

2016-2017 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 \$807,384,488, total expenditures of \$804,780,693, and net transfers in/out of \$2,250,000. The budget consists of three fund types: General Fund, Special Revenue Fund, and Debt Service Fund.

The General Fund budget includes revenues of \$638,535,209, expenditures of \$631,409,405 and transfers out of \$5,514,560. Revenues are composed of local revenues, including property taxes (63%), revenues received from the state (35%) and federal revenues (2%). Tax revenues are based on the current Maintenance and Operations tax rate of \$1.1266 and taxable values of \$35.82 billion. State revenues are based on a projected enrollment of 75,744 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 \$1,611,244.

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 \$29,068,650 and \$31,771,709 respectively, resulting in a projected decrease in fund balance of \$2,703,059.

The Debt Service expenditure budget is \$141,599,579 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 \$137,551,974 based on the current Debt Service tax rate of \$0.39. State funding of \$2,228,655 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 \$250,000 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 \$1,445,610.

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 2006 to 2016 with the 2016-17 enrollment projected to be 75,744 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 as the greater of 1% or Step increase and starting teacher pay was increased to \$50,500. Salaries increased 1% of mid-point salary ranges for all non-teaching staff. Major one-time expenditures budgeted in 2016-17 include: \$4,238,023 for a lump-sum onetime payment of additional salary, \$1,413,731 for additional maintenance/construction/renovation and replacements throughout the district and \$785,200 in supply start-up for three new campuses.

According to American Schools and Universities Magazine, Katy ISD is the 57th largest school district in the nation and is the third fastest growing school district over the past 25 years of the 100 largest districts. With 2015-16 Spring enrollment of 73,577 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 2021. 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 thirteenth 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, 2015. This award has also been received for thirty-three 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
2016 - 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2016	\$191,978,549	\$2,995,583	\$51,512,890	\$246,487,022
REVENUES:				
5700 Property Taxes and Other Local Revenues	404,886,675	16,235,000	137,551,974	558,673,649
5800 State Program Revenues	222,975,619	162,000	2,228,655	225,366,274
5900 Federal Program Revenues	10,672,915	12,671,650		23,344,565
Total Revenues	638,535,209	29,068,650	139,780,629	807,384,488
EXPENSES:				
6100 Payroll Costs	554,613,970	12,829,218		567,443,188
6200 Purchased and Contracted Services	33,730,863	67,000		33,797,863
6300 Supplies and Materials	30,342,606	18,831,991		49,174,597
6400 Other Operating Expenses	11,322,403	43,500		11,365,903
6500 Debt Payments			141,599,579	141,599,579
6600 Capital Outlay	1,399,563			1,399,563
Total Expenditures	631,409,405	31,771,709	141,599,579	804,780,693
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(5,514,560)		3,264,560	(2,250,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	1,611,244	(2,703,059)	1,445,610	353,795
BUDGETED FUND BALANCE AT AUGUST 31, 2017	\$193,589,793	\$292,524	\$52,958,500	\$246,840,817

KATY INDEPENDENT SCHOOL DISTRICT
 PROPOSED BUDGET BY FUNCTION
 2016 - 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2016	\$191,978,549	\$2,995,583	\$51,512,890	\$246,487,022
REVENUES:				
5700 Property Taxes and Other Local Revenues	404,886,675	16,235,000	137,551,974	558,673,649
5800 State Program Revenues	222,975,619	162,000	2,228,655	225,366,274
5900 Federal Program Revenues	10,672,915	12,671,650		23,344,565
Total Revenues	638,535,209	29,068,650	139,780,629	807,384,488
EXPENDITURES:				
11 Instruction	405,361,901			405,361,901
12 Instructional Resources and Media Services	7,627,407			7,627,407
13 Curriculum and Instructional Staff Development	9,088,999			9,088,999
21 Instructional Leadership	5,431,883			5,431,883
23 School Leadership	36,832,086			36,832,086
31 Guidance, Counseling and Evaluation Services	26,661,673			26,661,673
33 Health Services	6,256,320			6,256,320
34 Student (Pupil) Transportation	20,038,632			20,038,632
35 Food Services		31,771,709		31,771,709
36 Co curricular/Extracurricular Activities	12,594,846			12,594,846
41 General Administration	13,251,463			13,251,463
51 Plant Maintenance and Operations	57,826,408			57,826,408
52 Security and Monitoring Services	7,789,780			7,789,780
53 Data Processing Services	12,172,827			12,172,827
61 Community Services	512,208			512,208
71 Debt Service			141,599,579	141,599,579
81 Facilities Acquisition and Construction	1,685,393			1,685,393
93 Payments to Fiscal Agents	484,258			484,258
95 Payments to Juvenile Justice Education Program	135,965			135,965
97 Payments to Tax Increment Fund	3,657,356			3,657,356
99 Intergovernmental	4,000,000			4,000,000
Total Expenditures	631,409,405	31,771,709	141,599,579	804,780,693
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(5,514,560)		3,264,560	(2,250,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	1,611,244	(2,703,059)	1,445,610	353,795
BUDGETED FUND BALANCE AT AUGUST 31, 2017	\$193,589,793	\$292,524	\$52,958,500	\$246,840,817

KATY INDEPENDENT SCHOOL DISTRICT
 PROPOSED BUDGET BY FUND/FUNCTION/OBJECT
 2016 - 2017

	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	\$394,098,836		\$137,301,974	\$531,400,810
5720 From Services to Other LEAs				
5730 Tuition and Fees from Patrons	1,670,000			1,670,000
5740 Other Revenues from Local Sources	7,492,839	\$105,000	250,000	7,847,839
5750 Co-Curricular/ Enterprising	1,625,000	16,130,000		17,755,000
5760 Intermediate Sources				
5700 Local and Intermediate Totals	<u>404,886,675</u>	<u>16,235,000</u>	<u>137,551,974</u>	<u>558,673,649</u>
STATE				
5810 Per Capita/ Foundation	190,631,051			190,631,051
5820 TEA Funded		162,000	2,228,655	2,390,655
5830 Non-TEA Funded	32,344,568			32,344,568
5840 Shared Services - State				
5800 State Totals	<u>222,975,619</u>	<u>162,000</u>	<u>2,228,655</u>	<u>225,366,274</u>
FEDERAL				
5910 Other Direct Federal Revenue		12,671,650		12,671,650
5920 TEA Funded	1,478,355			1,478,355
5930 Non-TEA Funded	5,600,000			5,600,000
5940 Direct Federal	3,594,560			3,594,560
5950 Shared Services - Federal				
5900 Federal Totals	<u>10,672,915</u>	<u>12,671,650</u>		<u>23,344,565</u>
5000 TOTAL - ALL REVENUES	<u>638,535,209</u>	<u>29,068,650</u>	<u>139,780,629</u>	<u>807,384,488</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	\$388,125,693			\$388,125,693
6200 Purchased and Contracted Services	3,289,693			3,289,693
6300 Supplies and Materials	13,478,332			13,478,332
6400 Other Operating Expenses	458,383			458,383
6600 Capital Outlay	9,800			9,800
11 Total Instruction	<u>405,361,901</u>			<u>405,361,901</u>
12 Instructional Resources & Media Services				
6100 Payroll Costs	6,702,722			6,702,722
6200 Purchased and Contracted Services	5,292			5,292
6300 Supplies and Materials	909,933			909,933
6400 Other Operating Expenses	9,460			9,460
6600 Capital Outlay				
12 Total Instructional Resources & Media Services	<u>7,627,407</u>			<u>7,627,407</u>
13 Curriculum and Instructional Staff Development				
6100 Payroll Costs	7,142,822			7,142,822
6200 Purchased and Contracted Services	437,878			437,878
6300 Supplies and Materials	533,425			533,425
6400 Other Operating Expenses	974,874			974,874
6600 Capital Outlay				
13 Total Curriculum and Instr. Staff Development	<u>9,088,999</u>			<u>9,088,999</u>
21 Instructional Leadership				
6100 Payroll Costs	4,950,792			4,950,792
6200 Purchased and Contracted Services	93,982			93,982
6300 Supplies and Materials	222,713			222,713
6400 Other Operating Expenses	164,396			164,396
6600 Capital Outlay				
21 Total Instructional Leadership	<u>5,431,883</u>			<u>5,431,883</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
23 School Leadership				
6100 Payroll Costs	\$35,888,488			\$35,888,488
6200 Purchased and Contracted Services	18,747			18,747
6300 Supplies and Materials	495,238			495,238
6400 Other Operating Expenses	429,613			429,613
6600 Capital Outlay				
23 Total School Leadership	<u>36,832,086</u>			<u>36,832,086</u>
31 Guidance, Counseling & Evaluation Services				
6100 Payroll Costs	24,432,084			24,432,084
6200 Purchased and Contracted Services	729,671			729,671
6300 Supplies and Materials	1,311,262			1,311,262
6400 Other Operating Expenses	188,656			188,656
6600 Capital Outlay				
31 Total Guidance, Counseling & Eval. Services	<u>26,661,673</u>			<u>26,661,673</u>
33 Health Services				
6100 Payroll Costs	5,834,499			5,834,499
6200 Purchased and Contracted Services	186,641			186,641
6300 Supplies and Materials	201,945			201,945
6400 Other Operating Expenses	33,235			33,235
6600 Capital Outlay				
33 Total Health Services	<u>6,256,320</u>			<u>6,256,320</u>
34 Student (Pupil) Transportation				
6100 Payroll Costs	16,050,271			16,050,271
6200 Purchased and Contracted Services	443,447			443,447
6300 Supplies and Materials	2,938,747			2,938,747
6400 Other Operating Expenses	269,292			269,292
6600 Capital Outlay	336,875			336,875
34 Total Student (Pupil) Transportation	<u>20,038,632</u>			<u>20,038,632</u>

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
35 Food Services				
6100 Payroll Costs		\$12,829,218		\$12,829,218
6200 Purchased and Contracted Services		67,000		67,000
6300 Supplies and Materials		18,831,991		18,831,991
6400 Other Operating Expenses		43,500		43,500
6600 Capital Outlay				
35 Total Food Services		31,771,709		31,771,709
36 Co curricular/ Extracurricular Activities				
6100 Payroll Costs	\$8,202,015			8,202,015
6200 Purchased and Contracted Services	967,091			967,091
6300 Supplies and Materials	1,830,596			1,830,596
6400 Other Operating Expenses	1,595,144			1,595,144
6600 Capital Outlay				
36 Total Co curricular/ Extracurricular Activities	12,594,846			12,594,846
41 General Administration				
6100 Payroll Costs	9,853,538			9,853,538
6200 Purchased and Contracted Services	1,801,524			1,801,524
6300 Supplies and Materials	470,390			470,390
6400 Other Operating Expenses	1,126,011			1,126,011
6600 Capital Outlay				
41 Total General Administration	13,251,463			13,251,463
51 Plant Maintenance & Operations				
6100 Payroll Costs	30,746,624			30,746,624
6200 Purchased and Contracted Services	20,763,530			20,763,530
6300 Supplies and Materials	4,533,104			4,533,104
6400 Other Operating Expenses	1,729,979			1,729,979
6600 Capital Outlay	53,171			53,171
51 Total Plant Maintenance & Operations	57,826,408			57,826,408

	10 General Fund	20/30/40 Special Revenue Fund	50 Debt Service Fund	98 Memorandum Totals
52 Security and Monitoring Services				
6100 Payroll Costs	\$7,074,721			\$7,074,721
6200 Purchased and Contracted Services	290,962			290,962
6300 Supplies and Materials	254,060			254,060
6400 Other Operating Expenses	49,107			49,107
6600 Capital Outlay	120,930			120,930
52 Total Security and Monitoring Services	<u>7,789,780</u>			<u>7,789,780</u>
53 Data Processing Services				
6100 Payroll Costs	8,431,439			8,431,439
6200 Purchased and Contracted Services	502,348			502,348
6300 Supplies and Materials	3,103,713			3,103,713
6400 Other Operating Expenses	135,327			135,327
6600 Capital Outlay				
53 Total Data Processing Services	<u>12,172,827</u>			<u>12,172,827</u>
61 Community Services				
6100 Payroll Costs	379,143			379,143
6200 Purchased and Contracted Services	64,092			64,092
6300 Supplies and Materials	58,658			58,658
6400 Other Operating Expenses	10,315			10,315
6600 Capital Outlay				
61 Total Community Services	<u>512,208</u>			<u>512,208</u>
71 Debt Service				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses				
6500 Debt Service			\$141,599,579	141,599,579
6600 Capital Outlay				
71 Total Debt Service			<u>141,599,579</u>	<u>141,599,579</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	\$799,119			\$799,119
6200 Purchased and Contracted Services				
6300 Supplies and Materials	490			490
6400 Other Operating Expenses	6,997			6,997
6600 Capital Outlay	878,787			878,787
81 Total Facilities Acquisition and Construction	<u>1,685,393</u>			<u>1,685,393</u>
93 Payments to Fiscal Agents				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	484,258			484,258
6600 Capital Outlay				
93 Payments to Fiscal Agents	<u>484,258</u>			<u>484,258</u>
95 Payments to Juvenile Justice Education Program				
6100 Payroll Costs				
6200 Purchased and Contracted Services	135,965			135,965
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
95 Payments to Juvenile Justice Education Prog.	<u>135,965</u>			<u>135,965</u>
97 Payments to Tax Increment Fund				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	3,657,356			3,657,356
6600 Capital Outlay				
97 Payments to Tax Increment Fund	<u>3,657,356</u>			<u>3,657,356</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	4,000,000			4,000,000
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
99 Intergovernmental	<u>4,000,000</u>			<u>4,000,000</u>
6000 TOTAL - ALL EXPENDITURES	<u>631,409,405</u>	<u>31,771,709</u>	<u>141,599,579</u>	<u>804,296,435</u>
1100 Net (Revenues - Expenditures)	<u>7,125,804</u>	<u>(2,703,059)</u>	<u>(1,818,950)</u>	<u>3,088,053</u>
OTHER RESOURCES:				
7911 Sale of Bonds				
7912 Sale of Assets				
7914 Loan Proceeds (Non-Current)				
7915 Transfers In	\$500,000		\$3,264,560	\$3,764,560
7989 Other Non-Revenue Receipts				
7000 TOTAL - OTHER RESOURCES	<u>500,000</u>		<u>3,264,560</u>	<u>3,764,560</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>\$3,264,560</u>	<u>(2,250,000)</u>
1200 Net (1100 + 9000)	<u>1,611,244</u>	<u>(\$2,703,059)</u>	<u>1,445,610</u>	<u>838,053</u>
BALANCES				
3100 Beginning Fund Balance 9/1/2016	<u>191,978,549</u>	<u>2,995,583</u>	<u>51,512,890</u>	<u>246,487,022</u>
3110 Ending Fund Balance 8/31/2017	<u>\$193,589,793</u>	<u>\$292,524</u>	<u>\$52,958,500</u>	<u>\$247,325,075</u>