

## 2020-2021 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 \$1,045,233,209, total expenditures of \$1,045,677,174 and net transfers in/out of (\$23,000,000). The budget consists of three fund types: General Fund, Special Revenue Fund, and Debt Service Fund.

The General Fund budget includes revenues of \$839,510,397, expenditures of \$836,419,794 and net transfers out of (\$2,500,000). Revenues are composed of local revenues, including property taxes (53.5%), revenues received from the state (45.4%) and federal revenues (1.1%). Tax revenues are based on the current Maintenance and Operations tax rate of \$0.9988 and taxable values of \$45 billion. State revenues are based on a projected enrollment of 87,033 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 \$590,603.

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 \$32,497,277 and \$36,607,380 respectively, resulting in a projected decrease in fund balance of \$4,110,103.

The Interest & Sinking (I&S) expenditure budget is \$172,650,000 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 \$171,546,253 based on the current Debt Service tax rate of \$0.39. State funding of \$1,679,282 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 \$200,000 of interest earnings on bond proceeds. Fund Balance is projected to increase \$775,535.

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. The District anticipates additional needs related to COVID 19 to be identified as the 2020/21 year progresses. Some of these expenditures may be reimbursable by COVID-related grant funding. 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 \$16 million of fund balance at the August 24, 2020 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 3.6% from 2011 to 2020 with the 2020-21 enrollment projected to be 87,033 students. The District has also experienced significant growth in property values over the past ten years with assessed values increasing at an average of 8.0% annually. The 2020-21 values are budgeted at an 8.0% 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 \$660 per teacher which is approximately a 1.0% average salary increase, and starting teacher pay was increased to \$55,525. Salaries increased 1% 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 44<sup>th</sup> 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 102,400 students will attend Katy ISD schools by the year 2029. 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 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 2019.

For the seventeenth 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, 2018, the thirty-sixth 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, 2019 CAFR for evaluation under this program but has not yet received results.

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, 2019. This award has been received for thirty-seven 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  
2020 - 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2020	\$270,179,359	\$5,360,094	\$60,065,168	\$335,604,621
REVENUES:				
5700 Property Taxes and Other Local Revenues	449,171,821	14,621,000	171,546,253	635,339,074
5800 State Program Revenues	380,730,389	180,000	1,679,282	382,589,671
5900 Federal Program Revenues	9,608,187	17,696,277		27,304,464
Total Revenues	839,510,397	32,497,277	173,225,535	1,045,233,209
EXPENSES:				
6100 Payroll Costs	733,832,940	15,690,648		749,523,588
6200 Purchased and Contracted Services	43,093,795	112,000		43,205,795
6300 Supplies and Materials	41,052,325	20,758,432		61,810,757
6400 Other Operating Expenses	18,082,938	46,300		18,129,238
6500 Debt Payments			172,650,000	172,650,000
6600 Capital Outlay	357,796			357,796
Total Expenditures	836,419,794	36,607,380	172,650,000	1,045,677,174
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(2,500,000)		200,000	(2,300,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	590,603	(4,110,103)	775,535	(2,743,965)
BUDGETED FUND BALANCE AT AUGUST 31, 2021	\$270,769,962	\$1,249,991	\$60,840,703	\$332,860,656

KATY INDEPENDENT SCHOOL DISTRICT  
OFFICIAL BUDGET BY FUNCTION  
2020 - 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2020	\$270,179,359	\$5,360,094	\$60,065,168	\$335,604,621
REVENUES:				
5700 Property Taxes and Other Local Revenues	449,171,821	14,621,000	171,546,253	635,339,074
5800 State Program Revenues	380,730,389	180,000	1,679,282	382,589,671
5900 Federal Program Revenues	9,608,187	17,696,277		27,304,464
Total Revenues	839,510,397	32,497,277	173,225,535	1,045,233,209
EXPENDITURES:				
11 Instruction	542,005,395			542,005,395
12 Instructional Resources and Media Services	9,071,541			9,071,541
13 Curriculum and Instructional Staff Development	11,857,960			11,857,960
21 Instructional Leadership	6,708,911			6,708,911
23 School Leadership	46,378,041			46,378,041
31 Guidance, Counseling and Evaluation Services	41,031,235			41,031,235
32 Social Work Services	415,856			415,856
33 Health Services	15,963,295			15,963,295
34 Student (Pupil) Transportation	23,097,560			23,097,560
35 Food Services		36,607,380		36,607,380
36 Co curricular/Extracurricular Activities	10,357,360			10,357,360
41 General Administration	15,012,340			15,012,340
51 Plant Maintenance and Operations	75,143,241			75,143,241
52 Security and Monitoring Services	10,857,520			10,857,520
53 Data Processing Services	15,810,630			15,810,630
61 Community Services	329,699			329,699
71 Debt Service			172,650,000	172,650,000
81 Facilities Acquisition and Construction	1,026,537			1,026,537
93 Payments to Fiscal Agents	921,236			921,236
95 Payments to Juvenile Justice Education Program	123,577			123,577
97 Payments to Tax Increment Fund	5,119,860			5,119,860
99 Intergovernmental	5,188,000			5,188,000
Total Expenditures	836,419,794	36,607,380	172,650,000	1,045,677,174
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(2,500,000)		200,000	(2,300,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	590,603	(4,110,103)	775,535	(2,743,965)
BUDGETED FUND BALANCE AT AUGUST 31, 2021	\$270,769,962	\$1,249,991	\$60,840,703	\$332,860,656

KATY INDEPENDENT SCHOOL DISTRICT  
OFFICIAL BUDGET BY FUND/FUNCTION/OBJECT  
2020 - 2021

	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	434,916,592		171,046,253	605,962,845
5720 From Services to Other LEAs				
5730 Tuition and Fees from Patrons	2,736,280			2,736,280
5740 Other Revenues from Local Sources	8,508,949	86,000	500,000	9,094,949
5750 Co-Curricular/ Enterprising	3,010,000	14,535,000		17,545,000
5760 Intermediate Sources				
5700 Local and Intermediate Totals	<u>449,171,821</u>	<u>14,621,000</u>	<u>171,546,253</u>	<u>635,339,074</u>
STATE				
5810 Per Capita/ Foundation	334,595,096			334,595,096
5820 TEA Funded		180,000	1,679,282	1,859,282
5830 Non-TEA Funded	46,135,293			46,135,293
5840 Shared Services - State				
5800 State Totals	<u>380,730,389</u>	<u>180,000</u>	<u>1,679,282</u>	<u>382,589,671</u>
FEDERAL				
5910 Other Direct Federal Revenue				
5920 TEA Funded	2,733,187	17,236,277		19,969,464
5930 Non-TEA Funded	6,750,000	460,000		7,210,000
5940 Direct Federal	125,000			125,000
5950 Shared Services - Federal				
5900 Federal Totals	<u>9,608,187</u>	<u>17,696,277</u>		<u>27,304,464</u>
5000 TOTAL - ALL REVENUES	<u>839,510,397</u>	<u>32,497,277</u>	<u>173,225,535</u>	<u>1,045,233,209</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
APPROPRIATED EXPENDITURES:				
11 Instruction				
6100 Payroll Costs	519,713,988			519,713,988
6200 Purchased and Contracted Services	\$3,377,585			3,377,585
6300 Supplies and Materials	18,306,552			18,306,552
6400 Other Operating Expenses	578,754			578,754
6600 Capital Outlay	28,516			28,516
11 Total Instruction	<u>542,005,395</u>			<u>542,005,395</u>
12 Instructional Resources & Media Services				
6100 Payroll Costs	8,064,397			8,064,397
6200 Purchased and Contracted Services	10,707			10,707
6300 Supplies and Materials	983,482			983,482
6400 Other Operating Expenses	12,955			12,955
6600 Capital Outlay				
12 Total Instructional Resources & Media Services	<u>9,071,541</u>			<u>9,071,541</u>
13 Curriculum and Instructional Staff Development				
6100 Payroll Costs	9,690,189			9,690,189
6200 Purchased and Contracted Services	376,304			376,304
6300 Supplies and Materials	657,433			657,433
6400 Other Operating Expenses	1,134,034			1,134,034
6600 Capital Outlay				
13 Total Curriculum and Instr. Staff Development	<u>11,857,960</u>			<u>11,857,960</u>
21 Instructional Leadership				
6100 Payroll Costs	6,246,424			6,246,424
6200 Purchased and Contracted Services	130,144			130,144
6300 Supplies and Materials	156,181			156,181
6400 Other Operating Expenses	176,162			176,162
6600 Capital Outlay				
21 Total Instructional Leadership	<u>6,708,911</u>			<u>6,708,911</u>



	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
23 School Leadership				
6100 Payroll Costs	45,245,971			45,245,971
6200 Purchased and Contracted Services	\$51,980			51,980
6300 Supplies and Materials	\$493,676			493,676
6400 Other Operating Expenses	\$586,414			586,414
6600 Capital Outlay				
23 Total School Leadership	<u>46,378,041</u>			<u>46,378,041</u>
31 Guidance, Counseling & Evaluation Services				
6100 Payroll Costs	38,389,405			38,389,405
6200 Purchased and Contracted Services	\$763,389			763,389
6300 Supplies and Materials	1,618,207			1,618,207
6400 Other Operating Expenses	\$260,234			260,234
6600 Capital Outlay				
31 Total Guidance, Counseling & Eval. Services	<u>41,031,235</u>			<u>41,031,235</u>
32 Social Work Services				
6100 Payroll Costs	403,263			403,263
6200 Purchased and Contracted Services				
6300 Supplies and Materials	\$4,704			4,704
6400 Other Operating Expenses	\$7,889			7,889
6600 Capital Outlay				
32 Total Social Work Services	<u>415,856</u>			<u>415,856</u>
33 Health Services				
6100 Payroll Costs	14,856,602			14,856,602
6200 Purchased and Contracted Services	\$569,968			569,968
6300 Supplies and Materials	\$495,197			495,197
6400 Other Operating Expenses	\$28,298			28,298
6600 Capital Outlay	\$13,230			13,230
33 Total Health Services	<u>15,963,295</u>			<u>15,963,295</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
34 Student (Pupil) Transportation				
6100 Payroll Costs	16,655,369			16,655,369
6200 Purchased and Contracted Services	3,163,799			3,163,799
6300 Supplies and Materials	2,929,501			2,929,501
6400 Other Operating Expenses	348,891			348,891
6600 Capital Outlay				
34 Total Student (Pupil) Transportation	<u>23,097,560</u>			<u>23,097,560</u>
35 Food Services				
6100 Payroll Costs		15,690,648		15,690,648
6200 Purchased and Contracted Services		112,000		112,000
6300 Supplies and Materials		20,758,432		20,758,432
6400 Other Operating Expenses		46,300		46,300
6600 Capital Outlay				
35 Total Food Services		<u>36,607,380</u>		<u>36,607,380</u>
36 Co curricular/ Extracurricular Activities				
6100 Payroll Costs	3,870,192			3,870,192
6200 Purchased and Contracted Services	1,480,778			1,480,778
6300 Supplies and Materials	2,885,459			2,885,459
6400 Other Operating Expenses	2,120,931			2,120,931
6600 Capital Outlay				
36 Total Co curricular/ Extracurricular Activities	<u>10,357,360</u>			<u>10,357,360</u>
41 General Administration				
6100 Payroll Costs	11,181,943			11,181,943
6200 Purchased and Contracted Services	1,318,866			1,318,866
6300 Supplies and Materials	789,746			789,746
6400 Other Operating Expenses	1,721,785			1,721,785
6600 Capital Outlay				
41 Total General Administration	<u>15,012,340</u>			<u>15,012,340</u>

	10	20/30/40	50	98
	General Fund	Special Revenue Fund	Debt Service Fund	Memorandum Totals
51 Plant Maintenance & Operations				
6100 Payroll Costs	38,200,816			38,200,816
6200 Purchased and Contracted Services	25,732,109			25,732,109
6300 Supplies and Materials	6,041,483			6,041,483
6400 Other Operating Expenses	4,852,783			4,852,783
6600 Capital Outlay	316,050			316,050
51 Total Plant Maintenance & Operations	<u>75,143,241</u>			<u>75,143,241</u>
52 Security and Monitoring Services				
6100 Payroll Costs	10,054,406			10,054,406
6200 Purchased and Contracted Services	312,179			312,179
6300 Supplies and Materials	440,721			440,721
6400 Other Operating Expenses	50,214			50,214
6600 Capital Outlay				
52 Total Security and Monitoring Services	<u>10,857,520</u>			<u>10,857,520</u>
53 Data Processing Services				
6100 Payroll Costs	10,255,555			10,255,555
6200 Purchased and Contracted Services	423,948			423,948
6300 Supplies and Materials	4,991,635			4,991,635
6400 Other Operating Expenses	139,492			139,492
6600 Capital Outlay				
53 Total Data Processing Services	<u>15,810,630</u>			<u>15,810,630</u>
61 Community Services				
6100 Payroll Costs	183,487			183,487
6200 Purchased and Contracted Services	70,462			70,462
6300 Supplies and Materials	62,348			62,348
6400 Other Operating Expenses	13,402			13,402
6600 Capital Outlay				
61 Total Community Services	<u>329,699</u>			<u>329,699</u>

	10	20/30/40	50	98
	General	Special	Debt	Memorandum
	Fund	Revenue	Service	Totals
	Fund	Fund	Fund	Totals
71 Debt Service				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses				
6500 Debt Service			172,650,000	172,650,000
6600 Capital Outlay				
71 Total Debt Service			<u>172,650,000</u>	<u>172,650,000</u>
81 Facilities Acquisition and Construction				
6100 Payroll Costs	820,933			820,933
6200 Purchased and Contracted Services				
6300 Supplies and Materials	196,000			196,000
6400 Other Operating Expenses	9,604			9,604
6600 Capital Outlay				
81 Total Facilities Acquisition and Construction	<u>1,026,537</u>			<u>1,026,537</u>
93 Payments to Fiscal Agents				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	921,236			921,236
6600 Capital Outlay				
93 Payments to Fiscal Agents	<u>921,236</u>			<u>921,236</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	5,119,860			5,119,860
6600 Capital Outlay				
97 Payments to Tax Increment Fund	<u>5,119,860</u>			<u>5,119,860</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	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>836,419,794</u>	<u>36,607,380</u>	<u>172,650,000</u>	<u>1,045,677,174</u>
1100 Net (Revenues - Expenditures)	<u>3,090,603</u>	<u>(4,110,103)</u>	<u>575,535</u>	<u>(443,965)</u>
OTHER RESOURCES:				
7911 Sale of Bonds				
7912 Sale of Assets				
7914 Loan Proceeds (Non-Current)				
7915 Transfers In	500,000		200,000	700,000
7916 Premiums				
7919 Extraordinary Items				
7000 TOTAL - OTHER RESOURCES	<u>500,000</u>		<u>200,000</u>	<u>700,000</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>200,000</u>	<u>(2,300,000)</u>
1200 Net (1100 + 9000)	<u>590,603</u>	<u>(4,110,103)</u>	<u>775,535</u>	<u>(2,743,965)</u>
BALANCES				
3100 Beginning Fund Balance 9/1/2020	<u>\$270,179,359</u>	<u>\$5,360,094</u>	<u>\$60,065,168</u>	<u>\$335,604,621</u>
3110 Ending Fund Balance 8/31/2021	<u>\$270,769,962</u>	<u>\$1,249,991</u>	<u>\$60,840,703</u>	<u>\$332,860,656</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

2020-2021	2019-2020
<u>PRELIMINARY BUDGET</u>	<u>PROJECTED ACTUALS</u>
\$16,794	\$5,446

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.)

2020-2021	2019-2020
<u>PRELIMINARY BUDGET</u>	<u>PROJECTED ACTUALS</u>
\$ 1,500	\$ 1,477