

## 2025-2026 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 \$1,428,758,562, total expenditures of \$1,468,076,760 and a transfer out of \$3,000,000. The budget consists of three fund types: General Fund, Food Service Fund, and Debt Service Fund.

The General Fund budget includes revenues of \$1,128,720,787, expenditures of \$1,150,584,181 and a transfer out of \$3,000,000. Revenues are composed of local revenues, including property taxes (38.38%), revenues received from the state (61.00%), and federal revenues (0.62%). Tax revenues are based on the Maintenance and Operations tax rate of \$0.7271 and taxable values of \$58.4 billion. State revenues are based on a projected enrollment of 97,161 students. Major expenditure categories include payroll, contracted services, supplies, operating expenditures, Subscription-Based Information Technology Arrangements (SBITA) and capital. Payroll expenditures, which comprise 89% 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 (\$24,863,394).

The Food Service budget consists of anticipated revenues and expenditures pertaining to the District's food services operations and summer feeding program. Food Service revenues and expenditures are projected to be \$51,981,752 and \$61,104,484 respectively, resulting in a projected decrease in fund balance of (\$9,122,732).

The Interest & Sinking (I&S) expenditure budget totals \$256,388,095 and is used to account for payment of principal and interest on the District's long-term debt. Total revenue is \$248,056,023 with the primary revenue source being local property taxes of \$219,712,415 based on the current Debt Service tax rate of \$0.3900. State funding of \$28,343,608 is budgeted as I&S Hold Harmless for all Homestead exemptions called Additional State Aid for Homestead Exemption (ASAHE). Fund Balance is projected to decrease \$8,332,072.

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 3.2% from 2016 to 2025 with the 2025-26 enrollment projected to be 97,161 students. The District has also experienced growth in property values over the past ten years with assessed values increasing at an average of 7.0% annually. This average increase is net of the increase in the homestead exemption. The 2025-26 values are budgeted at \$60,762,890,232 based on value information received from the District's three county appraisal districts at the time of budget adoption.

Salary increases for teachers with 3-4 years of experience were approved \$2,500 and teachers with 5 or more years of experience were approved \$5,000 pay increase in accordance with teacher retention allotment. The starting teacher pay was increased to \$66,180. Teachers with 0-2 years of experience were allocated a \$2,500 pay increase. Salaries increased 3% of mid-point salary ranges for all other staff.

According to American Schools and Universities Magazine, as of October 2024, Katy ISD is the 31<sup>st</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 100,000 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. 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 22<sup>nd</sup> 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, 2023, the 41<sup>st</sup>

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, 2024, 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, 2024. This award has been received for 42 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  
2025 - 2026

	General Fund	Food Service Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2025	\$357,161,685	\$17,428,067	\$62,877,861	\$437,467,613
REVENUES:				
5700 Property Taxes and Other Local Revenues	433,255,181	18,070,000	219,712,415	671,037,596
5800 State Program Revenues	688,474,606	220,000	28,343,608	717,038,214
5900 Federal Program Revenues	6,991,000	33,691,752		40,682,752
Total Revenues	1,128,720,787	51,981,752	248,056,023	1,428,758,562
EXPENSES:				
6100 Payroll Costs	1,023,935,366	23,723,595		1,047,658,961
6200 Purchased and Contracted Services	53,361,715	155,342		53,517,057
6300 Supplies and Materials	50,696,535	35,059,047		85,755,582
6400 Other Operating Expenses	20,741,185	66,500		20,807,685
6500 Debt Payments and SBITA	1,502,810		256,388,095	257,890,905
6600 Capital Outlay	346,570	2,100,000		2,446,570
Total Expenditures	1,150,584,181	61,104,484	256,388,095	1,468,076,760
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(3,000,000)			(3,000,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	(24,863,394)	(9,122,732)	(8,332,072)	(42,318,198)
BUDGETED FUND BALANCE AT AUGUST 31, 2026	\$332,298,291	\$8,305,335	\$54,545,789	\$395,149,415

KATY INDEPENDENT SCHOOL DISTRICT  
OFFICIAL BUDGET BY FUNCTION  
2025 - 2026

	General Fund	Food Service Fund	Debt Service Fund	Total
BUDGETED FUND BALANCE AT SEPTEMBER 1, 2025	<u>\$357,161,685</u>	<u>\$17,428,067</u>	<u>\$62,877,861</u>	<u>\$437,467,613</u>
REVENUES:				
5700 Property Taxes and Other Local Revenues	433,255,181	18,070,000	219,712,415	671,037,596
5800 State Program Revenues	688,474,606	220,000	28,343,608	717,038,214
5900 Federal Program Revenues	<u>6,991,000</u>	<u>33,691,752</u>		<u>40,682,752</u>
Total Revenues	<u>1,128,720,787</u>	<u>51,981,752</u>	<u>248,056,023</u>	<u>1,428,758,562</u>
EXPENDITURES:				
11 Instruction	753,195,783			753,195,783
12 Instructional Resources and Media Services	11,135,081			11,135,081
13 Curriculum and Instructional Staff Development	16,232,873			16,232,873
21 Instructional Leadership	9,503,783			9,503,783
23 School Leadership	62,661,451			62,661,451
31 Guidance, Counseling and Evaluation Services	61,279,560			61,279,560
32 Social Work Services	1,362,988			1,362,988
33 Health Services	13,258,656			13,258,656
34 Student (Pupil) Transportation	32,829,531			32,829,531
35 Food Services		61,004,484		61,004,484
36 Co curricular/Extracurricular Activities	23,754,246			23,754,246
41 General Administration	21,933,998			21,933,998
51 Plant Maintenance and Operations	97,317,130	100,000		97,417,130
52 Security and Monitoring Services	14,240,439			14,240,439
53 Data Processing Services	20,412,423			20,412,423
61 Community Services	749,322			749,322
71 Debt Service	1,502,810		256,388,095	257,890,905
81 Facilities Acquisition and Construction	973,931			973,931
93 Payments to Fiscal Agents	1,150,176			1,150,176
95 Payments to Juvenile Justice Education Program	75,000			75,000
97 Payments to Tax Increment Fund				
99 Intergovernmental	<u>7,015,000</u>			<u>7,015,000</u>
Total Expenditures	<u>1,150,584,181</u>	<u>61,104,484</u>	<u>256,388,095</u>	<u>1,468,076,760</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(3,000,000)			(3,000,000)
Other Sources (Uses)				
EXCESS (DEFICIENCY) OF REVENUES	<u>(24,863,394)</u>	<u>(9,122,732)</u>	<u>(8,332,072)</u>	<u>(42,318,198)</u>
BUDGETED FUND BALANCE AT AUGUST 31, 2026	<u><u>\$332,298,291</u></u>	<u><u>\$8,305,335</u></u>	<u><u>\$54,545,789</u></u>	<u><u>\$395,149,415</u></u>

KATY INDEPENDENT SCHOOL DISTRICT  
OFFICIAL BUDGET BY FUND/FUNCTION/OBJECT  
2025 - 2026

	10 General Fund	24 Food Service Fund	50 Debt Service Fund	98 Memorandum Totals
ESTIMATED REVENUES:				
LOCAL AND INTERMEDIATE				
5710 Real and Personal Property Taxes	\$401,233,196		\$215,212,415	\$616,445,611
5720 From Services to Other LEAs				
5730 Tuition and Fees from Patrons	3,299,280			3,299,280
5740 Other Revenues from Local Sources	24,742,705	1,000,000	4,500,000	30,242,705
5750 Co-Curricular/ Enterprising	3,080,000	17,070,000		20,150,000
5760 Intermediate Sources	900,000			900,000
5700 Local and Intermediate Totals	<u>433,255,181</u>	<u>18,070,000</u>	<u>219,712,415</u>	<u>671,037,596</u>
STATE				
5810 Per Capita/ Foundation	623,098,196			623,098,196
5820 TEA Funded		220,000	28,343,608	28,563,608
5830 Non-TEA Funded	65,376,410			65,376,410
5840 Shared Services - State				
5800 State Totals	<u>688,474,606</u>	<u>220,000</u>	<u>28,343,608</u>	<u>717,038,214</u>
FEDERAL				
5910 Other Direct Federal Revenue				
5920 TEA Funded	3,866,000	32,365,043		36,231,043
5930 Non-TEA Funded	3,000,000	1,326,709		4,326,709
5940 Direct Federal	125,000			125,000
5950 Shared Services - Federal				
5900 Federal Totals	<u>6,991,000</u>	<u>33,691,752</u>		<u>40,682,752</u>
5000 TOTAL - ALL REVENUES	<u>1,128,720,787</u>	<u>51,981,752</u>	<u>248,056,023</u>	<u>1,428,758,562</u>

	10 General Fund	24 Food Service Fund	50 Debt Service Fund	98 Memorandum Totals
<b>APPROPRIATED EXPENDITURES:</b>				
11 Instruction				
6100 Payroll Costs	\$727,965,844.00			\$727,965,844
6200 Purchased and Contracted Services	\$5,718,091.00			5,718,091
6300 Supplies and Materials	\$18,429,280.00			18,429,280
6400 Other Operating Expenses	\$1,032,588.00			1,032,588
6600 Capital Outlay	\$49,980.00			49,980
11 Total Instruction	<u>753,195,783</u>			<u>753,195,783</u>
12 Instructional Resources & Media Services				
6100 Payroll Costs	9,917,624.00			9,917,624
6200 Purchased and Contracted Services	358.00			358
6300 Supplies and Materials	1,206,968.00			1,206,968
6400 Other Operating Expenses	10,131.00			10,131
6600 Capital Outlay				
12 Total Instructional Resources & Media Services	<u>11,135,081</u>			<u>11,135,081</u>
13 Curriculum and Instructional Staff Development				
6100 Payroll Costs	13,958,453.00			13,958,453
6200 Purchased and Contracted Services	280,607.00			280,607
6300 Supplies and Materials	985,288.00			985,288
6400 Other Operating Expenses	1,008,525.00			1,008,525
6600 Capital Outlay				
13 Total Curriculum and Instr. Staff Development	<u>16,232,873</u>			<u>16,232,873</u>
21 Instructional Leadership				
6100 Payroll Costs	9,102,275			9,102,275
6200 Purchased and Contracted Services	29,547			29,547
6300 Supplies and Materials	190,854			190,854
6400 Other Operating Expenses	181,107			181,107
6600 Capital Outlay				
21 Total Instructional Leadership	<u>9,503,783</u>			<u>9,503,783</u>

	10	24	50	98
	General	Food	Debt	Memorandum
	Fund	Service	Service	Totals
		Fund	Fund	
23 School Leadership				
6100 Payroll Costs	60,726,147			\$60,726,147
6200 Purchased and Contracted Services	11,368			11,368
6300 Supplies and Materials	1,019,014			1,019,014
6400 Other Operating Expenses	904,922			904,922
6600 Capital Outlay				
23 Total School Leadership	<u>62,661,451</u>			<u>62,661,451</u>
31 Guidance, Counseling & Evaluation Services				
6100 Payroll Costs	58,086,092			58,086,092
6200 Purchased and Contracted Services	597,163			597,163
6300 Supplies and Materials	2,341,320			2,341,320
6400 Other Operating Expenses	254,985			254,985
6600 Capital Outlay				
31 Total Guidance, Counseling & Eval. Services	<u>61,279,560</u>			<u>61,279,560</u>
32 Social Work Services				
6100 Payroll Costs	1,328,680			1,328,680
6200 Purchased and Contracted Services	4,000			4,000
6300 Supplies and Materials	17,250			17,250
6400 Other Operating Expenses	13,058			13,058
6600 Capital Outlay				
32 Total Social Work Services	<u>1,362,988</u>			<u>1,362,988</u>
33 Health Services				
6100 Payroll Costs	12,089,121			12,089,121
6200 Purchased and Contracted Services	843,638			843,638
6300 Supplies and Materials	291,309			291,309
6400 Other Operating Expenses	21,358			21,358
6600 Capital Outlay	13,230			13,230
33 Total Health Services	<u>13,258,656</u>			<u>13,258,656</u>

	10 General Fund	24 Food Service Fund	50 Debt Service Fund	98 Memorandum Totals
34 Student (Pupil) Transportation				
6100 Payroll Costs	20,589,926			\$20,589,926
6200 Purchased and Contracted Services	5,487,774			5,487,774
6300 Supplies and Materials	6,245,759			6,245,759
6400 Other Operating Expenses	506,072			506,072
6600 Capital Outlay				
34 Total Student (Pupil) Transportation	<u>32,829,531</u>			<u>32,829,531</u>
35 Food Services				
6100 Payroll Costs		\$23,723,595		23,723,595
6200 Purchased and Contracted Services		155,342		155,342
6300 Supplies and Materials		35,059,047		35,059,047
6400 Other Operating Expenses		66,500		66,500
6600 Capital Outlay		2,000,000		2,000,000
35 Total Food Services		<u>61,004,484</u>		<u>61,004,484</u>
36 Co curricular/ Extracurricular Activities				
6100 Payroll Costs	14,433,512			14,433,512
6200 Purchased and Contracted Services	1,786,180			1,786,180
6300 Supplies and Materials	4,405,410			4,405,410
6400 Other Operating Expenses	3,129,144			3,129,144
6600 Capital Outlay				
36 Total Co curricular/ Extracurricular Activities	<u>23,754,246</u>			<u>23,754,246</u>
41 General Administration				
6100 Payroll Costs	17,975,265			17,975,265
6200 Purchased and Contracted Services	1,160,268			1,160,268
6300 Supplies and Materials	563,671			563,671
6400 Other Operating Expenses	2,227,794			2,227,794
6600 Capital Outlay	7,000			7,000
41 Total General Administration	<u>21,933,998</u>			<u>21,933,998</u>

	10 General Fund	24 Food Service Fund	50 Debt Service Fund	98 Memorandum Totals
51 Plant Maintenance & Operations				
6100 Payroll Costs	49,524,178			\$49,524,178
6200 Purchased and Contracted Services	29,614,637			29,614,637
6300 Supplies and Materials	7,741,159			7,741,159
6400 Other Operating Expenses	10,160,796			10,160,796
6600 Capital Outlay	276,360	100,000		376,360
51 Total Plant Maintenance & Operations	<u>97,317,130</u>	<u>100,000</u>		<u>97,417,130</u>
52 Security and Monitoring Services				
6100 Payroll Costs	12,913,982			12,913,982
6200 Purchased and Contracted Services	212,706			212,706
6300 Supplies and Materials	1,066,157			1,066,157
6400 Other Operating Expenses	47,594			47,594
6600 Capital Outlay				
52 Total Security and Monitoring Services	<u>14,240,439</u>			<u>14,240,439</u>
53 Data Processing Services				
6100 Payroll Costs	13,725,223			13,725,223
6200 Purchased and Contracted Services	509,600			509,600
6300 Supplies and Materials	6,100,662			6,100,662
6400 Other Operating Expenses	76,938			76,938
6600 Capital Outlay				
53 Total Data Processing Services	<u>20,412,423</u>			<u>20,412,423</u>
61 Community Services				
6100 Payroll Costs	686,463			686,463
6200 Purchased and Contracted Services	15,778			15,778
6300 Supplies and Materials	42,434			42,434
6400 Other Operating Expenses	4,647			4,647
6600 Capital Outlay				
61 Total Community Services	<u>749,322</u>			<u>749,322</u>

	10 General Fund	24 Food Service Fund	50 Debt Service Fund	98 Memorandum Totals
71 Debt Service				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses				
6500 Debt Service	1,502,810		256,388,095	\$257,890,905
6600 Capital Outlay				
71 Total Debt Service	<u>1,502,810</u>		<u>256,388,095</u>	<u>257,890,905</u>
81 Facilities Acquisition and Construction				
6100 Payroll Costs	912,581			912,581
6200 Purchased and Contracted Services				
6300 Supplies and Materials	50,000			50,000
6400 Other Operating Expenses	11,350			11,350
6600 Capital Outlay				
81 Total Facilities Acquisition and Construction	<u>973,931</u>			<u>973,931</u>
93 Payments to Fiscal Agents				
6100 Payroll Costs				
6200 Purchased and Contracted Services				
6300 Supplies and Materials				
6400 Other Operating Expenses	1,150,176			1,150,176
6600 Capital Outlay				
93 Payments to Fiscal Agents	<u>1,150,176</u>			<u>1,150,176</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	24 Food Service Fund	50 Debt Service Fund	98 Memorandum Totals
99 Intergovernmental				
6100 Payroll Costs				
6200 Purchased and Contracted Services	7,015,000			7,015,000
6300 Supplies and Materials				
6400 Other Operating Expenses				
6600 Capital Outlay				
99 Intergovernmental	<u>7,015,000</u>			<u>7,015,000</u>
6000 TOTAL - ALL EXPENDITURES	<u>1,150,584,181</u>	<u>61,104,484</u>	<u>256,388,095</u>	<u>1,468,076,760</u>
1100 Net (Revenues - Expenditures)	<u>(21,863,394)</u>	<u>(9,122,732)</u>	<u>(8,332,072)</u>	<u>(39,318,198)</u>
OTHER RESOURCES:				
7911 Sale of Bonds				
7912 Sale of Assets				
7914 Loan Proceeds (Non-Current)				
7915 Transfers In				
7916 Premiums				
7919 Extraordinary Items				
7000 TOTAL - OTHER RESOURCES				

	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>(3,000,000)</u>			<u>(3,000,000)</u>
1200 Net (1100 + 9000)	<u>(24,863,394)</u>	<u>(\$9,122,732)</u>	<u>(\$8,332,072)</u>	<u>(42,318,198)</u>
BALANCES				
3100 Beginning Fund Balance 9/1/2025	<u>\$357,161,685</u>	<u>\$17,428,067</u>	<u>\$62,877,861</u>	<u>\$437,467,613</u>
3110 Ending Fund Balance 8/31/2026	<u>\$332,298,291</u>	<u>\$8,305,335</u>	<u>\$54,545,789</u>	<u>\$395,149,415</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

2025-2026 <u>OFFICIAL GOF BUDGET</u> \$16,334	2024-2025 <u>PROJECTED GOF ACTUALS</u> \$10,474
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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.)

2025-2026 <u>OFFICIAL GOF BUDGET</u> \$59,576	2024-2025 <u>PROJECTED GOF ACTUALS</u> \$50,712
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