

2017-2018 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 \$854,607,481, total expenditures of \$846,512,068 and net transfers in/out of \$2,100,000. The budget consists of three fund types: General Fund, Special Revenue Fund, and Debt Service Fund.

The General Fund budget includes revenues of \$674,774,829, expenditures of \$663,897,210 and transfers out of \$5,514,560. Revenues are composed of local revenues, including property taxes (65%), revenues received from the state (32%) and federal revenues (3%). Tax revenues are based on the current Maintenance and Operations tax rate of \$1.1266 and taxable values of \$38.65 billion. State revenues are based on a projected enrollment of 77,233 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 \$5,363,059.

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 \$29,765,205 and \$31,627,777 respectively, resulting in a projected decrease in fund balance of \$1,862,572.

The Debt Service expenditure budget is \$150,987,081 and is used to account for payment of principal and interest on the District's long-term debt. The primary revenue source is local property taxes of \$148,267,447 based on the current Debt Service tax rate of \$0.39. State funding of \$1,800,000 is budgeted as I & S Hold Harmless for the 2016 \$10,000 increase in Homestead exemption called Additional State Aide for Homestead Exemption (ASAHE). Other sources of revenue include Transfers In of \$400,000 of interest earnings on bond proceeds and \$3,014,560 for and interest subsidy, less sequestration, earned on the District's Build America Bonds. Fund Balance is projected to increase \$2,494,926.

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.

Katy ISD continues to be one of the fastest growing school districts in the Houston metropolitan area, growing at an average of 4.3% from 2007 to 2017 with the 2017-18 enrollment projected to be 77,233 students. The District has also experienced significant growth in property values over the past ten years with assessed values increasing at an average of 10.1% annually. Unemployment continues to remain low in all geographical areas of the District although caution was acknowledged in view of local and national oil and gas news.

Salary increases for teachers were approved at \$1,800 per teacher which is approximately a 3.16% average salary increase, and starting teacher pay was increased to \$52,000. Salaries increased 3% of mid-point salary ranges for all non-teaching staff.

According to American Schools and Universities Magazine, Katy ISD is the 52nd largest school district in the nation and is the eleventh fastest growing school district over the past 25 years of the 200 largest districts. With 2016-17 Spring enrollment of 76,168 the District's growth is showing no signs of stopping. The District's latest demographic report predicts that with moderate growth projections, over 88,000 students will attend Katy ISD schools by the year 2023. 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 200 members who determined projects that should be included in a bond authorization. A successful Bond election was held in the fall of 2014 providing \$748 million for the future construction, renovation and equipping of facilities and the purchase of land and buses. The construction and renovation work included is expected to be completed by the end of 2018. 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 Aa2 by Moody's Investor Service.

Katy ISD was awarded the Texas Comptroller of Public Account's Platinum Leadership Award 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 shares information in a user-friendly format that lets taxpayers easily access additional information.

For the fourteenth 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, 2015 the thirty-third 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.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the requirements of the Certificate of Achievement program and are submitting it to the GFOA to determine its eligibility for certification.

Additionally, 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, 2016. This award has also been received for thirty-four consecutive years.

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
2017 - 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2017	\$194,908,158	\$4,031,743	\$54,001,099	\$252,941,000
REVENUES:				
5700 Property Taxes and Other Local Revenues	437,635,505	15,353,000	148,267,447	601,255,952
5800 State Program Revenues	217,048,559	172,000	1,800,000	219,020,559
5900 Federal Program Revenues	20,090,765	14,240,205		34,330,970
Total Revenues	674,774,829	29,765,205	150,067,447	854,607,481
EXPENSES:				
6100 Payroll Costs	583,779,919	13,055,513		596,835,432
6200 Purchased and Contracted Services	36,620,093	78,936		36,699,029
6300 Supplies and Materials	31,788,476	17,719,628		49,508,104
6400 Other Operating Expenses	11,520,660	43,700		11,564,360
6500 Debt Payments			150,987,081	150,987,081
6600 Capital Outlay	188,062	730,000		918,062
Total Expenditures	663,897,210	31,627,777	150,987,081	846,512,068
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(5,514,560)		3,414,560	(2,100,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	5,363,059	(1,862,572)	2,494,926	5,995,413
BUDGETED FUND BALANCE AT AUGUST 31, 2018	\$200,271,217	\$2,169,171	\$56,496,025	\$258,936,413

KATY INDEPENDENT SCHOOL DISTRICT
OFFICIAL BUDGET BY FUNCTION
2017 - 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2017	\$194,908,158	\$4,031,743	\$54,001,099	\$252,941,000
REVENUES:				
5700 Property Taxes and Other Local Revenues	437,635,505	15,353,000	148,267,447	601,255,952
5800 State Program Revenues	217,048,559	172,000	1,800,000	219,020,559
5900 Federal Program Revenues	20,090,765	14,240,205		34,330,970
Total Revenues	674,774,829	29,765,205	150,067,447	854,607,481
EXPENDITURES:				
11 Instruction	428,700,455			428,700,455
12 Instructional Resources and Media Services	8,189,483			8,189,483
13 Curriculum and Instructional Staff Development	9,017,056			9,017,056
21 Instructional Leadership	5,573,036			5,573,036
23 School Leadership	38,873,775			38,873,775
31 Guidance, Counseling and Evaluation Services	28,152,842			28,152,842
33 Health Services	6,692,130			6,692,130
34 Student (Pupil) Transportation	19,511,287			19,511,287
35 Food Services		30,897,777		30,897,777
36 Co curricular/Extracurricular Activities	13,922,103			13,922,103
41 General Administration	13,013,832			13,013,832
51 Plant Maintenance and Operations	60,991,342			60,991,342
52 Security and Monitoring Services	7,922,547			7,922,547
53 Data Processing Services	13,229,700			13,229,700
61 Community Services	356,950			356,950
71 Debt Service			150,987,081	150,987,081
81 Facilities Acquisition and Construction	1,108,602	730,000		1,838,602
93 Payments to Fiscal Agents	658,200			658,200
95 Payments to Juvenile Justice Education Program	138,740			138,740
97 Payments to Tax Increment Fund	3,520,130			3,520,130
99 Intergovernmental	4,325,000			4,325,000
Total Expenditures	663,897,210	31,627,777	150,987,081	846,512,068
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(5,514,560)		3,414,560	(2,100,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	5,363,059	(1,862,572)	2,494,926	5,995,413
BUDGETED FUND BALANCE AT AUGUST 31, 2018	\$200,271,217	\$2,169,171	\$56,496,025	\$258,936,413

KATY INDEPENDENT SCHOOL DISTRICT
OFFICIAL BUDGET BY FUND/FUNCTION/OBJECT
2017 - 2018

	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	\$424,117,512		\$147,660,836	\$571,778,348
5720 From Services to Other LEAs				
5730 Tuition and Fees from Patrons	2,195,000			2,195,000
5740 Other Revenues from Local Sources	8,607,993	\$126,000	606,611	9,340,604
5750 Co-Curricular/ Enterprising	2,715,000	15,227,000		17,942,000
5760 Intermediate Sources				
5700 Local and Intermediate Totals	<u>437,635,505</u>	<u>15,353,000</u>	<u>148,267,447</u>	<u>601,255,952</u>
STATE				
5810 Per Capita/ Foundation	182,218,297			182,218,297
5820 TEA Funded		172,000	1,800,000	1,972,000
5830 Non-TEA Funded	34,830,262			34,830,262
5840 Shared Services - State				
5800 State Totals	<u>217,048,559</u>	<u>172,000</u>	<u>1,800,000</u>	<u>219,020,559</u>
FEDERAL				
5910 Other Direct Federal Revenue		14,240,205		14,240,205
5920 TEA Funded	1,483,355			1,483,355
5930 Non-TEA Funded	15,000,000			15,000,000
5940 Direct Federal	3,607,410			3,607,410
5950 Shared Services - Federal				
5900 Federal Totals	<u>20,090,765</u>	<u>14,240,205</u>		<u>34,330,970</u>
5000 TOTAL - ALL REVENUES	<u>674,774,829</u>	<u>29,765,205</u>	<u>150,067,447</u>	<u>854,607,481</u>

	10	20/30/40	50	98
	General	Special	Debt	Memorandum
	Fund	Revenue	Service	Totals
	Fund	Fund	Fund	Totals
APPROPRIATED EXPENDITURES:				
11 Instruction				
6100 Payroll Costs	\$412,007,768			\$412,007,768
6200 Purchased and Contracted Services	3,157,698			3,157,698
6300 Supplies and Materials	13,071,794			13,071,794
6400 Other Operating Expenses	416,155			416,155
6600 Capital Outlay	47,040			47,040
11 Total Instruction	<u>428,700,455</u>			<u>428,700,455</u>
12 Instructional Resources & Media Services				
6100 Payroll Costs	7,314,810			7,314,810
6200 Purchased and Contracted Services	7,448			7,448
6300 Supplies and Materials	856,499			856,499
6400 Other Operating Expenses	10,726			10,726
6600 Capital Outlay				
12 Total Instructional Resources & Media Services	<u>8,189,483</u>			<u>8,189,483</u>
13 Curriculum and Instructional Staff Development				
6100 Payroll Costs	7,152,012			7,152,012
6200 Purchased and Contracted Services	348,911			348,911
6300 Supplies and Materials	537,318			537,318
6400 Other Operating Expenses	978,815			978,815
6600 Capital Outlay				
13 Total Curriculum and Instr. Staff Development	<u>9,017,056</u>			<u>9,017,056</u>
21 Instructional Leadership				
6100 Payroll Costs	5,022,842			5,022,842
6200 Purchased and Contracted Services	106,820			106,820
6300 Supplies and Materials	296,690			296,690
6400 Other Operating Expenses	146,684			146,684
6600 Capital Outlay				
21 Total Instructional Leadership	<u>5,573,036</u>			<u>5,573,036</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	\$37,936,209			\$37,936,209
6200 Purchased and Contracted Services	19,630			19,630
6300 Supplies and Materials	442,182			442,182
6400 Other Operating Expenses	475,754			475,754
6600 Capital Outlay				
23 Total School Leadership	<u>38,873,775</u>			<u>38,873,775</u>
31 Guidance, Counseling & Evaluation Services				
6100 Payroll Costs	25,590,587			25,590,587
6200 Purchased and Contracted Services	534,198			534,198
6300 Supplies and Materials	1,796,704			1,796,704
6400 Other Operating Expenses	231,353			231,353
6600 Capital Outlay				
31 Total Guidance, Counseling & Eval. Services	<u>28,152,842</u>			<u>28,152,842</u>
33 Health Services				
6100 Payroll Costs	6,309,539			6,309,539
6200 Purchased and Contracted Services	106,085			106,085
6300 Supplies and Materials	248,504			248,504
6400 Other Operating Expenses	28,002			28,002
6600 Capital Outlay				
33 Total Health Services	<u>6,692,130</u>			<u>6,692,130</u>
34 Student (Pupil) Transportation				
6100 Payroll Costs	15,582,407			15,582,407
6200 Purchased and Contracted Services	549,263			549,263
6300 Supplies and Materials	3,089,923			3,089,923
6400 Other Operating Expenses	282,442			282,442
6600 Capital Outlay	7,252			7,252
34 Total Student (Pupil) Transportation	<u>19,511,287</u>			<u>19,511,287</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
35 Food Services				
6100 Payroll Costs		\$13,055,513		\$13,055,513
6200 Purchased and Contracted Services		78,936		78,936
6300 Supplies and Materials		17,719,628		17,719,628
6400 Other Operating Expenses		43,700		43,700
6600 Capital Outlay				
35 Total Food Services		<u>30,897,777</u>		<u>30,897,777</u>
36 Co curricular/ Extracurricular Activities				
6100 Payroll Costs	\$8,616,096			8,616,096
6200 Purchased and Contracted Services	988,477			988,477
6300 Supplies and Materials	2,487,076			2,487,076
6400 Other Operating Expenses	1,830,454			1,830,454
6600 Capital Outlay				
36 Total Co curricular/ Extracurricular Activities	<u>13,922,103</u>			<u>13,922,103</u>
41 General Administration				
6100 Payroll Costs	9,519,815			9,519,815
6200 Purchased and Contracted Services	1,930,686			1,930,686
6300 Supplies and Materials	580,417			580,417
6400 Other Operating Expenses	982,914			982,914
6600 Capital Outlay				
41 Total General Administration	<u>13,013,832</u>			<u>13,013,832</u>
51 Plant Maintenance & Operations				
6100 Payroll Costs	31,824,554			31,824,554
6200 Purchased and Contracted Services	23,549,314			23,549,314
6300 Supplies and Materials	3,770,666			3,770,666
6400 Other Operating Expenses	1,754,198			1,754,198
6600 Capital Outlay	92,610			92,610
51 Total Plant Maintenance & Operations	<u>60,991,342</u>			<u>60,991,342</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
52 Security and Monitoring Services				
6100 Payroll Costs	\$7,200,058			\$7,200,058
6200 Purchased and Contracted Services	282,269			282,269
6300 Supplies and Materials	349,316			349,316
6400 Other Operating Expenses	49,744			49,744
6600 Capital Outlay	41,160			41,160
52 Total Security and Monitoring Services	<u>7,922,547</u>			<u>7,922,547</u>
53 Data Processing Services				
6100 Payroll Costs	8,689,779			8,689,779
6200 Purchased and Contracted Services	502,348			502,348
6300 Supplies and Materials	3,902,589			3,902,589
6400 Other Operating Expenses	134,984			134,984
6600 Capital Outlay				
53 Total Data Processing Services	<u>13,229,700</u>			<u>13,229,700</u>
61 Community Services				
6100 Payroll Costs	206,328			206,328
6200 Purchased and Contracted Services	73,206			73,206
6300 Supplies and Materials	64,308			64,308
6400 Other Operating Expenses	13,108			13,108
6600 Capital Outlay				
61 Total Community Services	<u>356,950</u>			<u>356,950</u>
71 Debt Service				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses				
6500 Debt Service			\$150,987,081	150,987,081
6600 Capital Outlay				
71 Total Debt Service			<u>150,987,081</u>	<u>150,987,081</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
81 Facilities Acquisition and Construction				
6100 Payroll Costs	\$807,115			\$807,115
6200 Purchased and Contracted Services				
6300 Supplies and Materials	294,490			294,490
6400 Other Operating Expenses	6,997			6,997
6600 Capital Outlay		730,000		730,000
81 Total Facilities Acquisition and Construction	<u>1,108,602</u>	<u>730,000</u>		<u>1,838,602</u>
93 Payments to Fiscal Agents				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	658,200			658,200
6600 Capital Outlay				
93 Payments to Fiscal Agents	<u>658,200</u>			<u>658,200</u>
95 Payments to Juvenile Justice Education Program				
6100 Payroll Costs				
6200 Purchased and Contracted Services	138,740			138,740
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
95 Payments to Juvenile Justice Education Prog.	<u>138,740</u>			<u>138,740</u>
97 Payments to Tax Increment Fund				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	3,520,130			3,520,130
6600 Capital Outlay				
97 Payments to Tax Increment Fund	<u>3,520,130</u>			<u>3,520,130</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
99 Intergovernmental				
6100 Payroll Costs				
6200 Purchased and Contracted Services	4,325,000			4,325,000
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
99 Intergovernmental	<u>4,325,000</u>			<u>4,325,000</u>
6000 TOTAL - ALL EXPENDITURES	<u>663,897,210</u>	<u>31,627,777</u>	<u>150,987,081</u>	<u>846,512,068</u>
1100 Net (Revenues - Expenditures)	<u>10,877,619</u>	<u>(1,862,572)</u>	<u>(919,634)</u>	<u>8,095,413</u>
OTHER RESOURCES:				
7911 Sale of Bonds				
7912 Sale of Assets				
7914 Loan Proceeds (Non-Current)				
7915 Transfers In	\$500,000		\$3,414,560	\$3,914,560
7989 Other Non-Revenue Receipts				
7000 TOTAL - OTHER RESOURCES	<u>500,000</u>		<u>3,414,560</u>	<u>3,914,560</u>
OTHER USES:				
8911 Transfers Out	6,014,560			6,014,560
8948 Loan Principal				
8949 Miscellaneous Other Uses				
8000 TOTAL - OTHER USES	<u>6,014,560</u>			<u>6,014,560</u>
9000 Net (Other Resources - Other Uses)	<u>(5,514,560)</u>		<u>\$3,414,560</u>	<u>(2,100,000)</u>
1200 Net (1100 + 9000)	<u>5,363,059</u>	<u>(\$1,862,572)</u>	<u>2,494,926</u>	<u>5,995,413</u>
BALANCES				
3100 Beginning Fund Balance 9/1/2017	<u>194,908,158</u>	<u>4,031,743</u>	<u>54,001,099</u>	<u>252,941,000</u>
3110 Ending Fund Balance 8/31/2018	<u>\$200,271,217</u>	<u>\$2,169,171</u>	<u>\$56,496,025</u>	<u>\$258,936,413</u>