

KARNES CITY INDEPENDENT SCHOOL DISTRICT

ANNUAL PROPOSED BUDGET 2024 – 2025



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Presented by: Katherine Kuentler, Superintendent of Schools
Sean Smith, CPA, Chief Financial Officer



Karnes City Independent School District

404 N Hwy 123 • Karnes City, Texas 78118 • (830) 780-2321

June 24, 2024

To: Katherine Kuentler, Superintendent of Schools
From: Sean Smith, CPA, Chief Financial Officer
Subject: Proposed Budget Document for 2024-2025

The proposed expenditure budgets for the 2024-2025 school year are as follows:

General Fund	\$ 61,892,400
Student Nutrition Fund	\$ 1,310,000
Debt Service Fund	\$ 9,370,000

The proposed expenditure budget for General Fund and Debt Service is based on an assumed tax rate of \$0.7960.

Funding at this level provides for the following major changes in the General Fund:

- \$ 3,280,000 for board approved capital projects at May’s board meeting
- \$ 811,000 for ongoing Centegix and Softball field projects
- \$ 780,000 3% midpoint adjustment for staff pay
- \$ 450,000 to kickstart bus/white fleet replacement plan
- \$ 420,000 to kickstart preventative maintenance for roofing/HVAC

Funding at this level will result in an estimated deficit budget in the General Fund of \$6,006,000. However, \$4,248,000 has been identified as one-time expenditures. Further, after the district kickstarts the fleet replacement plan the reoccurring cost can be reduced by \$225,000 for years going forward.

Preliminary tax values are less than prior year by 29.80%. However, historically the difference between preliminary and the final certified values vary so significantly that no reliance can be placed on it. Taxable property will continue to exceed our entitlement and these funds will be recaptured by the state. If property values decline, so will the cost of recapture. Conservatively, assumptions used for ADA reflect the post pandemic attendance trend of declining ADA. The budget reflects if property values and ADA remain the same as the prior year. If we were to increase ADA by 20 (very obtainable) we should be able to reduce recapture by over \$100,000. The district will revisit and amend the budget (as necessary) once tax values have been certified in July.

Supplemental information is provided regarding historical ADA, fund balances and other information.

**KARNES CITY INDEPENDENT SCHOOL DISTRICT
PROPOSED BUDGET
SUMMARY
2024 - 2025**

	Governmental Fund Types		
	General Fund	Student Nutrition Fund	Debt Service Fund
Revenues			
5700s - Local	\$ 52,936,400	\$ 50,000	\$ 9,360,000
5800s - State	2,550,000	10,000	10,000
5900s - Federal	400,000	1,250,000	-
Total	<u>\$ 55,886,400</u>	<u>\$ 1,310,000</u>	<u>\$ 9,370,000</u>
Expenditures			
11 - Instruction	\$ 10,226,100	\$ -	\$ -
12 - Instructional Resources & Media	358,200	-	-
13 - Curriculum & Staff Development	191,200	-	-
21 - Instructional Leadership ²	282,100	-	-
23 - School Leadership	996,000	-	-
31 - Guidance, Counseling & Evaluation	393,300	-	-
32 - Social Work Services	-	-	-
33 - Health Services	228,700	-	-
34 - Student Transportation	1,498,000	-	-
35 - Food Service	-	1,310,000	-
36 - Extracurricular Activities	1,051,400	-	-
41 - General Administration ^{1,2}	1,374,600	-	-
51 - Plant Maintenance & Operations	3,282,500	-	-
52 - Security & Monitoring Services	645,000	-	-
53 - Data Processing Services	1,049,300	-	-
61 - Community Services	135,000	-	-
71 - Debt Service	-	-	9,370,000
81 - Facilities Acquisition & Construction	3,431,000	-	-
91 - Contracted Instructional Services	35,550,000	-	-
93 - Fiscal Agent of Shared Service Agreements	375,000	-	-
95 - Payments to JJAEP	115,000	-	-
99 - Other Intergovernmental Charges	710,000	-	-
Total	<u>\$ 61,892,400</u>	<u>\$ 1,310,000</u>	<u>\$ 9,370,000</u>
Excess Revenues Over/(Under)			
Expenditures	<u>\$ (6,006,000)</u>	<u>\$ -</u>	<u>\$ -</u>

¹Includes Statutorily Required Public Notice - Required Posting \$2,000

²Includes Statutorily Required Public Notice - Lobbying \$2,000

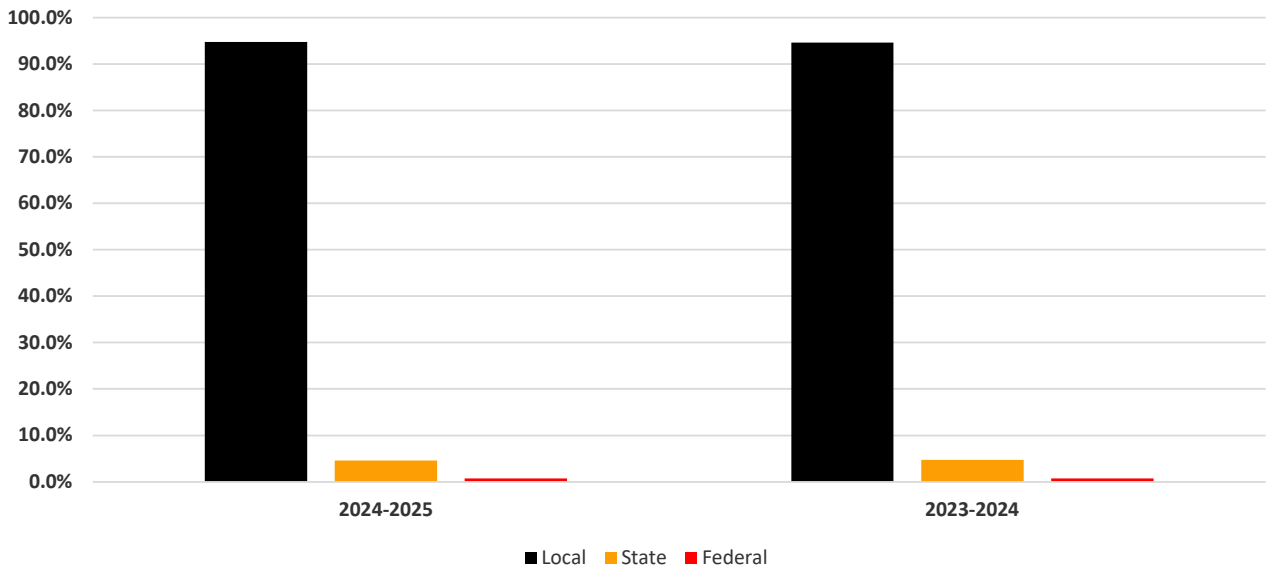
**KARNES CITY INDEPENDENT SCHOOL DISTRICT
PROPOSED BUDGET
GENERAL FUND - COMPARISON
2024 - 2025**

	<u>Proposed Budget 2024 - 2025</u>	<u>Amended Budget 2023-2024</u>	<u>Change From Prior Year (\$)</u>	<u>Change From Prior Year (%)</u>
Revenues				
5700s - Local	\$ 52,936,400	\$ 67,425,235	\$ (14,488,835)	-21.49%
5800s - State	2,550,000	3,359,043	(809,043)	-24.09%
5900s - Federal	400,000	500,000	(100,000)	-20.00%
Total	<u>\$ 55,886,400</u>	<u>\$ 71,284,278</u>	<u>\$ (15,397,878)</u>	-21.60%
Expenditures by Function Code				
11 - Instruction	\$ 10,226,100	\$ 9,317,455	\$ 908,645	9.75%
12 - Instructional Resources & Media	358,200	462,938	(104,738)	-22.62%
13 - Curriculum & Staff Development	191,200	428,674	(237,474)	-55.40%
21 - Instructional Leadership	282,100	405,375	(123,275)	-30.41%
23 - School Leadership	996,000	1,087,025	(91,025)	-8.37%
31 - Guidance, Counseling & Evaluation	393,300	902,121	(508,821)	-56.40%
32 - Social Work Services	-	100,000	(100,000)	-100.00%
33 - Health Services	228,700	479,621	(250,921)	-52.32%
34 - Student Transportation	1,498,000	1,335,000	163,000	12.21%
36 - Extracurricular Activities	1,051,400	1,609,366	(557,966)	-34.67%
41 - General Administration	1,374,600	1,305,349	69,251	5.31%
51 - Plant Maintenance & Operations	3,282,500	3,090,090	192,410	6.23%
52 - Security & Monitoring Services	645,000	770,500	(125,500)	-16.29%
53 - Data Processing Services	1,049,300	1,021,920	27,380	2.68%
61 - Community Services	135,000	125,300	9,700	7.74%
81 - Facilities Acquisition & Construction	3,431,000	6,024,085	(2,593,085)	-43.05%
91 - Contracted Instructional Services	35,550,000	41,478,387	(5,928,387)	-14.29%
93 - Fiscal Agent of Shared Service Agreements	375,000	435,351	(60,351)	-13.86%
95 - Payments to JJAEP	115,000	155,000	(40,000)	-25.81%
99 - Other Intergovernmental Charges	710,000	760,000	(50,000)	-6.58%
Total	<u>\$ 61,892,400</u>	<u>\$ 71,293,558</u>	<u>\$ (9,401,158)</u>	-13.19%
Excess Revenues Over/(Under)				
Expenditures	<u>\$ (6,006,000)</u>	<u>\$ (9,280)</u>		
Expenditures by Object Code				
6100s - Payroll	\$ 13,938,900	\$ 13,000,000	\$ 938,900	7.22%
6200s - Contracted Services	40,233,000	48,537,224	(8,304,224)	-17.11%
6300s - Materials and Supplies	2,195,000	2,295,743	(100,743)	-4.39%
6400s - Other Operating Costs	1,081,500	1,199,586	(118,086)	-9.84%
6600s - Capital Outlay	4,444,000	6,261,005	(1,817,005)	-29.02%
Total	<u>\$ 61,892,400</u>	<u>\$ 71,293,558</u>	<u>\$ (9,401,158)</u>	-13.19%

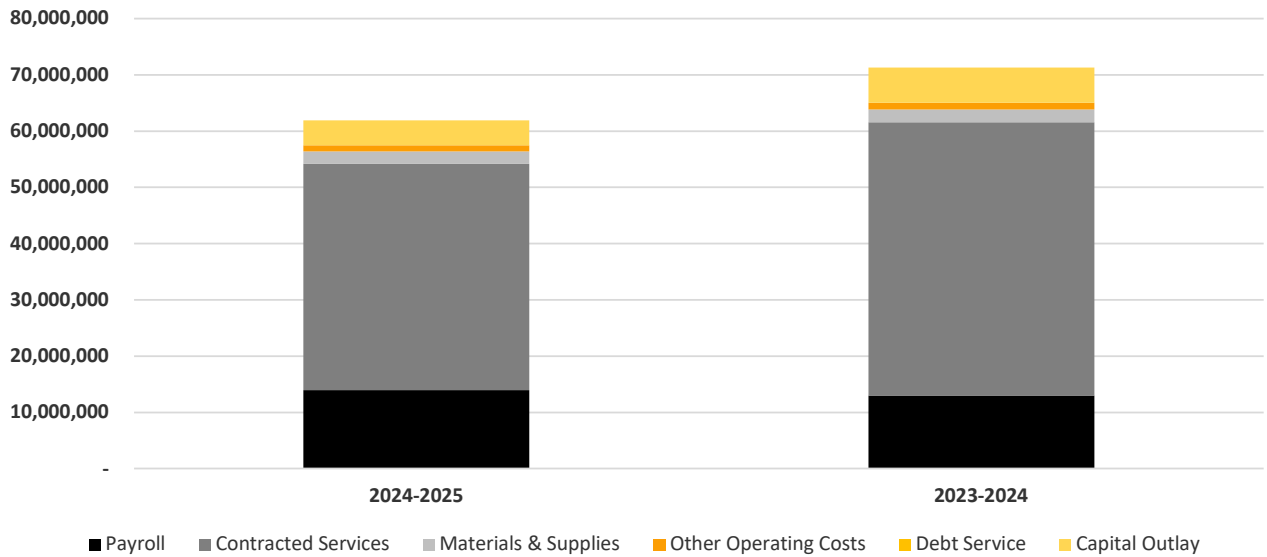
**KARNES CITY INDEPENDENT SCHOOL DISTRICT
PROPOSED BUDGET
GENERAL FUND - EXPENDITURES
2024 - 2025**

Function	Payroll	Professional & Contracted Services	Materials and Supplies	Other Operating Costs	Capital Outlay	Total	% of Budget	
							2024-25	2023-24
11 - Instruction	\$ 8,710,100	\$ 356,000	\$ 556,000	\$ 154,000	\$ 450,000	\$ 10,226,100	16.52%	13.07%
12 - Instructional Resources & Media	237,200	14,000	94,000	13,000	-	358,200	0.58%	0.65%
13 - Curriculum & Staff Development	73,700	71,000	4,500	42,000	-	191,200	0.31%	0.60%
21 - Instructional Leadership	215,600	65,000	500	1,000	-	282,100	0.46%	0.57%
23 - School Leadership	967,000	1,500	8,500	19,000	-	996,000	1.61%	1.52%
31 - Guidance, Counseling & Evaluation	355,300	3,000	22,000	13,000	-	393,300	0.64%	1.27%
32 - Social Work Services	-	-	-	-	-	-	0.00%	0.14%
33 - Health Services	171,700	41,000	15,000	1,000	-	228,700	0.37%	0.67%
34 - Student Transportation	-	800,000	180,000	10,000	508,000	1,498,000	2.42%	1.87%
36 - Extracurricular Activities	662,900	72,500	161,000	155,000	-	1,051,400	1.70%	2.26%
41 - General Administration	854,600	319,000	46,000	155,000	-	1,374,600	2.22%	1.83%
51 - Plant Maintenance & Operations	1,272,500	1,235,000	606,500	113,500	55,000	3,282,500	5.30%	4.33%
52 - Security & Monitoring Services	-	480,000	160,000	5,000	-	645,000	1.04%	1.08%
53 - Data Processing Services	334,300	375,000	320,000	20,000	-	1,049,300	1.70%	1.43%
61 - Community Services	84,000	25,000	21,000	5,000	-	135,000	0.22%	0.18%
81 - Facilities Acquisition & Construction	-	-	-	-	3,431,000	3,431,000	5.54%	8.45%
91 - Contracted Instructional Services	-	35,550,000	-	-	-	35,550,000	57.42%	58.17%
93 - Fiscal Agent of Shared Service Agreements	-	-	-	375,000	-	375,000	0.61%	0.61%
95 - Payments to JJAEP	-	115,000	-	-	-	115,000	0.19%	0.22%
99 - Other Intergovernmental Charges	-	710,000	-	-	-	710,000	1.15%	1.07%
2024-25 Proposed Budget Total	\$ 13,938,900	\$ 40,233,000	\$ 2,195,000	\$ 1,081,500	\$ 4,444,000	\$ 61,892,400	100.00%	99.99%
% of Budget	22.52%	65.00%	3.55%	1.75%	7.18%	100.00%		
2023-24 Amended Budget Total	\$ 13,000,000	\$ 48,537,224	\$ 2,295,743	\$ 1,199,586	\$ 6,261,005	\$ 71,293,558		
% of Budget	18.23%	68.09%	3.22%	1.68%	8.78%	100.00%		
2022-23 Amended Budget Total	\$ 10,114,937	\$ 58,539,786	\$ 1,777,290	\$ 1,109,885	\$ 9,023,632	\$ 80,565,529		
% of Budget	12.55%	72.66%	2.21%	1.38%	11.20%	100.00%		

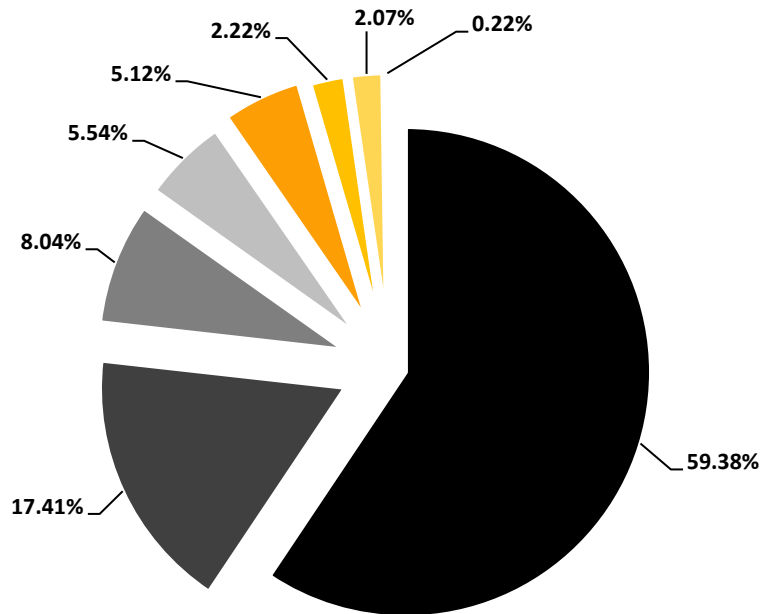
**KANRES CITY INDEPENDENT SCHOOL DISTRICT
GENERAL FUND - REVENUES BY SOURCE
2024 - 2025 PROPOSED BUDGET**



**KARNES CITY INDEPENDENT SCHOOL DISTRICT
GENERAL FUND - EXPENDITURES BY MAJOR OBJECT
2024 - 2025 PROPOSED BUDGET**



**KARNES CITY INDEPENDENT SCHOOL DISTRICT
EXPENDITURES BY MAJOR FUNCTION
2024 - 2025 PROPOSED BUDGET**



Intergovernmental	91 - Contracted Instructional Services	35,550,000	59.38%
	93 - Fiscal Agent of Shared Service Agreements	375,000	
	95 - Payments to JJAEP	115,000	
	99 - Other Intergovernmental Charges	710,000	
Instructional	11 - Instruction	10,226,100	17.41%
	12 - Instructional Resources & Media	358,200	
	13 - Curriculum & Staff Development	191,200	
Support	51 - Plant Maintenance & Operations	3,282,500	8.04%
	52 - Security & Monitoring Services	645,000	
	53 - Data Processing Services	1,049,300	
Capital Outlay	81 - Facilities Acquisition & Construction	3,431,000	5.54%
Student Support	31 - Guidance, Counseling & Evaluation	393,300	5.12%
	33 - Health Services	228,700	
	34 - Student Transportation	1,498,000	
	36 - Extracurricular Activities	1,051,400	
Administrative Support	41 - General Administration	1,374,600	2.22%
School Leadership	21 - Instructional Leadership	282,100	2.07%
	23 - School Leadership	996,000	
Ancillary	61 - Community Services	135,000	0.22%
		61,892,400	100.00%

**KARNES CITY INDEPENDENT SCHOOL DISTRICT
PROPOSED BUDGET
GENERAL FUND - SUPPORTING INFORMATION
2024 - 2025**

Foundation/Per Capita

The chart below reflects the state revenue, average daily attendance (ADA) and weighted average daily attendance (WADA) for the past three years. In addition, the ADA and WADA projections that were used in estimating the 2023-24 state revenue are included.

	2024-25 Proposed	2023-24 Projected	2022-23 Final	2021-22 Final
State revenue (foundation/per capita)	1,512,068	1,512,068	14,671,907	707,040
Local Revenue in Excess of Entitlement	(35,666,832)	(35,666,832)	(16,069,717)	(22,019,964)
Refined ADA	919.520	919.520	3,687.813	952.527
Special Education FTE's:				
Homebound	-	-	0.076	0.073
Hospital class	-	-	-	-
Speech therapy	2.290	2.290	3.229	3.074
Resource room	24.230	24.230	25.594	24.366
Self-contained	7.030	7.030	9.434	8.982
Vocational adjustment class	2.360	2.360	1.042	0.992
Residential care	-	-	-	-
Mainstream ADA	61.390	61.390	47.228	44.490
Dyslexia Enrollment	137.000	137.000	248.000	37.000
Compensatory education*	619.000	619.000	2,921.000	739.000
Eco Disadvantaged Census Block 1	35.000	35.000	38.000	63.000
Eco Disadvantaged Census Block 2	29.000	29.000	32.000	306.000
Eco Disadvantaged Census Block 3	106.000	106.000	600.000	128.000
Eco Disadvantaged Census Block 4	443.000	443.000	3.000	232.000
Eco Disadvantaged Census Block 5	6.000	6.000	12.000	10.000
Pregnant students FTE's	0.100	0.100	0.096	0.290
Non-Economically Disadvantaged	-	-	-	-
Bilingual ADA:				
LEP Allotment	60.540	60.540	191.969	46.987
LEP Dual Language	-	-	-	-
Non-LEP Dual Language	-	-	-	-
Career & Technology (CTE):				
Not Approved Program of Study	-	-	1.234	2.536
Level 1&2 Approved Program	68.540	68.540	65.055	61.972
Level 3&4 Approved Program	35.100	35.100	43.195	21.633
Early Education ADA:	205.660	205.660	552.344	208.545
CCMR Outcomes Bonus:				
Educationally Disadvantaged	5.000	5.000	4.000	5.000
Not Educationally Disadvantaged	-	-	2.000	5.000
Special Education	-	-	-	-
Dropout Recovery and Residential	-	-	-	-
Gifted and talented**	45.000	45.000	180.000	48.000
Weighted ADA (WADA)	1,679.900	1,679.900	5,105.818	1,692.475

* Computed using best six month average of approved free and reduced breakfast/lunch pupils

** Limited to a maximum of 5% of refined ADA

TRS On-Behalf

Eligible district employees have a percentage of their salaries withheld that is remitted to TRS for future retirement benefits. In addition, the State pays matching funds to the TRS on behalf of the employees. These funds are paid by the State directly to TRS and do not flow through the District. These matching amounts paid by the State must be recorded by the District as on-behalf payment revenues and expenditures in accordance with required accounting principles. The on-behalf expenditures are included in the payroll budget and offset the State on-behalf revenue amount of \$1,000,000.

**KARNES CITY INDEPENDENT SCHOOL DISTRICT
PROPOSED BUDGET
GENERAL FUND - SUPPORTING INFORMATION
2024 - 2025**

Fund Balance

The fund balances in the General Fund as of June 30 audited financial statements were as follows:

	2023	2022	2021	2020
Restricted Fund Balance				
Retirement of Long-term debt	\$ -	\$ -	\$ -	\$ -
Committed Fund Balance				
Construction	2,600,000	2,600,000	2,600,000	2,600,000
Assigned Fund Balance				
Outstanding Encumbrances	-	-	-	-
Unassigned Fund Balance	44,575,759	46,374,240	52,495,315	50,958,084
Total	\$ 47,175,759	\$ 48,974,240	\$ 55,095,315	\$ 53,558,084

Per Pupil Campus Allocations

Campus budgets are established by estimating pupil ADA for the following year and administratively setting a per-pupil amount. The campus allocation is used by the campus administrator to provide for non-payroll costs such as repairs, supplies, travel and equipment. It is used for instruction, staff development, campus administration, counseling and student extracurricular functional expenditures. It is not used to cover athletic, instructional resources (LRC), required contracts (e.g. copier machines), or maintenance (e.g., utilities) costs. Following are the per-pupil allocation rates used for 2024-25:

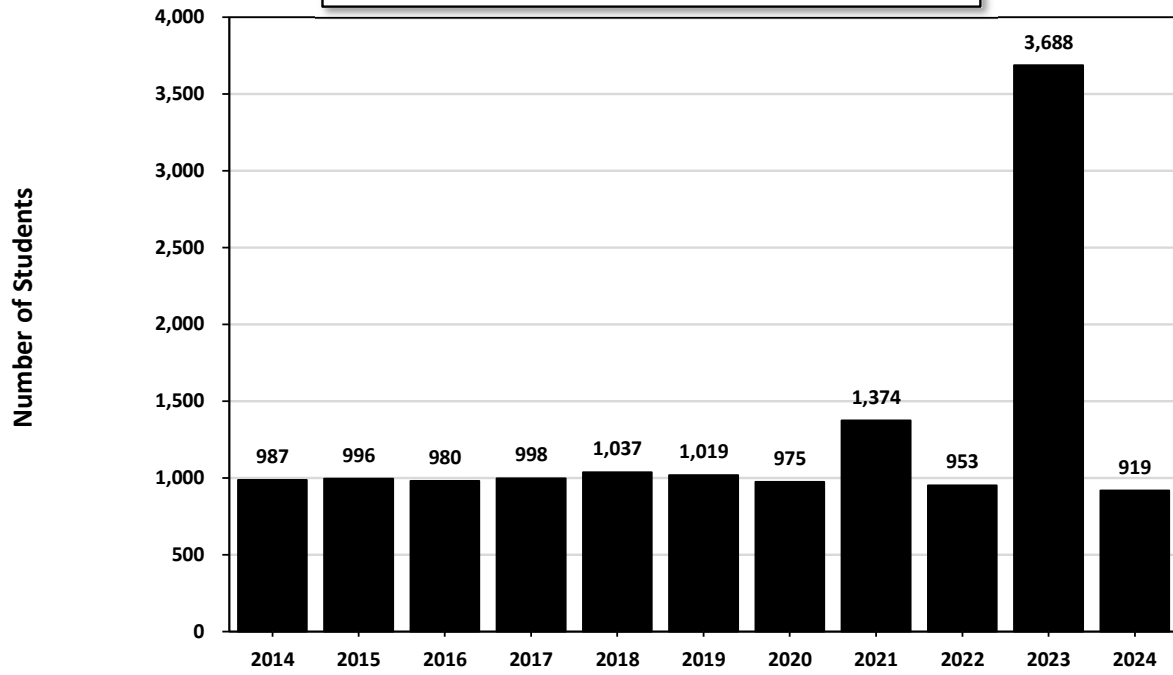
High School	\$290
Middle School	\$290
Elementary	\$160
Primary	\$160

Outstanding Encumbrances

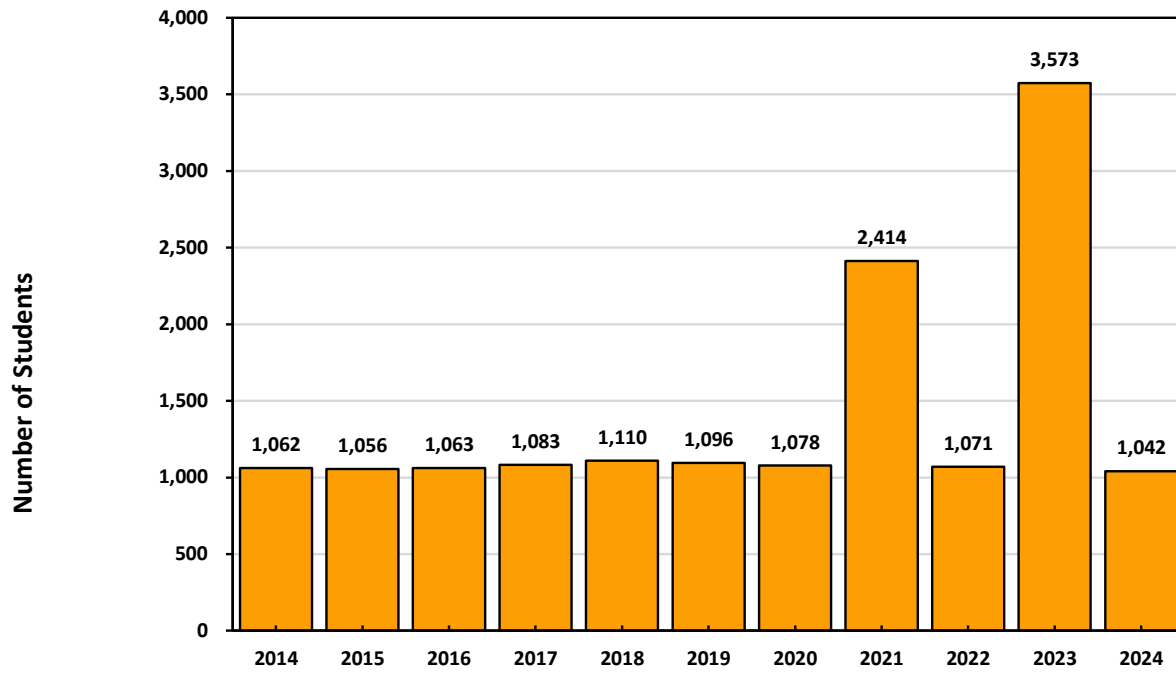
Budgets are the legal authority for expenditures. To exercise this authority, the District must have accurate up-to-date information on the status of budget balances at all times. Knowing how much money is spent is generally not sufficient. The amount committed must also be known to avoid over expenditure of budgeted funds. Encumbrances represent commitments related to contracts not yet performed and are used to control expenditures for the year and to enhance cash management. At the time these commitments are made, a purchase order is prepared and the appropriate account is checked for available funds. If an adequate balance exists, the amount of the purchase order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources.

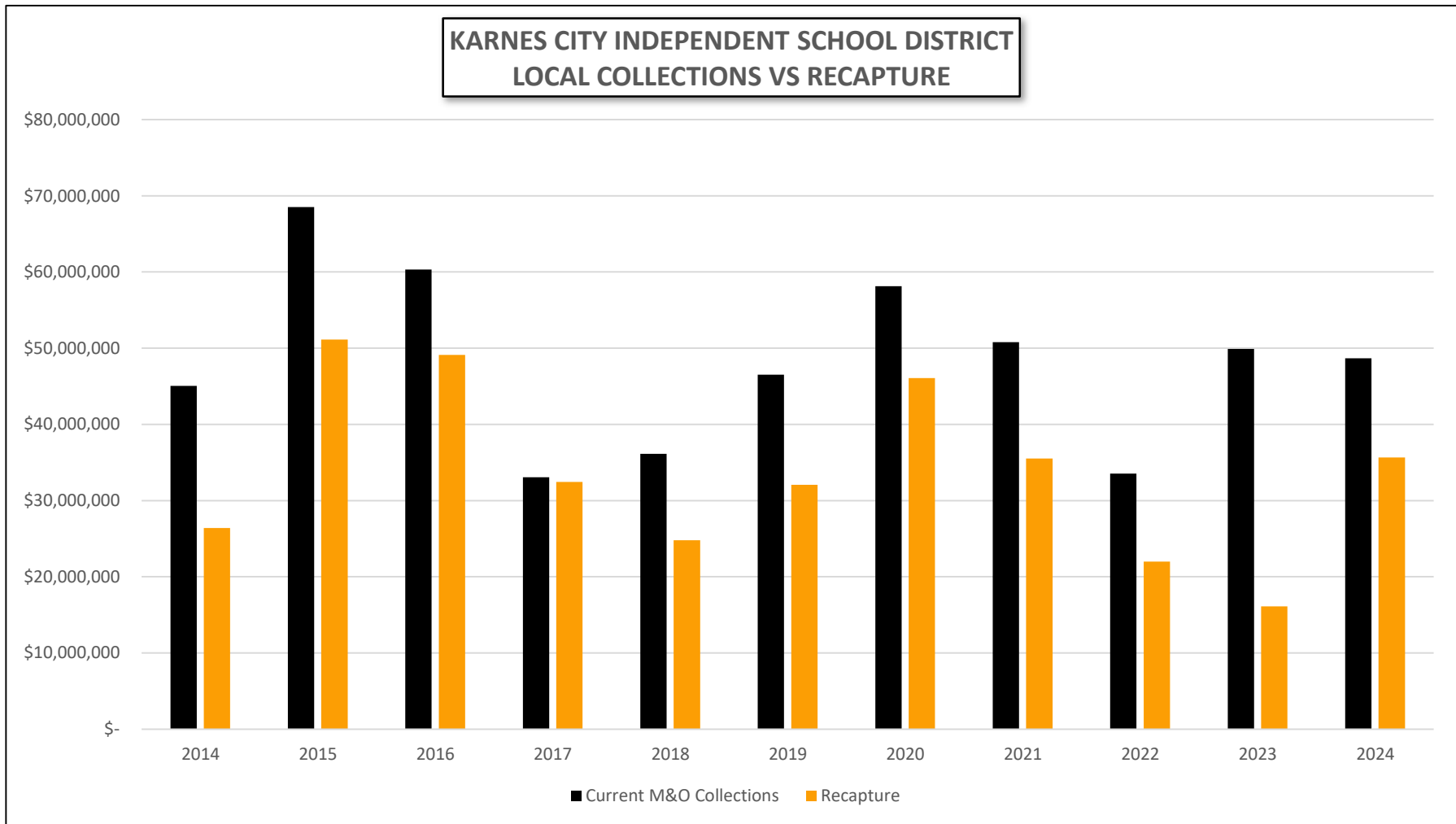
Prior to the end of the year, every effort is made to liquidate all outstanding encumbrances. When encumbrances are outstanding at the fiscal year end, the District will honor the open purchase orders that support the encumbrances. For reporting purposes, outstanding encumbrances are not considered expenditures for the fiscal year. The appropriation authority expires at year-end; however, the items represented by the encumbrances are re-appropriated in the subsequent year's budget and will be reflected as expenditures in that year. During August, a budget amendment will be presented to the Board of Trustees that will allocate outstanding encumbrances to the proper expenditure accounts.

**KARNES CITY INDEPENDENT SCHOOL DISTRICT
AVERAGE DAILY ATTENDANCE**



**KARNES CITY INDEPENDENT SCHOOL DISTRICT
ENROLLMENT HISTORY**





Since 2014 approximately \$371,338,612 of local M&O tax levy has been recaptured by the State. The State issues a letter every year indicating the maximum compressed tax rate (MCR). In order to maintain tax rate equity, no district may have a MCR less than 90% of any other district. It is important to remember that Tier One tax compression does not impact the overall level of funding a district is entitled to. Rather, tax compression only impacts the balances of state and local share of a school district's total Tier One entitlement.