

## 2018-2019 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 \$892,453,164, total expenditures of \$891,172,609 and net transfers in/out of (\$1,220,000). The budget consists of three fund types: General Fund, Special Revenue Fund, and Debt Service Fund.

The General Fund budget includes revenues of \$715,149,616, expenditures of \$701,822,498 and transfers out of \$13,268,893. Revenues are composed of local revenues, including property taxes (64%), revenues received from the state (34%) and federal revenues (2%). Tax revenues are based on the current Maintenance and Operations tax rate of \$1.1466 and taxable values of \$39.5 billion. State revenues are based on a projected enrollment of 79,481 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 \$58,225.

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 \$31,260,893 and \$32,000,111 respectively, resulting in a projected decrease in fund balance of \$739,218.

The Interest & Sinking (I&S) expenditure budget is \$157,350,000 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 \$144,160,814 based on the current Debt Service tax rate of \$0.37. State funding of \$1,881,841 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 \$1,280,000 of interest earnings on bond proceeds, and \$3,037,227 for interest subsidy, less sequestration, earned on the District's Build America Bonds, and \$7,731,666 from General Operating Fund balance. Fund Balance is projected to increase \$741,548.

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 3.7% from 2008 to 2018 with the 2018-19 enrollment projected to be 79,481 students. The District has also experienced significant growth in property values over the past ten years with assessed values increasing at an average of 9.2% annually; however, 2018-19 values are budgeted at 2.4% appraised value growth presumably resulting from Harvey destruction and subsequent reappraisals. 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 \$1,230 per teacher which is approximately a 2.0% average salary increase, and starting teacher pay was increased to \$53,000. Salaries increased 2% of mid-point salary ranges for all non-teaching staff. The budget also includes 1% to be distributed as a Lump Sum near December.

According to American Schools and Universities Magazine, Katy ISD is the 49<sup>th</sup> largest school district in the nation and is the eleventh fastest growing school district over the past 25 years of

the 200 largest districts. The District's latest demographic report predicts that with moderate growth projections, over 98,000 students will attend Katy ISD schools by the year 2026. 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 fall of 2017 providing \$609.2 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 shares information in a user-friendly format that lets taxpayers easily access additional information.

For the fifteenth 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, 2017, the thirty-fifth 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.

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, 2017. This award has also been received for thirty-five 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  
2018 - 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2018	\$206,470,936	\$4,304,959	\$56,382,357	\$267,158,252
REVENUES:				
5700 Property Taxes and Other Local Revenues	456,623,088	14,635,000	144,160,814	615,418,902
5800 State Program Revenues	245,827,189	180,000	1,881,841	247,889,030
5900 Federal Program Revenues	12,699,339	16,445,893		29,145,232
Total Revenues	715,149,616	31,260,893	146,042,655	892,453,164
EXPENSES:				
6100 Payroll Costs	616,460,919	13,679,905		630,140,824
6200 Purchased and Contracted Services	36,634,830	84,000		36,718,830
6300 Supplies and Materials	33,246,006	18,192,306		51,438,312
6400 Other Operating Expenses	15,258,658	43,900		15,302,558
6500 Debt Payments			157,350,000	157,350,000
6600 Capital Outlay	222,085			222,085
Total Expenditures	701,822,498	32,000,111	157,350,000	891,172,609
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(13,268,893)		12,048,893	(1,220,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	58,225	(739,218)	741,548	60,555
BUDGETED FUND BALANCE AT AUGUST 31, 2018	\$206,529,161	\$3,565,741	\$57,123,905	\$267,218,807

KATY INDEPENDENT SCHOOL DISTRICT  
OFFICIAL BUDGET BY FUNCTION  
2018 - 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2018	\$206,470,936	\$4,304,959	\$56,382,357	\$267,158,252
REVENUES:				
5700 Property Taxes and Other Local Revenues	456,623,088	14,635,000	144,160,814	615,418,902
5800 State Program Revenues	245,827,189	180,000	1,881,841	247,889,030
5900 Federal Program Revenues	12,699,339	16,445,893		29,145,232
Total Revenues	715,149,616	31,260,893	146,042,655	892,453,164
EXPENDITURES:				
11 Instruction	450,618,780			450,618,780
12 Instructional Resources and Media Services	8,321,968			8,321,968
13 Curriculum and Instructional Staff Development	9,674,450			9,674,450
21 Instructional Leadership	5,867,887			5,867,887
23 School Leadership	40,054,526			40,054,526
31 Guidance, Counseling and Evaluation Services	30,729,373			30,729,373
33 Health Services	7,403,791			7,403,791
34 Student (Pupil) Transportation	19,476,047			19,476,047
35 Food Services		32,000,111		32,000,111
36 Co curricular/Extracurricular Activities	14,714,812			14,714,812
41 General Administration	15,298,628			15,298,628
51 Plant Maintenance and Operations	65,831,319			65,831,319
52 Security and Monitoring Services	8,930,721			8,930,721
53 Data Processing Services	13,512,883			13,512,883
61 Community Services	323,260			323,260
71 Debt Service			157,350,000	157,350,000
81 Facilities Acquisition and Construction	896,687			896,687
93 Payments to Fiscal Agents	658,000			658,000
95 Payments to Juvenile Justice Education Program	123,577			123,577
97 Payments to Tax Increment Fund	4,797,789			4,797,789
99 Intergovernmental	4,588,000			4,588,000
Total Expenditures	701,822,498	32,000,111	157,350,000	891,172,609
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(13,268,893)		12,048,893	(1,220,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	58,225	(739,218)	741,548	60,555
BUDGETED FUND BALANCE AT AUGUST 31, 2018	\$206,529,161	\$3,565,741	\$57,123,905	\$267,218,807

KATY INDEPENDENT SCHOOL DISTRICT  
OFFICIAL BUDGET BY FUND/FUNCTION/OBJECT  
2018 - 2019

	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	\$439,881,453		\$143,035,814	\$582,917,267
5720 From Services to Other LEAs				
5730 Tuition and Fees from Patrons	2,223,000			2,223,000
5740 Other Revenues from Local Sources	11,663,635	\$200,000	1,125,000	12,988,635
5750 Co-Curricular/ Enterprising	2,855,000	14,435,000		17,290,000
5760 Intermediate Sources				
5700 Local and Intermediate Totals	<u>456,623,088</u>	<u>14,635,000</u>	<u>144,160,814</u>	<u>615,418,902</u>
STATE				
5810 Per Capita/ Foundation	209,450,746			209,450,746
5820 TEA Funded		180,000	1,881,841	2,061,841
5830 Non-TEA Funded	36,376,443			36,376,443
5840 Shared Services - State				
5800 State Totals	<u>245,827,189</u>	<u>180,000</u>	<u>1,881,841</u>	<u>247,889,030</u>
FEDERAL				
5910 Other Direct Federal Revenue				
5920 TEA Funded	1,637,112	16,445,893		18,083,005
5930 Non-TEA Funded	7,750,000			7,750,000
5940 Direct Federal	3,312,227			3,312,227
5950 Shared Services - Federal				
5900 Federal Totals	<u>12,699,339</u>	<u>16,445,893</u>	<u></u>	<u>29,145,232</u>
5000 TOTAL - ALL REVENUES	<u>715,149,616</u>	<u>31,260,893</u>	<u>146,042,655</u>	<u>892,453,164</u>

	10	20/30/40	50	98
	General	Special	Debt	Memorandum
	Fund	Revenue	Service	Totals
	Fund	Fund	Fund	Totals
<b>APPROPRIATED EXPENDITURES:</b>				
11 Instruction				
6100 Payroll Costs	\$432,908,496			\$432,908,496
6200 Purchased and Contracted Services	3,049,127			3,049,127
6300 Supplies and Materials	14,271,132			14,271,132
6400 Other Operating Expenses	362,715			362,715
6600 Capital Outlay	27,310			27,310
11 Total Instruction	<u>450,618,780</u>			<u>450,618,780</u>
12 Instructional Resources & Media Services				
6100 Payroll Costs	7,459,291			7,459,291
6200 Purchased and Contracted Services	9,800			9,800
6300 Supplies and Materials	841,158			841,158
6400 Other Operating Expenses	11,719			11,719
6600 Capital Outlay				
12 Total Instructional Resources & Media Services	<u>8,321,968</u>			<u>8,321,968</u>
13 Curriculum and Instructional Staff Development				
6100 Payroll Costs	7,666,224			7,666,224
6200 Purchased and Contracted Services	310,650			310,650
6300 Supplies and Materials	647,106			647,106
6400 Other Operating Expenses	1,050,470			1,050,470
6600 Capital Outlay				
13 Total Curriculum and Instr. Staff Development	<u>9,674,450</u>			<u>9,674,450</u>
21 Instructional Leadership				
6100 Payroll Costs	5,324,225			5,324,225
6200 Purchased and Contracted Services	121,814			121,814
6300 Supplies and Materials	263,114			263,114
6400 Other Operating Expenses	158,734			158,734
6600 Capital Outlay				
21 Total Instructional Leadership	<u>5,867,887</u>			<u>5,867,887</u>



	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
23 School Leadership				
6100 Payroll Costs	\$39,054,907			\$39,054,907
6200 Purchased and Contracted Services	25,010			25,010
6300 Supplies and Materials	473,056			473,056
6400 Other Operating Expenses	501,553			501,553
6600 Capital Outlay				
23 Total School Leadership	<u>40,054,526</u>			<u>40,054,526</u>
31 Guidance, Counseling & Evaluation Services				
6100 Payroll Costs	28,331,059			28,331,059
6200 Purchased and Contracted Services	742,997			742,997
6300 Supplies and Materials	1,411,422			1,411,422
6400 Other Operating Expenses	243,895			243,895
6600 Capital Outlay				
31 Total Guidance, Counseling & Eval. Services	<u>30,729,373</u>			<u>30,729,373</u>
33 Health Services				
6100 Payroll Costs	6,858,776			6,858,776
6200 Purchased and Contracted Services	341,726			341,726
6300 Supplies and Materials	176,062			176,062
6400 Other Operating Expenses	27,227			27,227
6600 Capital Outlay				
33 Total Health Services	<u>7,403,791</u>			<u>7,403,791</u>
34 Student (Pupil) Transportation				
6100 Payroll Costs	15,746,893			15,746,893
6200 Purchased and Contracted Services	859,819			859,819
6300 Supplies and Materials	2,586,501			2,586,501
6400 Other Operating Expenses	282,834			282,834
6600 Capital Outlay				
34 Total Student (Pupil) Transportation	<u>19,476,047</u>			<u>19,476,047</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
35 Food Services				
6100 Payroll Costs		\$13,679,905		\$13,679,905
6200 Purchased and Contracted Services		84,000		84,000
6300 Supplies and Materials		18,192,306		18,192,306
6400 Other Operating Expenses		43,900		43,900
6600 Capital Outlay				
35 Total Food Services		<u>32,000,111</u>		<u>32,000,111</u>
36 Co curricular/ Extracurricular Activities				
6100 Payroll Costs	\$9,155,402			9,155,402
6200 Purchased and Contracted Services	1,318,423			1,318,423
6300 Supplies and Materials	2,036,228			2,036,228
6400 Other Operating Expenses	2,204,759			2,204,759
6600 Capital Outlay				
36 Total Co curricular/ Extracurricular Activities	<u>14,714,812</u>			<u>14,714,812</u>
41 General Administration				
6100 Payroll Costs	11,617,525			11,617,525
6200 Purchased and Contracted Services	1,889,091			1,889,091
6300 Supplies and Materials	898,256			898,256
6400 Other Operating Expenses	893,756			893,756
6600 Capital Outlay				
41 Total General Administration	<u>15,298,628</u>			<u>15,298,628</u>
51 Plant Maintenance & Operations				
6100 Payroll Costs	34,043,205			34,043,205
6200 Purchased and Contracted Services	22,403,617			22,403,617
6300 Supplies and Materials	5,355,053			5,355,053
6400 Other Operating Expenses	3,858,189			3,858,189
6600 Capital Outlay	171,255			171,255
51 Total Plant Maintenance & Operations	<u>65,831,319</u>			<u>65,831,319</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	\$8,270,246			\$8,270,246
6200 Purchased and Contracted Services	281,799			281,799
6300 Supplies and Materials	329,050			329,050
6400 Other Operating Expenses	49,626			49,626
6600 Capital Outlay				
52 Total Security and Monitoring Services	<u>8,930,721</u>			<u>8,930,721</u>
53 Data Processing Services				
6100 Payroll Costs	9,029,472			9,029,472
6200 Purchased and Contracted Services	502,348			502,348
6300 Supplies and Materials	3,822,020			3,822,020
6400 Other Operating Expenses	135,523			135,523
6600 Capital Outlay	23,520			23,520
53 Total Data Processing Services	<u>13,512,883</u>			<u>13,512,883</u>
61 Community Services				
6100 Payroll Costs	180,478			180,478
6200 Purchased and Contracted Services	67,032			67,032
6300 Supplies and Materials	62,348			62,348
6400 Other Operating Expenses	13,402			13,402
6600 Capital Outlay				
61 Total Community Services	<u>323,260</u>			<u>323,260</u>
71 Debt Service				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses				
6500 Debt Service			\$157,350,000	157,350,000
6600 Capital Outlay				
71 Total Debt Service			<u>157,350,000</u>	<u>157,350,000</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	\$814,720			\$814,720
6200 Purchased and Contracted Services				
6300 Supplies and Materials	73,500			73,500
6400 Other Operating Expenses	8,467			8,467
6600 Capital Outlay				
81 Total Facilities Acquisition and Construction	<u>896,687</u>			<u>896,687</u>
93 Payments to Fiscal Agents				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	658,000			658,000
6600 Capital Outlay				
93 Payments to Fiscal Agents	<u>658,000</u>			<u>658,000</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>
97 Payments to Tax Increment Fund				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	4,797,789			4,797,789
6600 Capital Outlay				
97 Payments to Tax Increment Fund	<u>4,797,789</u>			<u>4,797,789</u>

	10	20/30/40	50	98
	General	Special	Debt	Memorandum
	Fund	Revenue	Service	Totals
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Totals</u>
99 Intergovernmental				
6100 Payroll Costs				
6200 Purchased and Contracted Services	4,588,000			4,588,000
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
99 Intergovernmental	<u>4,588,000</u>			<u>4,588,000</u>
6000 TOTAL - ALL EXPENDITURES	<u>701,822,498</u>	<u>32,000,111</u>	<u>157,350,000</u>	<u>891,172,609</u>
1100 Net (Revenues - Expenditures)	<u>13,327,118</u>	<u>(739,218)</u>	<u>(11,307,345)</u>	<u>1,280,555</u>
OTHER RESOURCES:				
7911 Sale of Bonds				
7912 Sale of Assets				
7914 Loan Proceeds (Non-Current)				
7915 Transfers In	\$500,000		\$12,048,893	\$12,548,893
7989 Other Non-Revenue Receipts				
7000 TOTAL - OTHER RESOURCES	<u>500,000</u>		<u>12,048,893</u>	<u>12,548,893</u>
OTHER USES:				
8911 Transfers Out	13,768,893			13,768,893
8948 Loan Principal				
8949 Miscellaneous Other Uses				
8000 TOTAL - OTHER USES	<u>13,768,893</u>			<u>13,768,893</u>
9000 Net (Other Resources - Other Uses)	<u>(13,268,893)</u>		<u>\$12,048,893</u>	<u>(1,220,000)</u>
1200 Net (1100 + 9000)	<u>58,225</u>	<u>(739,218)</u>	<u>741,548</u>	<u>60,555</u>
BALANCES				
3100 Beginning Fund Balance 9/1/2018	<u>206,470,936</u>	<u>4,304,959</u>	<u>56,382,357</u>	<u>267,158,252</u>
3110 Ending Fund Balance 8/31/2019	<u>\$206,529,161</u>	<u>\$3,565,741</u>	<u>\$57,123,905</u>	<u>\$267,218,807</u>

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

Advertising budget for Statutorily Required Public Notices - Object Code 6491

2018-2019  
PROPOSED BUDGET

\$8,242

2017-2018  
PROJECTED ACTUALS

\$31,133 (Includes \$24,598 for Bond Election and Board Election)