

2023-2024 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 \$1,309,983,135, total expenditures of \$1,331,862,645 and net transfers in/out of (\$2,500,000). The budget consists of three fund types: General Fund, Special Revenue Fund, and Debt Service Fund.

The General Fund budget includes revenues of \$1,024,488,513, expenditures of \$1,030,067,442 and net transfers out of (\$2,500,000). Revenues are composed of local revenues, including property taxes (42.87%), revenues received from the state (55.19%), and federal revenues (1.94%). Tax revenues are based on the Maintenance and Operations tax rate of \$0.7294 and taxable values of \$62.8 billion. State revenues are based on a projected enrollment of 95,347 students. Major expenditure categories include payroll, contracted services, supplies, operating expenditures, Subscription-Based Information Technology Arrangements (SBITA) and capital. Payroll expenditures, which comprise 88% of the General Fund budget, include the staffing plans and salary increases approved by the Board earlier in the year. Expenditures and transfers out exceed revenues resulting in a projected decrease in fund balance of (\$8,078,929).

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 \$44,734,248 and \$61,125,203 respectively, resulting in a projected decrease in fund balance of (\$16,390,955).

The Interest & Sinking (I&S) expenditure budget is \$240,670,000 and is used to account for payment of principal and interest on the District's long-term debt. Total revenue is \$240,760,374 with the primary revenue source being local property taxes of \$225,881,935 based on the current Debt Service tax rate of \$0.39. State funding of \$14,878,439 is budgeted as I&S Hold Harmless for all Homestead exemptions called Additional State Aid for Homestead Exemption (ASAHE). Fund Balance is projected to increase \$90,374.

It is the intent of the District that the budgetary process results in the most effective mix of educational and financial resources available while attaining the goals and objectives of the District. This includes the identification and prioritization of both educational and educational support components. These components are initially identified and prioritized by the principals and department heads and are later reviewed by central administrators, a budget committee, and finally the Board of Trustees.

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

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

Katy ISD continues to be one of the fastest-growing school districts in the Houston metropolitan area, growing at an average of 3.7% from 2013 to 2023 with the 2023-24 enrollment projected to be 95,347 students. The District has also experienced growth in property values over the past ten years with assessed values increasing at an average of 10.1% annually. The 2023-24 values are budgeted at a 15.1% 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 \$2,145 per teacher which is approximately a 3% average increase, and starting teacher pay was increased to \$62,400. Salaries increased 3% of mid-point salary ranges for all other staff.

According to American Schools and Universities Magazine, as of September 2022, Katy ISD is the 35th 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 100,000 students will attend Katy ISD schools by the year 2027. 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. An election will be held in the fall of 2023 for a \$840.6 million bond authorization for the future construction, renovation, and equipping of facilities and the purchase of land and buses. With the schedule for opening new facilities and renovations, projected enrollments, and projected funding levels based on current law, the District develops budget priorities and short and long-range plans.

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

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

In addition, Katy ISD continues to be awarded the Transparency Star for Debt Obligations.

For the twentieth 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2021, the thirty-ninth consecutive year that the District has achieved this prestigious award. To be awarded

a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive 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, 2022, ACFR 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 Annual Comprehensive Financial Report for the year ended August 31, 2022. This award has been received for forty 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
2023 - 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2023	\$324,538,697	\$19,623,595	\$60,342,815	\$404,505,107
REVENUES:				
5700 Property Taxes and Other Local Revenues	439,153,271	16,155,000	225,881,935	681,190,206
5800 State Program Revenues	565,444,224	200,000	14,878,439	580,522,663
5900 Federal Program Revenues	19,891,018	28,379,248		48,270,266
Total Revenues	1,024,488,513	44,734,248	240,760,374	1,309,983,135
EXPENSES:				
6100 Payroll Costs	906,409,145	17,384,673		923,793,818
6200 Purchased and Contracted Services	49,495,499	296,000		49,791,499
6300 Supplies and Materials	45,379,925	27,807,230		73,187,155
6400 Other Operating Expenses	25,098,870	57,300		25,156,170
6500 SBITA and Debt Payments	1,740,859		240,670,000	242,410,859
6600 Capital Outlay	1,943,144	15,580,000		17,523,144
Total Expenditures	1,030,067,442	61,125,203	240,670,000	1,331,862,645
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(2,500,000)			(2,500,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	(8,078,929)	(16,390,955)	90,374	(24,379,510)
BUDGETED FUND BALANCE AT AUGUST 31, 2024	\$316,459,768	\$3,232,640	\$60,433,189	\$380,125,597

KATY INDEPENDENT SCHOOL DISTRICT
OFFICIAL BUDGET BY FUNCTION
2023 - 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2023	\$324,538,697	\$19,623,595	\$60,342,815	\$404,505,107
REVENUES:				
5700 Property Taxes and Other Local Revenues	439,153,271	16,155,000	225,881,935	681,190,206
5800 State Program Revenues	565,444,224	200,000	14,878,439	580,522,663
5900 Federal Program Revenues	19,891,018	28,379,248		48,270,266
Total Revenues	<u>1,024,488,513</u>	<u>44,734,248</u>	<u>240,760,374</u>	<u>1,309,983,135</u>
EXPENDITURES:				
11 Instruction	668,167,051			668,167,051
12 Instructional Resources and Media Services	10,372,084			10,372,084
13 Curriculum and Instructional Staff Development	14,681,722			14,681,722
21 Instructional Leadership	9,547,119			9,547,119
23 School Leadership	56,516,453			56,516,453
31 Guidance, Counseling and Evaluation Services	51,282,123			51,282,123
32 Social Work Services	1,071,753			1,071,753
33 Health Services	10,613,241			10,613,241
34 Student (Pupil) Transportation	25,802,906			25,802,906
35 Food Services		61,125,203		61,125,203
36 Co curricular/Extracurricular Activities	22,477,211			22,477,211
41 General Administration	19,826,065			19,826,065
51 Plant Maintenance and Operations	90,088,284			90,088,284
52 Security and Monitoring Services	14,569,558			14,569,558
53 Data Processing Services	18,947,571			18,947,571
61 Community Services	640,168			640,168
71 SBITA and Debt Service	1,740,859		240,670,000	242,410,859
81 Facilities Acquisition and Construction	1,354,327			1,354,327
93 Payments to Fiscal Agents	850,000			850,000
95 Payments to Juvenile Justice Education Program	75,000			75,000
97 Payments to Tax Increment Fund	5,433,947			5,433,947
99 Intergovernmental	6,010,000			6,010,000
Total Expenditures	<u>1,030,067,442</u>	<u>61,125,203</u>	<u>240,670,000</u>	<u>1,331,862,645</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(2,500,000)			(2,500,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	<u>(8,078,929)</u>	<u>(16,390,955)</u>	<u>90,374</u>	<u>(24,379,510)</u>
BUDGETED FUND BALANCE AT AUGUST 31, 2024	<u>\$316,459,768</u>	<u>\$3,232,640</u>	<u>\$60,433,189</u>	<u>\$380,125,597</u>

KATY INDEPENDENT SCHOOL DISTRICT
OFFICIAL BUDGET BY FUND/FUNCTION/OBJECT
2023 - 2024

	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				
5720 From Services to Other LEAs	416,285,016		223,881,935	640,166,951
5730 Tuition and Fees from Patrons	2,579,280			2,579,280
5740 Other Revenues from Local Sources	16,806,608	1,100,000	2,000,000	19,906,608
5750 Co-Curricular/ Enterprising	3,069,476	15,055,000		18,124,476
5760 Intermediate Sources	412,891			412,891
5700 Local and Intermediate Totals	<u>439,153,271</u>	<u>16,155,000</u>	<u>225,881,935</u>	<u>681,190,206</u>
STATE				
5810 Per Capita/ Foundation	506,712,743			506,712,743
5820 TEA Funded		200,000	14,878,439	15,078,439
5830 Non-TEA Funded	58,731,481			58,731,481
5840 Shared Services - State				
5800 State Totals	<u>565,444,224</u>	<u>200,000</u>	<u>14,878,439</u>	<u>580,522,663</u>
FEDERAL				
5910 Other Direct Federal Revenue				
5920 TEA Funded	5,643,000	27,619,248		33,262,248
5930 Non-TEA Funded	14,123,018	760,000		14,883,018
5940 Direct Federal	125,000			125,000
5950 Shared Services - Federal				
5900 Federal Totals	<u>19,891,018</u>	<u>28,379,248</u>		<u>48,270,266</u>
5000 TOTAL - ALL REVENUES	<u>1,024,488,513</u>	<u>44,734,248</u>	<u>240,760,374</u>	<u>1,309,983,135</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
APPROPRIATED EXPENDITURES:				
11 Instruction				
6100 Payroll Costs	\$644,887,099			\$644,887,099
6200 Purchased and Contracted Services	4,500,166			4,500,166
6300 Supplies and Materials	17,529,042			17,529,042
6400 Other Operating Expenses	1,159,800			1,159,800
6600 Capital Outlay	90,944			90,944
11 Total Instruction	<u>668,167,051</u>			<u>668,167,051</u>
12 Instructional Resources & Media Services				
6100 Payroll Costs	9,359,210			9,359,210
6200 Purchased and Contracted Services	3,651			3,651
6300 Supplies and Materials	993,197			993,197
6400 Other Operating Expenses	16,026			16,026
6600 Capital Outlay				
12 Total Instructional Resources & Media Services	<u>10,372,084</u>			<u>10,372,084</u>
13 Curriculum and Instructional Staff Development				
6100 Payroll Costs	12,102,722			12,102,722
6200 Purchased and Contracted Services	391,795			391,795
6300 Supplies and Materials	897,434			897,434
6400 Other Operating Expenses	1,289,771			1,289,771
6600 Capital Outlay				
13 Total Curriculum and Instr. Staff Development	<u>14,681,722</u>			<u>14,681,722</u>
21 Instructional Leadership				
6100 Payroll Costs	8,537,665			8,537,665
6200 Purchased and Contracted Services	522,338			522,338
6300 Supplies and Materials	213,136			213,136
6400 Other Operating Expenses	273,980			273,980
6600 Capital Outlay				
21 Total Instructional Leadership	<u>9,547,119</u>			<u>9,547,119</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	\$54,796,730			\$54,796,730
6200 Purchased and Contracted Services	18,887			18,887
6300 Supplies and Materials	892,635			892,635
6400 Other Operating Expenses	808,201			808,201
6600 Capital Outlay				
23 Total School Leadership	<u>56,516,453</u>			<u>56,516,453</u>
31 Guidance, Counseling & Evaluation Services				
6100 Payroll Costs	48,450,394			48,450,394
6200 Purchased and Contracted Services	663,607			663,607
6300 Supplies and Materials	1,901,718			1,901,718
6400 Other Operating Expenses	266,404			266,404
6600 Capital Outlay				
31 Total Guidance, Counseling & Eval. Services	<u>51,282,123</u>			<u>51,282,123</u>
32 Social Work Services				
6100 Payroll Costs	986,203			986,203
6200 Purchased and Contracted Services	5,000			5,000
6300 Supplies and Materials	57,250			57,250
6400 Other Operating Expenses	23,300			23,300
6600 Capital Outlay				
32 Total Social Work Services	<u>1,071,753</u>			<u>1,071,753</u>
33 Health Services				
6100 Payroll Costs	9,858,803			9,858,803
6200 Purchased and Contracted Services	425,810			425,810
6300 Supplies and Materials	300,550			300,550
6400 Other Operating Expenses	28,078			28,078
6600 Capital Outlay				
33 Total Health Services	<u>10,613,241</u>			<u>10,613,241</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
34 Student (Pupil) Transportation				
6100 Payroll Costs	\$17,405,721			\$17,405,721
6200 Purchased and Contracted Services	4,453,479			4,453,479
6300 Supplies and Materials	3,458,263			3,458,263
6400 Other Operating Expenses	485,443			485,443
6600 Capital Outlay				
34 Total Student (Pupil) Transportation	25,802,906			25,802,906
35 Food Services				
6100 Payroll Costs		\$17,384,673		17,384,673
6200 Purchased and Contracted Services		296,000		296,000
6300 Supplies and Materials		27,807,230		27,807,230
6400 Other Operating Expenses		57,300		57,300
6600 Capital Outlay		15,580,000		15,580,000
35 Total Food Services		61,125,203		61,125,203
36 Co curricular/ Extracurricular Activities				
6100 Payroll Costs	12,856,499			12,856,499
6200 Purchased and Contracted Services	1,729,333			1,729,333
6300 Supplies and Materials	4,317,185			4,317,185
6400 Other Operating Expenses	3,167,494			3,167,494
6600 Capital Outlay	406,700			406,700
36 Total Co curricular/ Extracurricular Activities	22,477,211			22,477,211
41 General Administration				
6100 Payroll Costs	15,002,359			15,002,359
6200 Purchased and Contracted Services	1,353,286			1,353,286
6300 Supplies and Materials	968,574			968,574
6400 Other Operating Expenses	2,501,846			2,501,846
6600 Capital Outlay				
41 Total General Administration	19,826,065			19,826,065

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
51 Plant Maintenance & Operations				
6100 Payroll Costs	\$45,392,057			\$45,392,057
6200 Purchased and Contracted Services	28,418,411			28,418,411
6300 Supplies and Materials	6,911,286			6,911,286
6400 Other Operating Expenses	8,558,030			8,558,030
6600 Capital Outlay	808,500			808,500
51 Total Plant Maintenance & Operations	<u>90,088,284</u>			<u>90,088,284</u>
52 Security and Monitoring Services				
6100 Payroll Costs	13,160,980			13,160,980
6200 Purchased and Contracted Services	361,876			361,876
6300 Supplies and Materials	648,980			648,980
6400 Other Operating Expenses	54,722			54,722
6600 Capital Outlay	343,000			343,000
52 Total Security and Monitoring Services	<u>14,569,558</u>			<u>14,569,558</u>
53 Data Processing Services				
6100 Payroll Costs	12,232,861			12,232,861
6200 Purchased and Contracted Services	490,000			490,000
6300 Supplies and Materials	6,064,736			6,064,736
6400 Other Operating Expenses	159,974			159,974
6600 Capital Outlay				
53 Total Data Processing Services	<u>18,947,571</u>			<u>18,947,571</u>
61 Community Services				
6100 Payroll Costs	530,019			530,019
6200 Purchased and Contracted Services	72,860			72,860
6300 Supplies and Materials	29,939			29,939
6400 Other Operating Expenses	7,350			7,350
6600 Capital Outlay				
61 Total Community Services	<u>640,168</u>			<u>640,168</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
71 Debt Service and SBITA				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses				
6500 SBITA and Debt Service	1,740,859		240,670,000	\$242,410,859
6600 Capital Outlay				
71 Total Debt Service	<u>1,740,859</u>		<u>240,670,000</u>	<u>242,410,859</u>
81 Facilities Acquisition and Construction				
6100 Payroll Costs	\$849,823			849,823
6200 Purchased and Contracted Services				
6300 Supplies and Materials	196,000			196,000
6400 Other Operating Expenses	14,504			14,504
6600 Capital Outlay	294,000			294,000
81 Total Facilities Acquisition and Construction	<u>1,354,327</u>			<u>1,354,327</u>
93 Payments to Fiscal Agents				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	850,000			850,000
6600 Capital Outlay				
93 Payments to Fiscal Agents	<u>850,000</u>			<u>850,000</u>
95 Payments to Juvenile Justice Education Program				
6100 Payroll Costs				
6200 Purchased and Contracted Services	75,000			75,000
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
95 Payments to Juvenile Justice Education Prog.	<u>75,000</u>			<u>75,000</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	5,433,947			\$5,433,947
6600 Capital Outlay				
97 Payments to Tax Increment Fund	<u>5,433,947</u>			<u>5,433,947</u>
99 Intergovernmental				
6100 Payroll Costs				
6200 Purchased and Contracted Services	6,010,000			6,010,000
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
99 Intergovernmental	<u>6,010,000</u>			<u>6,010,000</u>
6000 TOTAL - ALL EXPENDITURES	<u>1,030,067,442</u>	<u>61,125,203</u>	<u>240,670,000</u>	<u>1,331,862,645</u>
1100 Net (Revenues - Expenditures)	<u>(5,578,929)</u>	<u>(16,390,955)</u>	<u>90,374</u>	<u>(21,879,510)</u>
OTHER RESOURCES:				
7911 Sale of Bonds				
7912 Sale of Assets				
7914 Loan Proceeds (Non-Current)				
7915 Transfers In	500,000			500,000
7916 Premiums				
7919 Extraordinary Items				
7000 TOTAL - OTHER RESOURCES	<u>500,000</u>			<u>500,000</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
OTHER USES:				
8911 Transfers Out	\$3,000,000			\$3,000,000
8948 Loan Principal				
8949 Miscellaneous Other Uses				
8000 TOTAL - OTHER USES	<u>3,000,000</u>			<u>3,000,000</u>
9000 Net (Other Resources - Other Uses)	<u>(2,500,000)</u>			<u>(2,500,000)</u>
1200 Net (1100 + 9000)	<u>(8,078,929)</u>	<u>(\$16,390,955)</u>	<u>\$90,374</u>	<u>(24,379,510)</u>
BALANCES				
3100 Beginning Fund Balance 9/1/2023	<u>\$324,538,697</u>	<u>\$19,623,595</u>	<u>\$60,342,815</u>	<u>\$404,505,107</u>
3110 Ending Fund Balance 8/31/2024	<u>\$316,459,768</u>	<u>\$3,232,640</u>	<u>\$60,433,189</u>	<u>\$380,125,597</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

2023-2024 <u>OFFICIAL GOF BUDGET</u> \$14,834	2022-2023 <u>PROJECTED GOF ACTUALS</u> \$10,316
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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.)

2023-2024 <u>OFFICIAL GOF BUDGET</u> \$6,000	2022-2023 <u>PROJECTED GOF ACTUALS</u> \$ 4,549
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