchased and Contracted Services	5,188,000			5,188,000
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
99 Intergovernmental	<u>5,188,000</u>			<u>5,188,000</u>
6000 TOTAL - ALL EXPENDITURES	<u>875,391,822</u>	<u>38,824,096</u>	<u>186,253,000</u>	<u>1,100,468,918</u>
1100 Net (Revenues - Expenditures)	<u>2,703,163</u>	<u>514,808</u>	<u>150,013</u>	<u>3,367,984</u>

OTHER RESOURCES:

From Tracking -->

7911 Sale of Bonds				
7912 Sale of Assets				
7914 Loan Proceeds (Non-Current)				
7915 Transfers In	500,000		77,000	577,000
7916 Premiums				
7919 Extraordinary Items				
7000 TOTAL - OTHER RESOURCES	<u>500,000</u>		<u>77,000</u>	<u>577,000</u>

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>77,000</u>	<u>(2,423,000)</u>
1200 Net (1100 + 9000)	<u>203,163</u>	<u>514,808</u>	<u>227,013</u>	<u>944,984</u>
	10	20/30/40	50	98
	General	Special	Debt	Memorandum
	Fund	Revenue	Service	Totals
	Fund	Fund	Fund	

BALANCES

3100 Beginning Fund Balance 9/1/2021	<u>\$274,262,196</u>	<u>\$8,283,689</u>	<u>\$62,420,361</u>	<u>\$344,966,246</u>
3110 Ending Fund Balance 8/31/2022	<u><u>\$274,465,359</u></u>	<u><u>\$8,798,497</u></u>	<u><u>\$62,647,374</u></u>	<u><u>\$345,911,230</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

2021-2022 <u>OFFICIAL GOF BUDGET</u> \$16,593	2020-2021 <u>PROJECTED GOF ACTUALS</u> \$6,130
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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.)

2021-2022 <u>OFFICIAL GOF BUDGET</u> \$ 3,800	2020-2021 <u>PROJECTED GOF ACTUALS</u> \$ 746
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