

# Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2016



Katy Independent School District  
6301 South Stadium Lane  
P.O. Box 159  
Katy, Texas 77492-0159



**KATY INDEPENDENT  
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2016**

**PREPARED BY  
THE FINANCE DEPARTMENT**

**Christopher J. Smith  
Chief Financial Officer**

**Anne M. Faichtinger  
Business Manager**

**Elizabeth A. Haven  
Accounting Supervisor**

**6301 S. Stadium Lane  
P.O. Box 159  
Katy, Texas 77492-0159**



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Christopher J. Smith  
CHIEF FINANCIAL OFFICER

January 23, 2017

The Board of Trustees and Citizens  
Katy Independent School District  
6301 South Stadium Lane  
P.O. Box 159  
Katy, Texas 77492-0159

Dear Board Members and Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Katy Independent School District (the District) for the fiscal year ended August 31, 2016 is presented herein. The CAFR is management's report of the financial operations of the District for the Board of Education (the Board), patrons, taxpayers, employees, grantor agencies, the Texas Education Agency (TEA), and other interested parties. The Government-wide Financial Statements in this report provide an overview of the District's governmental activities, while detailed Fund Financial Statements describe specific activities of each fund group used in accounting for the District's financial transactions. This report has been prepared by the District's Finance Department in accordance with the accounting principles and reporting standards promulgated by the Governmental Accounting Standards Board (GASB) and the official rules published by the Texas Education Agency.

The CAFR is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, a list of principal officials and advisors, and an organizational chart. The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), basic financial statements, required supplementary information, and other supplementary information. The Statistical Section is designed to reflect social and economic data, financial and fiscal trends, and demographic information.

District management assumes full responsibility for the completeness, fairness, and accuracy of the information contained in this report. We believe that the data presented is accurate in all material respects and is presented in a manner to fairly display the financial position of the District as measured by the financial activity of its various funds. We also believe that all necessary disclosures are included to enable the reader to gain full understanding of the District's financial activities.

The Texas Education Code Section 44.008 requires an annual audit of the accounts, financial records, and transactions of the District by independent certified public accountants selected by the Board. This requirement has been complied with, and the Independent Auditors' Report has been included in this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE DISTRICT**

The Katy Independent School District was established in 1919 and is governed by an elected Board of seven trustees. The District is a recognized political subdivision of the State of Texas and has the responsibility for and control over all activities related to public education within its 181 square mile boundary. Located approximately 16 miles west of downtown Houston, the District has a population of approximately 329,175 and extends beyond the City of Katy into Harris, Fort Bend, and Waller counties. The District and the City of Katy are governed independently, with each having individual taxing authority. The District is an independent entity and has no component units. Katy ISD has an enrollment of more than 73,577 students and is comprised of 60 campuses including 37 elementary schools, 13 junior high schools, 7 comprehensive high schools, a high school of choice, an alternative learning center, and a career and technology center. The ages and capacities of these facilities range from 0 to 69 years with an average age of 20.3 years and can be found in Exhibit XVII of the Statistical Section.

Katy ISD provides a learning environment that ensures quality education. Its balanced, dynamic curriculum and cooperative partnership with parents and community prepare students for the changes and challenges of the future and empowers them to pursue productive and fulfilling lives. The District is a partnership of teachers, parents, and the community. Because of this working alliance, each year Katy ISD students, staff, schools, and volunteers win numerous state and national awards.

Attesting to the solid relationship between the District and the community, Katy ISD offers an award winning Partners in Education program, providing over 22,000 volunteers which donated more than 1,018,000 hours to the students of the District in 2015-2016. In addition, Katy ISD is the first school district in the world to adopt a Junior Achievement (JA) “whole district” approach, providing JA curriculum at each grade level and at every campus.

Katy ISD teachers have online access to a rigorous and relevant curriculum that is aligned to state standards. They collaboratively design instruction promoting meaningful learning experiences; encourage connections between and among the disciplines; and promote academic, emotional, physical, social and positive behavioral skills. Relevant learning tasks are developed to assess student learning through a variety of ways including formative, summative, authentic, formal, informal, and project-based. Students are encouraged to be actively involved in using evaluation criteria to self-monitor, self-reflect, and self-evaluate. Individual student data is used to inform and guide instruction. Student achievement on statewide tests consistently surpasses statewide achievement levels. Scores for the PSAT, SAT, and ACT rank above both state and national averages. Katy ISD students consistently win individual and team competitions in academics, athletics, and fine arts. Katy ISD was recently ranked as the best school district in the Greater Houston Area by Niche, a review site providing rankings and insight into more than 120,000 K-12 schools. Niche looked at data on academics, health and safety, and school resources to determine the best school districts in the region. Katy ISD received high marks across the board, and was additionally ranked thirteenth among school districts state-wide.

Information on the district website provides parents and community members with resources used in instruction. Campus and teacher websites offer pertinent communication to assist with the parent-teacher-student connection.

The District is a leader among Texas public school districts in the integration of technology and education and maintains more than 40,000 centrally managed computers, over 20,000 tablet devices, and approximately 3,500 interactive white boards, as well as mobile wireless labs at every campus. Katy’s mobile device management system, Casper, is in place to handle the setup and deployment of applications for the iPads. Communication is an integral part of daily operations; therefore, it is important to have a strong infrastructure to support an IP based phone system in each classroom, an AD integrated email system and a mobile app, *Katy on the Go*. Katy ISD has implemented a number of web based applications allowing for aggregation of data, in-depth reporting, and remote access. Katy ISD’s Mobile Learning Device initiative began in 2009 and provided over 2,300 Smartphones to fifth grade students at 18 elementary campuses and 1,200 Smartphones at three junior high campuses. The success of that program led Katy ISD in 2011-12 to implement a “bring your own device” program at every campus. The BYOD initiative allows students and teachers to bring their



personal wireless devices to school and connect to the filtered, public Wi-Fi. During the 2015-16 school year, Katy continues the “Digital Equity Continuation” designed to keep pace with the fast growth of the District by placing additional devices in the libraries for checkout by students to use either at home or at school.

One of the District’s latest deployments was the implementation of Microsoft Office 365. This enterprise application allows staff and students the anytime, anywhere access to online applications such as Excel, Word, and PowerPoint. Katy ISD users can also download these applications to use on their personal computers as well as take advantage of unlimited file storage. Katy ISD continues to roll out improvements to the single sign-on platform MyKaty Cloud and the student learning platform, Canvas. MyKaty Cloud provides one login and access point to selected applications both inside and outside the District. Canvas is a learning platform that allows students and teachers access to valuable online resources, and projects outside the classroom.

Katy ISD is comprised of dedicated and aspiring professionals with a common goal “to do whatever it takes” for student success. The emphasis is on meeting the needs of students through engaging instruction, a supportive classroom environment, and a wide variety of extracurricular activities.

## **ECONOMIC CONDITION AND OUTLOOK**

### ***Local Economy***

The area’s economy is diverse with concentrations in healthcare, real estate, oil and gas, commercial building, retail trade, and service producing industries. Many employers recruit their professional workers from the west Houston area; therefore, local educational institutions are a key component to producing employees with high educational backgrounds. The greatest strength of the area’s economy is its human capital. Maintaining the competitive advantage of having well-educated and highly compensated workers requires a number of educational initiatives, including the public support of local schools as they enroll larger and more diverse student bodies and the access to higher education for residents by public schools and businesses working with local universities.

When one factors in the reputation of Katy ISD’s educational programs as reflected by its academic achievements, the school district is expected to continue its strong growth and development. Amenities such as the school system, proximity to employment and activity centers, and an effective transportation system combine to attract new residents. Several large projects are occurring, including the ongoing construction of several master planned residential developments, and the opening of facilities by Texas Medical Center staples like Texas Children’s, Methodist and Memorial Hermann Hospitals, as well as numerous commercial projects including hotels, restaurants, and shopping centers. In addition, residents will have more mobility options with access to I-10 and the continued expansion of the Grand Parkway which will stretch across the northwest part of the district from I-10 to I-45.

### ***Growth and Long Range Planning***

According to American Schools and Universities Magazine, Katy ISD is the 52nd largest school district in the nation and is one of the fastest growing school districts. With 2015-16 enrollments of 73,577 the District’s growth is showing no signs of stopping. The District’s latest demographic report predicts that with the most likely growth projections, over 98,000 students will attend Katy ISD schools by the year 2026. 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.

Two elementary schools and one junior high school are scheduled to open for the 2016-17 school year. In addition, one elementary, one junior high, and one high school are currently under construction and scheduled to open in August 2017.

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. This plan, which includes both new and existing facilities serves as a tool to assist bond planning committees. The plan is being updated in preparation for bond planning currently scheduled to commence in spring 2017. The last bond election was in the fall of 2014, providing \$748 million which is funding projects currently under construction. The bond also is providing funding for renovations, property acquisition, furniture and equipment, and buses. The District has issued two sales from this authorization, the first in 2015 and the second in 2016. With the schedule for opening new facilities and renovations, projected enrollments, and projected funding levels based on current law, the District continuously develops and monitors budget priorities and short and long range plans.

The District is an active member of a coalition of fast-growing school districts that work with legislators to address problems, needs, and challenges specific to districts in a fast-growth environment. Facility funding, operating costs associated with additional facilities, tax rate limitations, and other problem areas experienced by growing districts are the focus of the coalition.

## **FINANCIAL INFORMATION**

### ***Accounting Systems***

The Board of Trustees maintains a system of accounting controls designed to assist the administration in meeting its responsibility for accurately reporting the financial condition of the District. The system is designed to provide reasonable assurance that assets are safeguarded against loss, theft, or misuse so activities can be recorded and transacted by the administration for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than an absolute, assurance that the financial statements will be free from material misstatement.

The cost of operating the District's schools and the revenues to cover these costs are accounted for through the General Fund. Food service operations and special programs funded by local, state and federal government grants designed to accomplish a particular objective are accounted for in the Special Revenue Fund.

The District accounts for school construction financed by bond sales through a Capital Projects Fund. A specific portion of the tax rate is dedicated to payment of bond principal and interest. These transactions are recorded in the Debt Service Fund.

The District has established Internal Service Funds to account for the transactions of its print shop operations, self-insured workers' compensation, and health insurance plans. Income for these funds is derived primarily from charges to governmental funds based on usage.

Agency Funds are included in the CAFR in financial schedules of student activity funds. Accounting for these funds is managed centrally by the Financial Services Department, using the same uniform accounting procedures and guidelines as the General Fund.

The District's accounting records are maintained on a modified accrual basis for governmental fund types and a full accrual basis for the proprietary fund types as prescribed by Texas Education Agency Financial Accountability System Resource Guide (Resource Guide). Additionally, the District has prepared the Government-wide Financial Statements on the full accrual basis as required by Governmental Accounting Standards Board Statement No. 34.

Financial data is submitted by the District to the Texas Education Agency through the Public Education Information Management System (PEIMS). The data is then analyzed, reviewed and presented to the State Board of Education.

## ***Budgetary Process***

State law requires that every local education agency in Texas prepare and file an annual budget of anticipated revenues and expenditures with the Texas Education Agency. The budget itself is prepared utilizing a detailed line item approach for governmental fund types and is prepared in accordance with the budgeting requirements as outlined in the State Resource Guide. It is the intent of the District that the budgetary process results in the most effective mix of the educational and financial resources available while attaining the goals and objectives of the District. This includes the identification and prioritization of as many separate educational and education support components as reasonably possible. These components are initially identified and prioritized by the organizational manager most directly responsible and are later reviewed by principals, department heads, 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.

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.

## ***Significant Financial Activities***

In 2015, the 84th Texas Legislature did appropriate a modest increase to public education of \$3.9 billion. This increase was made up of \$2.3 billion for enrollment growth and \$1.2 billion for the Foundation School Program. Although some funding was eliminated or reduced for various other programs and grants, others were increased, reinstated or added for an increase of \$0.4 billion.

With this said, the session saw lawmakers balk at the negotiations on school finance reform. More than 600 Texas school districts sued the state over its funding scheme after the Legislature cut \$5.4 billion from the public education budget in 2011. An Austin-based judge did determine the Texas' school funding system to be inadequate. In May 2016, bringing an abrupt end to a years-long legal fight from school districts anxious for more state money to educate children, the Texas Supreme Court issued a ruling to uphold the state's public school funding system, despite its imperfections, as constitutional. Although the court gave legislators no mandate to change the system, it did urge state lawmakers to implement "transformational, top-to-bottom reforms that amount to more than Band-Aid on top of Band-Aid."

The District's total tax base grew over \$4.3 billion in 2015-16, an increase of 15.0%. The major growth continued in the residential values, which experienced an increase of 20.9%. Residential properties, including multi-family residences, comprised 68.2% of the total tax base, commercial property 27.3%, vacant land 4.5%, and minerals less than 1%. Due to the District's boundaries falling within three counties, property located in Katy ISD is appraised by three County Appraisal Districts (CAD's).

The District has an inter-local agreement with the City of Katy to participate in a Tax Increment Reinvestment Zone (TIRZ). Maintenance and Operation (M&O) taxes collected on real property located within the reinvestment zone are contributed to the TIRZ and used to service bonded debt on a multipurpose facility located within the zone. Tax contributions exceeding the annual debt requirements and related expenses are returned to the District to be used within the TIRZ at the discretion of the District.

Technology is a high priority with expenditures focused on equipping new schools, the replacement of equipment in existing schools, and providing new and updated software. The technology strategic plan and long-range facility plan continue to be reviewed and modified as necessary to ensure continued support and integration of technology both at the campus and support facilities.

State legislation passed in 2005 reduced the District's M&O tax rate from \$1.63 to \$1.445 in 2006-07 and to \$1.0866 in 2007-08. School Boards are given local discretion to increase the M&O tax rates by four cents

without holding an election. The District's 2015-16 M&O tax rate maintains the additional four cent increase originally adopted in 2006-07. With the increase in property values and strategic debt management, the District was able to decrease the District's debt tax rate from \$.40 to \$.39 for 2015-16.

The tax rates per \$100 of assessed value at 100% of market value from 2008-09 are as follows:

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
General Fund	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266
Debt Service Fund	0.3900	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
Total	<u>\$ 1.5166</u>	<u>\$ 1.5266</u>	<u>\$ 1.5266</u>	<u>\$ 1.5266</u>	<u>\$ 1.5266</u>	<u>\$ 1.5266</u>	<u>\$ 1.5266</u>	<u>\$ 1.5266</u>

## **AWARDS AND ACKNOWLEDGEMENTS**

### ***Financial Reporting Awards***

For the fourteenth 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 76<sup>th</sup> 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.

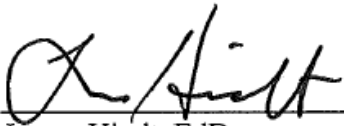
Additionally, the District was awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International (ASBO) for its Comprehensive Annual Financial Report for the year ended August 31, 2015. This award has also been received for thirty-three consecutive years. We believe the Comprehensive Annual Financial Report for the year ended August 31, 2016 continues to conform to the standards for which this award was granted.

### *Acknowledgements*

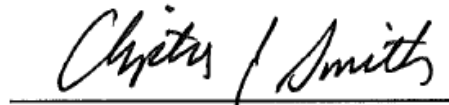
We appreciate the support of the Board, the residents of the District, and the business community, all of whom work cooperatively to ensure the best education for its students and the prudent development of the District. This cooperation is indicative of the strong support for the attainment of excellence in the District's education programs.

Also, we would like to express an appreciation to all employees in the District for their interest and support in planning and conducting the financial affairs of the District in a responsible and progressive manner.

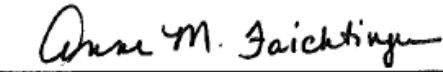
Finally, a special thanks to the Finance Department for its diligence and dedicated service in helping prepare this report on a timely basis.



Lance Hindt, EdD  
Superintendent



Christopher J. Smith  
Chief Financial Officer



Anne M. Faichtinger  
Business Manager



Elizabeth A. Haven  
Accounting Supervisor



**KATY INDEPENDENT SCHOOL DISTRICT**  
**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN**  
**FINANCIAL REPORTING**

The Government Finance Officers Associate of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Katy Independent School District, Texas for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2015.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

Receiving the award is recognition that a school system has met the highest standards of excellence in government accounting and financial reporting.



Government Finance Officers Association

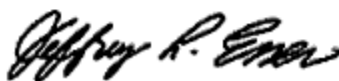
**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Katy Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2015**



Executive Director/CEO

**KATY INDEPENDENT SCHOOL DISTRICT**

**CERTIFICATE OF EXCELLENCE IN  
FINANCIAL REPORTING**

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to Katy Independent School District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2015.

The Certificate of Excellence in Financial Reporting is an award of recognition granted by ASBO. The award certifies that the recipient school system has presented its Comprehensive Annual Financial Report to the ASBO Panel of Review for critical review and evaluation and that the report was judged to have complied with the principles and practices of financial reporting recognized by ASBO.

Receiving the award is recognition that a school system has met the highest standards of excellence in school financial reporting.



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting Award  
is presented to**

**Katy Independent School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended August 31, 2015.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director

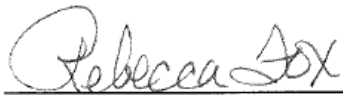
Certificate of Board

Katy Independent School District  
Name of School District

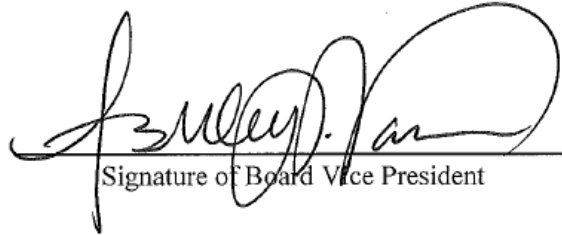
Harris  
County

101-914  
County District  
No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2016 at a meeting of the Board of Trustees of such school district on the 23rd day of January 2017.



Signature of Board President



Signature of Board Vice President



**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED AUGUST 31, 2016**

**PRINCIPAL OFFICIALS AND ADVISORS**

**Board of Trustees**

Rebecca Fox.....President  
Volunteer

Ashley Vann ..... Vice President  
Volunteer

Courtney Doyle.....Secretary  
Realtor

Bryan Michalsky..... Treasurer  
Business Executive

Henry Dibrell ..... Sergeant-At-Arms  
Business Executive

Charles Griffin ..... Member  
Commercial Pilot

George Scott ..... Member  
Self-Employed/Semi-Retired

**Administrative Staff**

Lance Hindt, EdD .....Superintendent

Christopher J. Smith .....Chief Financial Officer

Thomas Gunnell..... Chief Operations Officer

Christine Caskey, EdD..... Chief Academic Officer

John Alawneh, PhD ..... Chief Information Officer

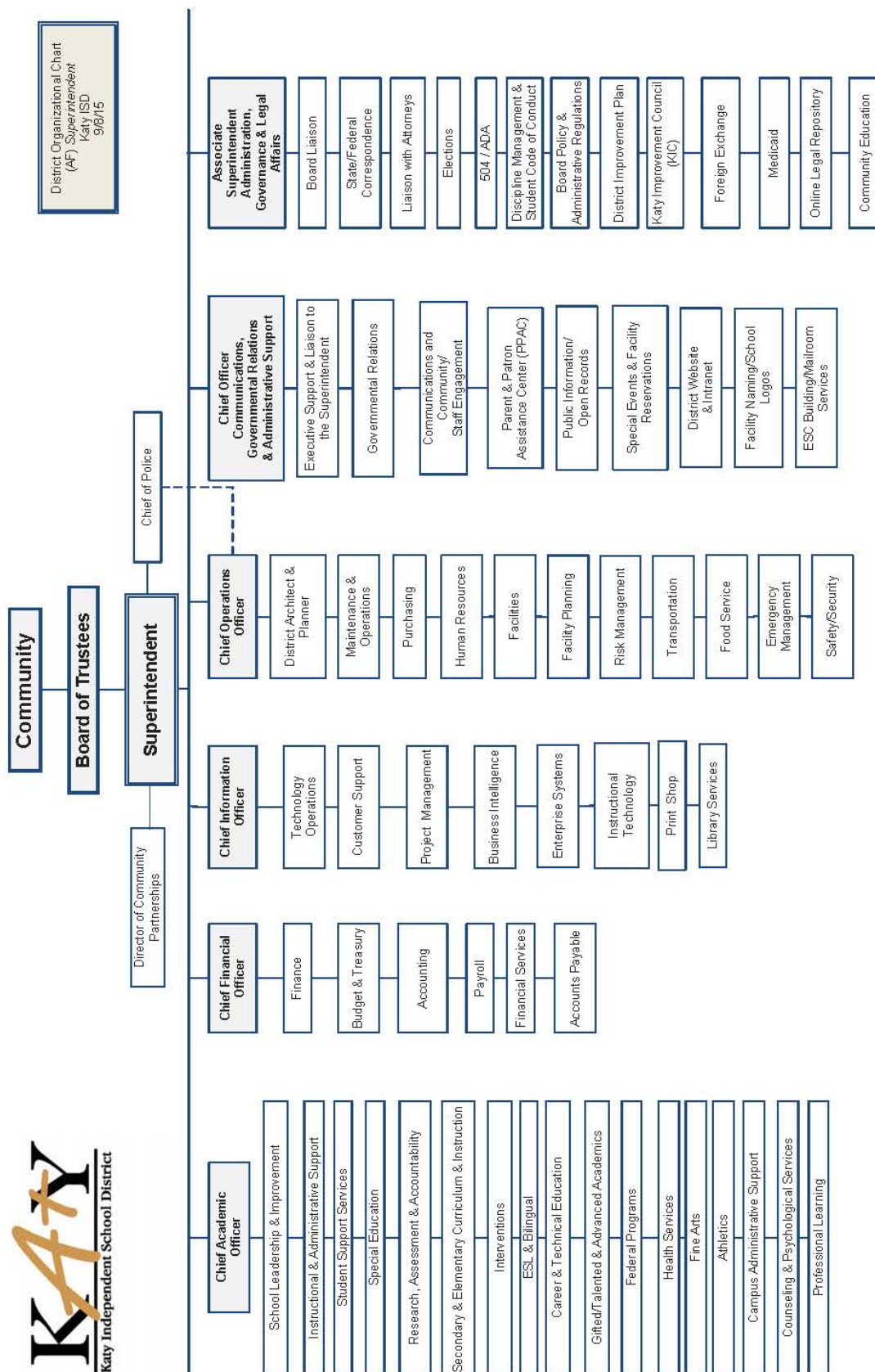
Andrea Grooms, PhD.....Chief Officer for Communications, Government  
Relations & Administrative Support

**Accountants and Advisors**

Whitley Penn, L.L.P. .... Auditors  
Houston, Texas

Andrews Kurth, L.L.P..... Bond Counsel  
Houston, Texas

RBC Capital Markets..... Financial Advisors  
Dallas, Texas



## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS REPORT

To the Board of Trustees  
Katy Independent School District  
Katy, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Katy Independent School District (the “District”), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 15, budgetary comparison information on pages 82 through 86, and pension information on pages 87 through 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the comparative statements, combining statements, budget comparisons and the Texas Education Agency (TEA) compliance schedules and other information, such as the introductory and statistical section, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

To the Board of Trustees  
Katy Independent School District

**Other Matters (continued)**

*Other Information (continued)*

The other supplementary information, which includes the comparative statements, combining statements, budget comparisons and the TEA compliance schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, which includes the comparative statements, combining statements and budgetary comparisons, capital assets used in the operations of governmental funds and TEA compliance schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Houston, Texas  
January 23, 2017

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Katy Independent School District's (the District) financial performance provides an overview of the District's financial activities for the twelve months ended August 31, 2016. It should be read in conjunction with the information in the letter of transmittal and the District's financial statements.

### FINANCIAL HIGHLIGHTS

As stated in the Government-wide Financial Statements, the assets and deferred outflows of resources of the District exceeded the liabilities and deferred inflows of resources at August 31, 2016 by \$264.9 million. Of this amount, \$124.7 million is unrestricted. The \$264.9 million of the District's total net position represents an increase of \$47.3 million. Total revenues increased \$77.2 million to \$856.6 million in fiscal year 2016.

The District's Governmental Fund Financial Statements reported a combined ending fund balance in fiscal year 2016 of \$420.3 million. The total fund balance for the General Fund was \$197.6 million or 31.8% of the total General Fund expenditures of \$621.5 million. The Debt Service Fund ended its year with a fund balance of \$52.1 million which is to be used for the retirement of debt. The Capital Projects Fund ended the year with a fund balance of \$154.2 million which is restricted for school district construction projects. The Special Revenue Fund had a balance totaling \$16.4 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's Basic Financial Statements. The District's basic financial statements are comprised of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves, including schedules required by the Texas Education Agency (TEA).

#### Government-wide Financial Statements

All the District's services are reported in the Government-wide Financial Statements, including instruction, student transportation, general administration, school leadership, facilities acquisition and construction, and child nutrition services. Property taxes, state aid, federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported here.

***Government-wide Financial Statements*** are designed to provide readers a broad overview of the District's finances in a manner similar to a private-sector business.

***Statement of Net Position*** presents information on all of the District's assets, liabilities and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

***Statement of Activities*** presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event causing the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and unused leave retirement bonuses).

The Government-wide Financial Statements distinguish functions of the District that are principally supported by taxes and revenues from other functions intended to recover all or a significant portion of their costs through user fees and charges.

Government-wide Financial Statements can be found on pages 18-21.

### **Fund Financial Statements**

The District uses fund accounting to track specific sources of funding and spending for particular purposes. A fund is an accounting device used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the District's funds can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds. The Fund Financial Statements provide more detailed information about the District's most significant funds, not the District as a whole.

**Governmental Funds** are used to account for essentially the same functions reported as government activities in the Government-wide Financial Statements. Most of the District's activities are included in governmental funds which focus on 1) how cash and other financial assets, that can readily be converted to cash, flow in and out and 2) the balances that are available for spending at year-end. Consequently, the Governmental Fund Statements provide a detailed short-term view that helps determine whether more or fewer financial resources can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-wide Statements, additional information is provided in Figure A-1 to explain the relationship between them.

The District maintains four governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund which are considered to be major funds. Data from the special revenue fund programs are combined in a single, aggregated presentation and is also a major fund. Individual program data for each of these is provided in the form of combining schedules elsewhere in the financial statements.

The District adopted an annual appropriated budget for the General Fund, Debt Service Fund and Food Service Fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.

The basic Governmental Fund Financial Statements can be found on pages 22-29 of this report.

**Proprietary Funds** are used to account for operations that are financed similar to those found in the private sector. These funds provide both short-term and long-term financial information. There are two types of proprietary funds.

The first type is the Enterprise Fund, which is used to report the same functions presented as business type activities in the Government-wide Financial Statements. In the Enterprise Fund, the District charges outside customers a fee for services the District provides. The District has no business-type activities or enterprise funds.

The second type is the Internal Service Fund, which is used to accumulate and allocate costs internally among the various functions. Internal Service Funds are used to support governmental activities such as the District's Workers' Compensation, Health Insurance, and Print Shop funds. These three funds are combined into a single aggregated presentation in the Proprietary Fund Financial Statements found on pages 30-32 of this report.

***Fiduciary Funds*** are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and other funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities and Statement of Changes in Fiduciary Assets and Liabilities. The Fiduciary Funds are excluded from the activities in the District's Government-wide Financial Statements because the District cannot use these assets to finance its operations.

The basic Fiduciary Fund Financial Statements can be found on page 33 of this report.

### **Notes to the Financial Statements**

The notes provide additional information essential to a complete understanding of the data provided in the Government-wide and Fund Financial Statements. The notes can be found on pages 34-79 of this report.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual expenditures for the fiscal year. This is required supplementary information for the General Fund and any major special revenue funds. The General Fund and Nutrition and Food Service Program are presented as required supplementary information. Additional information related to the District's implantation of GASB Statement No. 68 is also presented in this section. Required Supplementary Information can be found on pages 82-90 of this report.

### **Other Supplementary Information**

Other Supplementary Information provides additional analysis and is not a required part of the basic financial statements. Other supplementary information includes comparative information on selected funds and additional detail of the General Fund's revenues and expenditures. It also contains the combining statements referred to earlier in connection with the special revenue fund and certain compliance schedules required by state regulatory agencies. The Other Supplementary Information can be found on pages 94-132 of this report.

The remainder of this overview section of the Management's Discussion and Analysis explains the structure and contents of each of the statements. Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District covered and the types of information contained.

**Figure A-1. Major Features of the District's Government-wide and Fund Financial Statement**

		Funds Statements		
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private business	Instances in which the District is the trustee or agent for someone else's resources
Required financial statements	Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary assets and liabilities
	Statement of activities	Statement of revenues, expenditures, and changes in fund balances	Statement of revenues, expenses, and changes in fund net position	Statement of changes in fiduciary assets and liabilities
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position can serve as a useful indicator of the District's financial condition. The District's net position at August 31, 2016 totaled \$264.9 million, an increase of \$47.3.

At the end of the current fiscal year, 47.1% of the District's net position is unrestricted and are resources available to fund the District's programs in the following year.

An additional \$78.0 million, or 29.5% of the District's net position, reflect its investment in capital assets (e.g. land, building and improvements, and furniture and equipment) less any related debt used to acquire those assets still outstanding. These assets are not available for future spending. The remaining balance of net position represents resources subject to external restrictions on how they may be used. The District's net position increased \$47.3 million during the current fiscal year. The changes in net position are illustrated in Table I.

<b>Net Position Summary</b>			
Table I			
	Governmental Activities		
	2016	2015	Change
Current and Other Assets	\$ 537,996,249	\$ 479,622,289	\$ 58,373,960
Capital Assets	1,501,293,141	1,259,302,365	241,990,776
Total Assets	2,039,289,390	1,738,924,654	300,364,736
Total Deferred Outflows of Resources	129,310,998	64,485,699	64,825,299
Long-Term Liabilities	1,801,231,156	1,510,646,006	290,585,150
Other Liabilities	91,938,666	53,883,212	38,055,454
Total Liabilities	1,893,169,822	1,564,529,218	328,640,604
Total Deferred Inflows of Resources	10,511,304	21,247,226	(10,735,922)
Net Position:			
Net Investment in Capital Assets	78,027,768	42,267,486	35,760,282
Restricted	62,162,827	61,083,366	1,079,461
Unrestricted	124,728,667	114,283,057	10,445,610
Total Net Position	\$ 264,919,262	\$ 217,633,909	\$ 47,285,353

### Governmental Activities

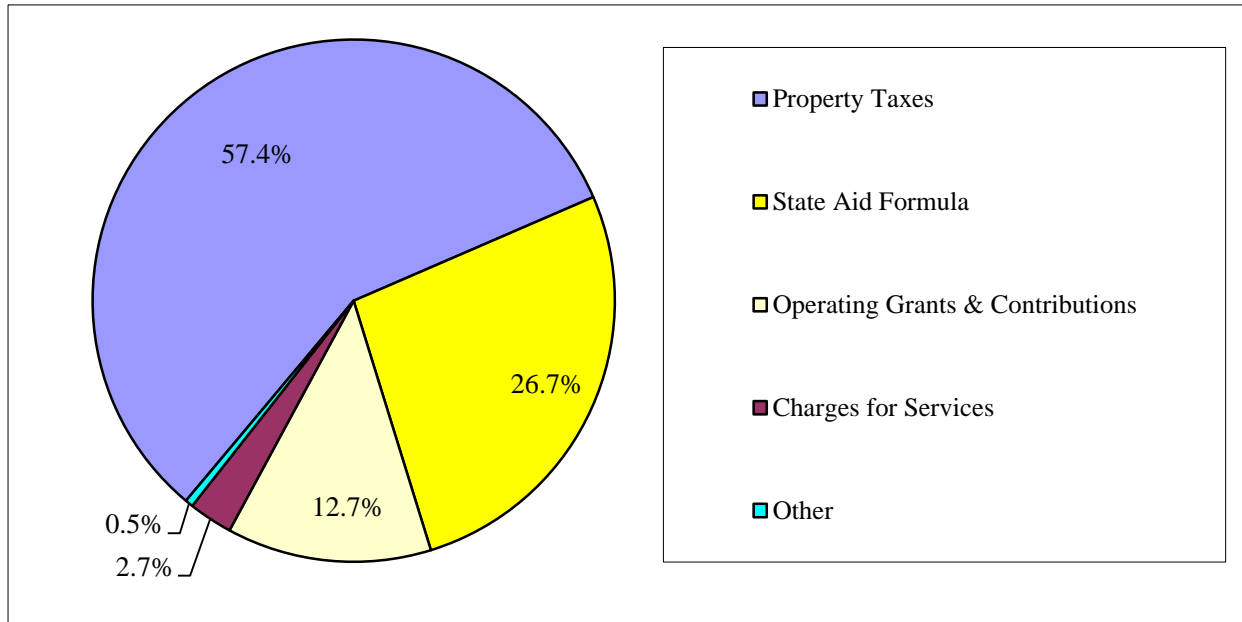
The net position of the District's Governmental Activities increased by \$47.3. The total cost of all Governmental Activities for the fiscal year ended August 31, 2016 was \$809.3 million. Funding for these Governmental Activities is by specific program revenue or through general revenues such as property taxes and investment earnings. The following is a summary of the governmental activities:

- The total revenues of all governmental activities were \$856.6 million. The amount paid by the District's taxpayers for these activities through property taxes was \$491.7 million or 57.4%.
- The District's tax rate of \$1.5166 per \$100 of assessed value decreased by \$.01 from the previous fiscal year. With a 15.0% increase in total assessed valuation, decreasing the tax rate still resulted in an overall increase in the District's tax revenues of \$59.1 million in 2016.
- The cost of all governmental activities is \$809.3 million, an increase of \$76.5 million from fiscal year 2015. Expenses increased in most functions to support the increase of 2,760 students.
- The amount paid by those directly benefiting from programs was \$23.3 million which was \$0.7 million more than the prior year.
- The amount paid by grants and contributions was \$108.5 million which was 24.1% more than the \$87.4 million in 2015.
- The cost of governmental activities not directly funded by program revenue was \$677.5 million, which were \$47.3 million less than general revenues of \$724.8 million. Of the \$724.8 million in general revenues, 67.8% was funded by property taxes and 31.6% was from state aid not restricted to specific programs.

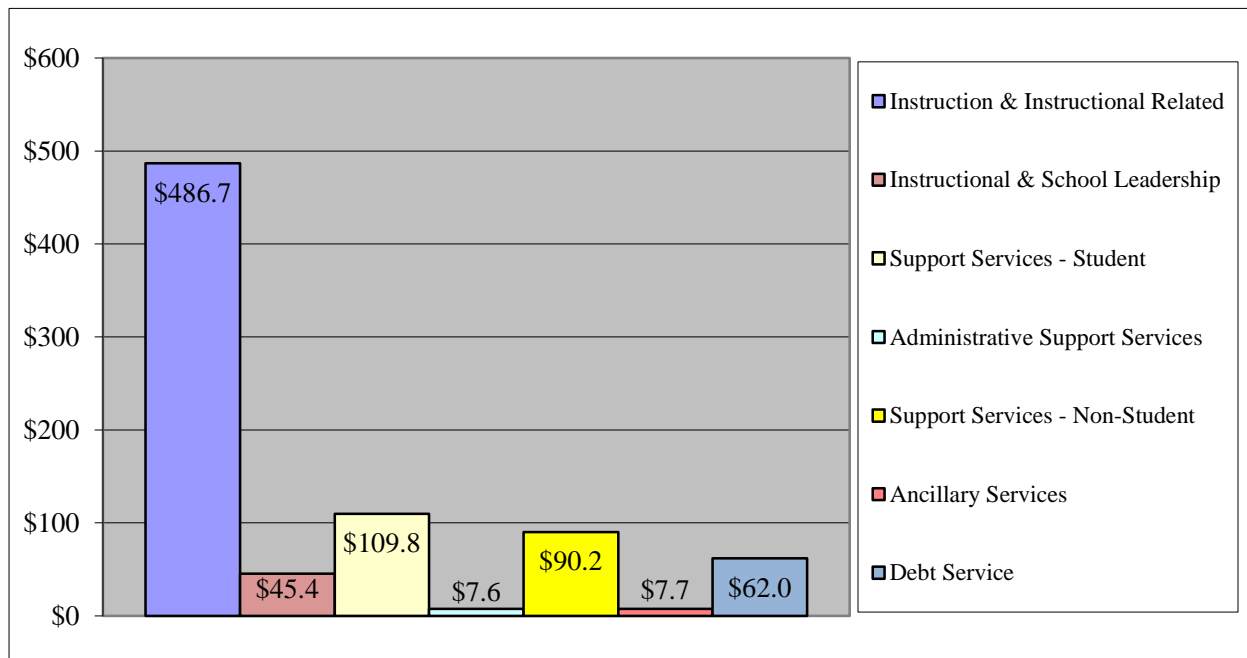


Changes in Net Position				
Table II				
	Governmental Activities			
	2016	2015	Change	Change %
Revenues:				
Program Revenues:				
Charges for Services	\$ 23,325,745	\$ 22,578,313	\$ 747,432	3.31%
Operating Grants and Contributions	108,517,945	87,414,257	21,103,688	24.14
General Revenues:				
Property Taxes	491,688,949	432,545,437	59,143,512	13.67
State Revenues	228,854,642	233,974,886	(5,120,244)	(2.19)
Other	4,240,817	2,950,713	1,290,104	43.72
Total Revenues	856,628,098	779,463,606	77,164,492	9.90
Expenses:				
Instruction	463,004,721	417,723,329	45,281,392	10.84
Instructional Resources and Media Services	11,092,997	10,448,836	644,161	6.16
Curriculum and Instructional Staff Development	12,571,661	11,408,842	1,162,819	10.19
Instructional Leadership	6,084,697	5,475,459	609,238	11.13
School Leadership	39,272,358	35,148,787	4,123,571	11.73
Guidance, Counseling and Evaluation Services	31,395,110	27,693,860	3,701,250	13.36
Health Services	7,098,188	6,442,002	656,186	10.19
Student Transportation	21,738,829	19,926,295	1,812,534	9.10
Food Services	33,037,502	31,336,015	1,701,487	5.43
Extracurricular Activities	16,523,156	15,033,286	1,489,870	9.91
General Administration	7,608,850	11,577,316	(3,968,466)	(34.28)
Facilities Maintenance and Operations	66,746,993	54,724,812	12,022,181	21.97
Security and Monitoring Services	7,944,254	7,208,059	736,195	10.21
Data Processing Services	15,527,959	14,528,909	999,050	6.88
Community Services	1,436,184	797,196	638,988	80.15
Interest and Issuance Costs on Long-Term Debt	62,022,560	57,765,290	4,257,270	7.37
Facilities Planning	859,056	1,009,182	(150,126)	(14.88)
Payments to Shared Services Arrangements	330,796	175,830	154,966	88.13
Payments to Juvenile Justice Alternative				
Education Programs (JJAEP)	37,893	35,805	2,088	5.83
Payments to Tax Increment Reinvestment Zone	1,500,033	1,281,931	218,102	17.01
Other Intergovernmental Charges	3,508,948	3,107,984	400,964	12.90
Total Expenses	809,342,745	732,849,025	76,493,720	10.44
Increase (Decrease) in Net Position	47,285,353	46,614,581	670,772	1.44
Beginning Net Position	217,633,909	240,634,013	(23,000,104)	(9.56)
Prior period adjustment - Implement GASB 68		(69,614,685)	69,614,685	(100.00)
Ending Net Position	\$ 264,919,262	\$ 217,633,909	\$ 47,285,353	21.73%

**Figure A-2**  
**Revenues by Source – Governmental Activities**



**Figure A-3**  
**Program Expenses by Major Function – Governmental Activities**  
**In Millions**



## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

### Governmental Funds

The District's accounting records for general governmental operations are maintained on a modified accrual basis as prescribed by the Financial Accountability System Resource Guide, Texas Education Agency, with the revenues being recorded when available and measurable to finance expenditures of the fiscal period. Expenditures are recorded when services or goods are received and the fund liabilities are incurred. The general governmental operations include the following major funds: General, Debt Service, Capital Projects and Special Revenues.

Revenues from all Governmental Funds totaled \$841.3 million for the fiscal year ended August 31, 2016, an increase of 7.6% from the prior fiscal year. Local revenues, including property taxes, continued to be the largest source of revenue received by the District and increased \$61.8 million over fiscal year 2015, fueled by a 15.0% increase in property values. Despite the increase in enrollment in 2016, State revenues decreased \$7.0 million or 2.6% from fiscal year 2015 due to the State formulas reducing State allocations to the District in 2015-16 to recoup the even larger tax base increase in 2014-15. Federal revenues increased \$4.5 million or 10.3%.

Expenditures for governmental operations totaled \$1.1 billion during fiscal year 2016, an increase of 31.4% from fiscal year 2015. This increase was the result of increased staffing and related costs due to the additional number of students, ongoing construction costs for five new campuses, and a 2% average raise for employees.

The Governmental Funds reported a combined fund balance of \$420.3 million, an increase of \$15.9 million from the combined fund balances for 2015. Changes to the combined fund balances include a \$15.3 million increase in the General Fund, an increase in the Debt Service Fund of \$1.5 million, a decrease in the Capital Projects fund of \$2.0 million and an increase of \$1.1 million in the Special Revenue Fund. Out of the combined fund balances, \$131.2 million constitutes unassigned fund balances. Of the remainder of the fund balance, \$2.0 million is nonspendable, \$217.2 million is restricted for items such as debt service, food services, and capital projects, \$10.2 million is committed to self-funded insurance and campus activity funds, and \$59.7 million is assigned for the opening/construction of new schools, salary accrual due to earlier calendar start date, capital purchases, encumbered amounts, insurance, and maintaining the debt service tax rate.

**The General Fund** is the primary operating fund of the District. The most significant factor contributing to the increase of fund balance was the increase in local tax. At the end of the current fiscal year, the General Fund's fund balance was \$197.6 million. Unassigned fund balance represents 21.1% of the total General Fund expenditures, and total fund balance represents 31.8%.

**The Debt Service Fund** ended the year with a fund balance of \$52.1 million, all of which was restricted for the payment of debt service. The district makes semi-annual debt service payments in February and August of each year. Debt service payments including bond fees for the year ended August 31, 2016 were \$132.1 million.

**The Capital Projects Fund** ended the year with a fund balance of \$154.2 million which is a decrease of \$2.0 million over 2015. This decrease in fund balance was due to the District's ongoing construction projects.

**The Special Revenue Fund** ended the year with a fund balance of \$16.4 million which is an increase of \$1.1 million over 2015. This increase was attributable primarily to an increase in the Campus Activity Program and slight increases in the Tax Increment Reinvestment Zone Program, and the Medicaid Administrative Claiming Program.

## **Proprietary Funds**

The District maintains three internal service funds. Information is presented separately in the Proprietary Funds Combining Statement of Net Position and in the Proprietary Funds Combining Statement of Revenues, Expenses, and Changes in Fund Net Position for the Health Insurance, Workers' Compensation, and Print Shop Funds. Net position in these funds as of August 31, 2016 was \$14.8 million. Of this amount, \$9.3 million was for Health Insurance, \$3.2 million was for Workers' Compensation and \$2.3 million for the Print Shop. Net position for the fiscal year increased \$5.9 million.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised its budget several times. Revisions to the revenue budget were necessary due to changes in estimates for local and state revenue based on updated information relating to tax collections, earnings on investments, student attendance and rental income. Revisions to the expenditure budget were made to reflect actual expenditures associated with staffing, fluctuation in spending needs, and various other unforeseen occurrences.

The District's major budget amendments presented to the Board of Trustees throughout the year are summarized as follows:

- The total General Fund revenue budget was increased by \$14.5 million.
- The local revenue budget decreased by \$1.3 million, primarily due to property tax adjustments realized throughout the year.
- The state revenue budget increased \$15.9 million due to increased enrollment and state hold harmless funding received. The voters approved an increase in the state mandated property tax exemption for homesteads from \$15,000 to \$25,000 per qualified homestead for the 2015-16 fiscal year in an election held in November 2015. State funding was increased to offset tax revenue losses realized from this increased exemption.
- Federal revenue budgets remained fairly constant, decreasing less than \$10,000 for miscellaneous federal funding adjustment.
- The District increased the expenditure budget by \$6.5 million throughout the year. Significant increases included:
  - Maintenance and operations budget increased \$3.0 million primarily in contracted services (\$1.6 million) for portable relocations and other utility and service costs, payroll (\$0.6 million) for additional contract days and overtime, capital outlay (\$0.5 million) for additional equipment and building related costs and supplies (\$0.3 million).
  - Facilities Acquisition and Construction increased \$2.4 million for costs related to building improvements at several campuses and central facilities in the District.
  - Security and Monitoring Services increased \$0.8 million for the safety and security equipment and vehicles.
  - Other functional categories netted to the additional \$0.3 million increase to the budget.

After revenue and expenditure budgets were adjusted as described above, the District's actual General Fund amounts differed from the final budget as reported in the budgetary comparison on pages 82-83 of this report. This difference is primarily due to the following factors:

- Final revenues realized were over budgeted levels by \$0.5 million. Revenues from local sources exceeded the budget by \$0.75 million due to tax revenue collection volume increasing at the end of the year while revenues from state sources were \$0.25 million less than budgeted.

- Expenditures were \$5.1 million less than final budgeted amounts. Remaining unspent funds were payroll and related costs of \$2.6 million and supplies of \$2 million. Contracted services, other operating costs, and capital outlay costs combined accounted for the remaining \$0.5 million of unspent funds.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District has invested \$1.5 billion, net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions, deductions and depreciation) of \$242.0 million from the prior year.

<b>Capital Assets (net of depreciation)</b>				
Table III				
	Governmental Activities			
	2016	2015	Change	Percentage
Land	\$ 79,103,830	\$ 80,584,370	\$ (1,480,540)	(1.84%)
Land Improvements	26,271,825	23,562,882	2,708,943	11.50
Buildings and Improvements	1,067,701,200	992,983,434	74,717,766	7.52
Furniture and Equipment	68,260,190	68,455,971	(195,781)	(0.29)
Vehicles	36,020,303	26,584,108	9,436,195	35.50
Construction in Progress	205,196,706	47,892,138	157,304,568	328.46
Assets Under Capital Lease	18,739,087	19,239,462	(500,375)	(2.60)
Total Capital Assets, Net of Depreciation	<u>\$ 1,501,293,141</u>	<u>\$ 1,259,302,365</u>	<u>\$ 241,990,776</u>	<u>19.22%</u>

The increase in capital assets net of depreciation was due mainly to an increase in construction in progress as the District's building program funded by the 2014 bond authorization progresses. Three elementary campuses, two junior highs and one high school are all in different stages of design and construction, along with numerous renovations and major capital replacements. More detailed information about the District's capital assets is presented in Note 8 to the financial statements.

### Debt Administration

At the end of the fiscal year, the District had total debt outstanding of \$1.7 billion as illustrated in Table IV. This amount consists primarily of general obligation bonds backed by the full faith of the State of Texas's Permanent School Fund. The District's debt includes capital appreciation bonds which accrete interest until their maturity date. Accreted interest on these capital appreciation bonds totaled \$5.6 million at the end of the fiscal year. Included in the outstanding debt of the District for financial reporting purposes is the Capital Lease for the multi-purpose complex constructed for the District by the Katy Development Authority through a Tax Increment Reinvestment Zone (TIRZ). The \$12.7 million capital lease will be paid from property taxes collected through the TIRZ.

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.

More detailed information about the District's debt is presented in Notes 9 and 10 to the financial statements.

<b>Outstanding Debt</b>			
Table IV			
	Governmental Activities		
	2016	2015	Change
General Obligation Bonds	\$ 1,449,414,330	\$ 1,271,035,662	\$ 178,378,668
Accreted Interest on Capital			
Appreciation Bonds	5,602,776	7,243,610	(1,640,834)
Capital Leases	12,690,000	13,910,000	(1,220,000)
Compensated Absences	24,440,991	22,429,936	2,011,055
Imputed Borrowing	31,534,324	33,993,899	(2,459,575)
Premium on Bonds Issued	128,684,350	100,590,333	28,094,017
<b>Total Outstanding Debt</b>	<b>\$ 1,652,366,771</b>	<b>\$ 1,449,203,440</b>	<b>\$ 203,163,331</b>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

As part of the budget development process the District's management has taken into consideration all the factors that drive school district budgets: enrollments, property values, state funding, facility needs and the local economy.

An anticipated 8.6% increase in the District's tax base for 2016-17 is projected to increase local revenues by approximately \$30.9 million. However, state funding is anticipated to decrease \$35.9 million despite a projected 2.9% increase in enrollment. This decrease is due to the state funding formulas reducing state allocations to the District in 2016-17 to recoup the even larger tax base increase in 2015-16 of 15.0%.

Although growth has slowed slightly, Katy ISD continues to be one of the fastest growing school districts in the Houston metropolitan area, growing at an average of 4.2% from 2007 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.

All of these factors were considered when adopting the 2016-17 budgets. With a total tax rate of \$1.5166, the District estimates budgeted revenues of \$807.4 million and appropriations of \$804.8 million, of which \$638.5 million of revenues and \$631.4 million of expenditures are in the General Fund. There are no major initiatives or new programs included in the 2016-17 budgets.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report 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.

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# Basic Financial Statements



**K***A***+Y**



**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2016**

**Exhibit A-1**

<b>Data Control Codes</b>		<b>Primary Government Governmental Activities</b>
	<b>ASSETS</b>	
1110	Cash and Investments	\$ 503,801,877
1225	Property Taxes Receivable (net)	9,053,710
1240	Due from Other Governments	19,868,199
1290	Other Receivables (net)	3,179,969
1300	Inventories, at cost	1,507,960
1410	Prepaid Items	584,534
	Capital Assets not Being Depreciated:	
1510	Land	79,103,830
1580	Construction in Progress	205,196,706
	Capital Assets, net of Accumulated Depreciation:	
1510	Land Improvements, net of Accumulated Depreciation	26,271,825
1520	Buildings and Improvements, net of Accumulated Depreciation	1,067,701,200
1530	Furniture and Equipment, net of Accumulated Depreciation	68,260,190
1540	Vehicles, net of Accumulated Depreciation	36,020,303
1550	Assets Under Capital Lease, net of Accumulated Depreciation	18,739,087
1000	<b>Total Assets</b>	<b>2,039,289,390</b>
	<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1700	Deferred Outflows: Interest Rate Swap Refunding	31,534,334
1700	Deferred Outflows: Interest Rate Swap	7,592,615
1700	Deferred Outflows: Net Loss on Refunding	14,145,320
1700	Deferred Outflows: Related to TRS	76,038,729
1700	<b>Total Deferred Outflows of Resources</b>	<b>129,310,998</b>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2016**

**Exhibit A-1**

<b>Data Control Codes</b>		<b>Primary Government Governmental Activities</b>
<b>LIABILITIES</b>		
2110	Accounts Payable	\$ 65,620,539
2140	Interest Payable	3,359,038
2150	Payroll Deductions and Withholdings	4,607,221
2160	Accrued Wages Payable	13,882,629
2180	Due to Other Governments	3,185,343
2200	Accrued Expenses	911,963
2300	Unearned Revenue	371,933
	Noncurrent Liabilities:	
2501	Compensated Absences Due within One Year	752,456
2501	Bonds and Debt Due within One Year	43,907,539
2501	Capital Lease Due within One Year	1,255,000
2501	Imputed Borrowing Due within One Year	2,466,195
2501	Accreted Interest on Capital Appreciation Bonds Due within One Year	2,899,411
2502	Bonds and Debt Due in More than One Year	1,534,191,141
2502	Capital Lease Due in More than One Year	11,435,000
2502	Compensated Absences Due in More than One Year	23,688,535
2502	Imputed Borrowing Due in More than One Year	29,068,129
2502	Accreted Interest on Capital Appreciation Bonds Due in more than One Year	2,703,365
2502	Interest Rate Swaps	7,592,615
2540	Net Pension Liability (District's Share)	141,271,770
2000	<b>Total Liabilities</b>	<b>1,893,169,822</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600	Deferred Inflows: Related to TRS	10,511,304
2600	<b>Total Deferred Inflows of Resources</b>	<b>10,511,304</b>
<b>NET POSITION</b>		
3200	Net Investment in Capital Assets	78,027,768
	Restricted for:	
3820	Food Service	4,955,839
3850	Debt Service	51,026,434
3890	Tax Increment Reinvestment Zone	5,869,264
3890	Other Grant Programs	311,290
3900	Unrestricted	124,728,667
3000	<b>Total Net Position</b>	<b>\$ 264,919,262</b>

See Notes to Financial Statements

**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

<b>Data Control Codes</b>	<b>Functions/Programs</b>	<b>Program Revenues</b>		
		<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
	<b>Governmental Activities:</b>			
0011	Instruction	\$ 463,004,721	\$ 1,294,417	\$ 52,749,689
0012	Instructional Resources and Media Services	11,092,997		1,539,316
0013	Curriculum and Instructional Staff Development	12,571,661		3,789,177
0021	Instructional Leadership	6,084,697		928,710
0023	School Leadership	39,272,358		3,461,280
0031	Guidance, Counseling, and Evaluation Services	31,395,110		5,568,847
0033	Health Services	7,098,188		7,813,253
0034	Student Transportation	21,738,829	38,538	1,260,422
0035	Food Services	33,037,502	16,060,740	13,734,545
0036	Extracurricular Activities	16,523,156	2,437,040	3,120,128
0041	General Administration	7,608,850	355,517	932,201
0051	Facilities Maintenance and Operations	66,746,993	2,823,800	2,234,043
0052	Security and Monitoring Services	7,944,254	12,797	505,374
0053	Data Processing Services	15,527,959	156,848	3,904,032
0061	Community Services	1,436,184	146,048	792,107
0072	Interest and Issuance Costs on Long-Term Debt	62,022,560		5,552,796
0081	Facilities Planning	859,056		301,229
0093	Payments to Shared Services Arrangements	330,796		330,796
0095	Payments to JJAEP	37,893		
0097	Payments to Tax Increment Reinvestment Zone	1,500,033		
0099	Payments to Appraisal Districts	3,508,948		
TG	<b>Total Governmental Activities</b>	<u>809,342,745</u>	<u>23,325,745</u>	<u>108,517,945</u>
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 809,342,745</u>	<u>\$ 23,325,745</u>	<u>\$ 108,517,945</u>

**Data  
Control  
Codes**

**General Revenues:**

MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants Unrestricted
IE	Investment Earnings
MI	Miscellaneous
TR	<b>Total General Revenues</b>
CN	Change in Net Position
NB	Net Position - Beginning
NE	<b>Net Position - Ending</b>

See Notes to Financial Statements.

<b>Net (Expense)</b> <b>Revenue and Changes</b> <b>in Net Position</b>	
<b>Governmental</b> <b>Activities</b>	
\$	(408,960,615)
	(9,553,681)
	(8,782,484)
	(5,155,987)
	(35,811,078)
	(25,826,263)
	715,065
	(20,439,869)
	(3,242,217)
	(10,965,988)
	(6,321,132)
	(61,689,150)
	(7,426,083)
	(11,467,079)
	(498,029)
	(56,469,764)
	(557,827)
	(37,893)
	(1,500,033)
	(3,508,948)
	(677,499,055)
	(677,499,055)

	365,143,237
	126,545,712
	228,854,642
	2,601,510
	1,639,307
	724,784,408
	47,285,353
	217,633,909
\$	264,919,262

**KATY INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AUGUST 31, 2016**

<b>Data Control Codes</b>		<b>General</b>	<b>Debt Service Fund</b>
	<b>ASSETS</b>		
1110	Cash and Investments	\$ 214,635,014	\$ 51,871,229
	Receivables:		
1225	Property Taxes Receivable (net)	6,759,824	2,293,886
1240	Due from Other Governments	12,005,401	44,085
1260	Due from Other Funds	6,169,878	251,068
1290	Other Receivables	1,117,531	16,910
1300	Inventories, at cost	1,152,132	
1410	Prepaid Items	530,257	
1000	<b>Total Assets</b>	<b>\$ 242,370,037</b>	<b>\$ 54,477,178</b>
	<b>LIABILITIES</b>		
	Current Liabilities:		
2110	Accounts Payable	\$ 10,711,166	\$ 91,706
2150	Payroll Withholding Payable	4,607,221	
2160	Accrued Wages Payable	12,892,956	
2170	Due to Other Funds	501,039	
2180	Due to Other Governments	3,120,641	
2200	Accrued Expenditures	557,846	
2300	Unearned Revenues	87,153	
2000	<b>Total Liabilities</b>	<b>32,478,022</b>	<b>91,706</b>
	<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600	Unavailable Revenue - Property Taxes	6,759,824	2,293,886
2600	Unavailable Revenue - SHARS	5,511,173	
2600	<b>Total Deferred Inflows or Resources</b>	<b>12,270,997</b>	<b>2,293,886</b>
	<b>FUND BALANCES</b>		
	Fund Balances:		
3410/30	Nonspendable	1,682,389	
3450-90	Restricted		52,091,586
3510-45	Committed	5,000,000	
3550-90	Assigned	59,718,583	
3600	Unassigned	131,220,046	
3000	<b>Total Fund Balances</b>	<b>197,621,018</b>	<b>52,091,586</b>
4000	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 242,370,037</b>	<b>\$ 54,477,178</b>

See Notes to Financial Statements.

Exhibit C-1

<b>Capital Projects Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
\$ 207,281,767	\$ 11,760,186	\$ 485,548,196
		9,053,710
	7,818,713	19,868,199
	7,585,917	14,006,863
294,988	346,742	1,776,171
	277,593	1,429,725
	54,277	584,534
<u>\$ 207,576,755</u>	<u>\$ 27,843,428</u>	<u>\$ 532,267,398</u>
\$ 47,189,999	\$ 2,743,577	\$ 60,736,448
		4,607,221
	989,673	13,882,629
6,169,878	7,382,365	14,053,282
	64,702	3,185,343
		557,846
	284,780	371,933
<u>53,359,877</u>	<u>11,465,097</u>	<u>97,394,702</u>
		9,053,710
		5,511,173
		<u>14,564,883</u>
	331,870	2,014,259
154,216,878	10,858,800	217,167,264
	5,187,661	10,187,661
		59,718,583
		131,220,046
<u>154,216,878</u>	<u>16,378,331</u>	<u>420,307,813</u>
<u>\$ 207,576,755</u>	<u>\$ 27,843,428</u>	<u>\$ 532,267,398</u>

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**KATY INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
AUGUST 31, 2016**

**Exhibit C-2**

**Total Fund Balances - Governmental Funds (from Exhibit C-1)** \$ 420,307,813

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 1,500,481,397

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 5,511,173

Unavailable revenue on property taxes receivable and penalty and interest on delinquent taxes have been levied or assessed and are due this year but are not available soon enough to pay for current period's expenditures and added back to Fund Balances for Statement of Net Position. 9,053,710

Deferred loss on refundings are not reported in the fund financial statements. 14,145,320

Addition of Internal Service fund net position 14,797,833

Deferred inflows relating to TRS (10,511,304)

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds payable and premiums	(1,578,098,680)
Capital Lease	(12,690,000)
Compensated Absences - Long-term Portion	(23,883,145)
Accreted Interest on Capital Appreciation Bonds	(5,602,776)
Interest Payable	(3,359,038)
Net pension liability	(141,271,770)

Deferred outflows relating to TRS 76,038,729

**Net Position of Governmental Activities** \$ 264,919,262

See Notes to Financial Statements.



**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED AUGUST 31, 2016**

<b>Data Control Codes</b>		<b>General</b>	<b>Debt Service Fund</b>
	<b>REVENUES</b>		
5700	Local, Intermediate, and Out-of-State	\$ 373,966,253	\$ 126,855,770
5800	State Program Revenues	258,832,435	2,534,997
5900	Federal Program Revenues	10,866,953	
5020	<b>Total Revenues</b>	<b>643,665,641</b>	<b>129,390,767</b>
	<b>EXPENDITURES</b>		
	<b>Current:</b>		
0011	Instruction	395,809,220	
0012	Instructional Resources and Media Services	7,692,793	
0013	Curriculum and Instructional Staff Development	8,952,385	
0021	Instructional Leadership	5,283,888	
0023	School Leadership	35,107,419	
0031	Guidance, Counseling, and Evaluation Services	25,632,868	
0033	Health Services	5,687,983	
0034	Student Transportation	17,778,671	
0035	Food Services		
0036	Extracurricular Activities	11,625,760	
0041	General Administration	10,999,583	
0051	Facilities Maintenance and Operations	60,250,037	
0052	Security and Monitoring Services	8,192,178	
0053	Data Processing Services	11,849,634	
0061	Community Services	642,314	
	<b>Debt Service:</b>		
0071	Principal on Long-Term Debt		64,781,333
0072	Interest on Long-Term Debt		67,048,851
0073	Bond Issuance Costs and Fees		259,329
0081	<b>Capital Outlay: Facilities Acquisition and Construction</b>	9,319,839	
	<b>Intergovernmental Charges:</b>		
0093	Payments to Shared Service Arrangements		
0095	Payments to JJAEP	37,893	
0097	Payments to Tax Increment Reinvestment Zone	3,120,641	
0099	Other Intergovernmental Charges	3,508,948	
6030	<b>Total Expenditures</b>	<b>621,492,054</b>	<b>132,089,513</b>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>22,173,587</b>	<b>(2,698,746)</b>
	<b>OTHER FINANCING SOURCES/(USES)</b>		
7901	Refunding Bonds Issued		23,515,000
7911	Capital-Related Debt Issued (Regular Bonds)		
7912	Sale of Real and Personal Property	142,628	
7915	Transfers In		4,040,477
7916	Premium on Issuance of Bonds		4,099,988
8911	Transfers Out	(7,017,799)	
8940	Payment to Bond Refunding Escrow Agent		(27,459,965)
7080	<b>Total Other Financing Sources/(Uses)</b>	<b>(6,875,171)</b>	<b>4,195,500</b>
1200	Net Change in Fund Balances	15,298,416	1,496,754
0100	Fund Balance - September 1 (Beginning)	182,322,602	50,594,832
3000	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ 197,621,018</b>	<b>\$ 52,091,586</b>

See Notes to Financial Statements.

Exhibit C-3

Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
\$ 1,022,678	\$ 25,786,624	\$ 527,631,325
	4,325,325	265,692,757
2,959,094	34,159,784	47,985,831
<u>3,981,772</u>	<u>64,271,733</u>	<u>841,309,913</u>
	20,673,363	416,482,583
	827,128	8,519,921
	3,136,092	12,088,477
	513,547	5,797,435
	502,520	35,609,939
	3,523,684	29,156,552
	272,826	5,960,809
	146,619	17,925,290
	28,791,021	28,791,021
	1,991,353	13,617,113
	11,175	11,010,758
	9,668	60,259,705
	34,383	8,226,561
	17,565	11,867,199
	753,406	1,395,720
		64,781,333
		67,048,851
1,741,889		2,001,218
279,976,127	1,613,621	290,909,587
	330,796	330,796
		37,893
		3,120,641
		3,508,948
<u>281,718,016</u>	<u>63,148,767</u>	<u>1,098,448,350</u>
<u>(277,736,244)</u>	<u>1,122,966</u>	<u>(257,138,437)</u>
		23,515,000
245,095,000		245,095,000
	9,157	151,785
		4,040,477
31,646,889		35,746,877
(1,022,678)		(8,040,477)
		(27,459,965)
<u>275,719,211</u>	<u>9,157</u>	<u>273,048,697</u>
(2,017,033)	1,132,123	15,910,260
156,233,911	15,246,208	404,397,553
<u>\$ 154,216,878</u>	<u>\$ 16,378,331</u>	<u>\$ 420,307,813</u>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

**Exhibit C-4**

Net Change in Fund Balances - Total Governmental Funds (from Exhibit C-3)	\$ 15,910,260
Amounts reported for governmental activities in the Statement of Activities (Exhibit B-1) are different because:	
Internal Service Funds are used by management to charge the cost of various insurance programs and printing operations to individual funds. The net activity of the Internal Service Funds is included in the Statement of Activities.	5,876,506
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.	294,411,021
Depreciation is not recognized as an expense in governmental funds, since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(51,553,536)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	66,001,333
Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceed are treated as an increase in long-term liabilities.	(268,610,000)
Payment to escrow agent for refunding.	27,459,965
Premium received from issuance of long-term debt.	(35,746,877)
Interest accrual on capital appreciation bonds and interest accruals through year end on bonds are not recorded in the fund financial statements but are accrued in the government-wide statements.	1,347,838
Net loss on disposal of assets is not recorded in the fund financial statements but is included in the government-wide statements.	(620,516)
Property tax revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the fund financial statements.	101,493
Amortization of deferred loss on refunding issues, and bond premiums are recorded in the Statement of Activities.	6,080,282
Revenues that are earned but do not provide current financial resources are recorded in the Statement of Activities but are not in the fund financial statements.	5,511,173

**KATY INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

**Exhibit C-4**

Revenues received in the current year but earned in the prior year are recorded in the fund financial statements but were in the Statement of Activities in the prior year.	\$ (4,660,068)
Pension contributions made after the net pension liability date are reported as expenditures in the fund financial statements and are reported as deferred outflows in the government-wide statements.	12,454,547
Pension expense for the pension plan measurement year is not recorded in the fund financial statements but are expensed in the government-wide statements.	(24,744,730)
Increase in long-term compensated absence liability is included in the government-wide statements.	<u>(1,933,338)</u>
Change in Net Position of Governmental Activities (see Exhibit B-1)	<u><u>\$ 47,285,353</u></u>

See Notes to Financial Statements.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**INTERNAL SERVICE FUNDS**  
**AUGUST 31, 2016**

**Exhibit D-1**

<b>Data Control Codes</b>		<b>Governmental Activities</b>
	<b>ASSETS</b>	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 18,253,681
1260	Due from Other Funds	46,423
1290	Other Receivables	1,403,798
1300	Inventories	78,235
	Total Current Assets	<u>19,782,137</u>
	Noncurrent Assets:	
	Capital Assets:	
1540	Furniture and Equipment	2,504,444
1573	Accumulated Depreciation	<u>(1,692,700)</u>
	Total Noncurrent	<u>811,744</u>
1000	<b>Total Assets</b>	<u><u>20,593,881</u></u>
	<b>LIABILITIES</b>	
	Current Liabilities:	
2110	Accounts Payable	4,884,081
2170	Due to Other Funds	4
2200	Accrued Expenses	911,963
2000	<b>Total Liabilities</b>	<u><u>5,796,048</u></u>
	<b>NET POSITION</b>	
3200	Investment in Capital Assets	811,744
3900	Unrestricted	<u>13,986,089</u>
3000	<b>Total Net Position</b>	<u><u>\$ 14,797,833</u></u>

See Notes to Financial Statements.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION**  
**PROPRIETARY FUND TYPES**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

**Exhibit D-2**

<b>Data Control Codes</b>		<b>Governmental Activities</b>
	<b>OPERATING REVENUES</b>	
5754	Charges for Services	\$ 55,203,714
5020	<b>Total Operating Revenues</b>	<u>55,203,714</u>
	<b>OPERATING EXPENSES</b>	
6200	Administrator Fees	5,047,712
6200	Claims Expenses	43,286,208
6200	Repair and Maintenance Expense	24,987
6200	Equipment Rental	114,048
6200	Contracted Services	2,094,776
6300	Supplies	2,051,360
6400	Miscellaneous Operating Expenses	486,488
6400	Depreciation	271,293
6030	<b>Total Operating Expenses</b>	<u>53,376,872</u>
1300	Operating Income (Loss)	<u>1,826,842</u>
	<b>NONOPERATING REVENUES</b>	
5742	Investment Income	52,913
	<b>Total Nonoperating Revenue</b>	<u>52,913</u>
	Income (Loss) before Contributions and Transfers	1,879,755
7900	Transfers In	4,000,000
7900	Capital Contributions	603
8911	Capital Transfers Out	<u>(3,852)</u>
1300	Change in Net Position	5,876,506
0100	Total Net Position - September 1 (Beginning)	8,921,327
3000	<b>Total Net Position - August 31 (Ending)</b>	<u><u>\$ 14,797,833</u></u>

See Notes to Financial Statements.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

**Exhibit D-3**

	<b>Governmental Activities</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Receipts from Internal Services Provided	\$ 53,380,115
Cash Payments to Suppliers	(2,406,997)
Cash Payments to Pay Claims	(43,803,298)
Cash Payments to Contract Administrators	(7,186,653)
<b>Net Cash (Used) by Operating Activities</b>	<u>(16,833)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Capital Assets	(28,343)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(28,343)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from Other Funds	4,000,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>4,000,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	52,913
<b>Net Cash Provided by Investing Activities</b>	<u>52,913</u>
Net Increase in Cash and Cash Equivalents	4,007,737
Cash and Cash Equivalents at Beginning of Year	14,245,944
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 18,253,681</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH (USED) BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ 1,826,842
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation	271,293
Change in Assets and Liabilities:	
(Increase) Decrease in Receivables	(1,171,594)
(Increase) Decrease in Inventories	9,962
Increase (Decrease) in Accounts Payable	436,136
Increase (Decrease) in Interfund Payables	(652,001)
Increase (Decrease) in Accrued Expenses	(737,471)
<b>Net Cash (Used) by Operating Activities</b>	<u><u>\$ (16,833)</u></u>
<b>Noncash Investing, Capital, and Financing Activities</b>	
Contributions of Capital Assets from Government	\$ 603
Transfers of Capital Assets to Government	\$ 3,852
Capital Assets Retired	\$ 2,516

See Notes to Financial Statements.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**AUGUST 31, 2016**

**Exhibit E-1**

<b>Data Control Codes</b>		<b>Agency Funds</b>
	<b>ASSETS</b>	
1110	Cash and Investments	\$ 3,271,836
1000	<b>Total Assets</b>	<u>\$ 3,271,836</u>
	<b>LIABILITIES</b>	
2110	Accounts Payable	\$ 150,160
2160	Accrued Wages	4,560
2190	Due to Student Groups	<u>3,117,116</u>
2000	<b>Total Liabilities</b>	<u>\$ 3,271,836</u>

See Notes to Financial Statements.



## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Katy Independent School District (the District) was formed in February 1919 by a special act of the Texas State Legislature. The District is an independent public educational agency operating under applicable laws and regulations of the State of Texas. A seven member Board of Trustees elected to staggered three-year terms by the District's residents autonomously governs the District. The District prepares its Basic Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of the Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide" or "FASRG") and the requirements of contracts and grants of agencies from which it received funds.

The District prepared these financial statements in accordance with GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38 "Certain Financial Statement Disclosures" which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 established a financial reporting model for state and local governments that included the addition of Management's Discussion and Analysis, Government-wide Financial Statements, Required Supplementary Information, and the elimination of the effects of internal service activities and the use of account groups to the already required fund Financial Statements and notes.

The following is a summary of the most significant accounting policies:

#### A. Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by Generally Accepted Accounting Principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. Based on these considerations, the District's Basic Financial Statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by Generally Accepted Accounting Principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under Generally Accepted Accounting Principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### A. Reporting Entity (continued)

The Board of Trustees (the Board) is elected by the public and has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 61, “The Financial Reporting Entity.” There are no component units included with the reporting entity.

#### B. Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are Government-wide Financial Statements. They report information on all of the Katy Independent School District operating activities and activities other than the District’s fiduciary (agency type) activities. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. The District has no business-type activities that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include school lunch charges, community education tuition, summer school tuition, etc. The “grants and contributions” column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Property taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. In the Government-wide statements, eliminations have been made to minimize double-counting of internal activities. Interfund balances between governmental funds and also between governmental funds and internal service funds are eliminated on the Government-wide Statement of Net Position. Since the internal service funds support the District’s activities, the financial activities of these funds are presented in the governmental activities column in the Government-wide Statement of Activities as a direct expense in the proper functional category. In the Government-wide Statement of Activities, the net activities of the Internal Service such as Health Insurance, Workers’ Compensation, and Print Shop have been allocated to the appropriate functional expense in order to present a more accurate and complete picture of the direct expenses of the functions. The District has no interfund services provided and used between functions that would be program revenue which would not be eliminated in the process of consolidation. Interfund activities between governmental and fiduciary funds remain as due to/due from on the Government-wide Statement of Activities.

The Fund Financial Statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for district operations, they are not included in the Government-wide Statements. The District considers some governmental funds as major and reports their financial condition and results of operations in a separate column.

## **KATY INDEPENDENT SCHOOL DISTRICT**

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **B. Government-wide and Fund Financial Statements (continued)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

#### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Government-wide Financial Statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, deferred inflows of resources and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Compensated absences are reported in governmental funds only to the extent unused reimbursable leave is outstanding following an employee's resignation or retirement. The District considers all revenues available if they are collectible within 60 days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors may require the District to refund all or part of the unused amount.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting for reporting its assets and liabilities.

## **KATY INDEPENDENT SCHOOL DISTRICT**

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **D. Fund Accounting**

The accounts of the District are organized on the basis of funds in accordance with the provisions of the Resource Guide. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses. For financial statement presentation, the District's Fund Financial Statements provide more detailed information about the District's most significant funds, not the District as a whole. The funds shown on the Fund Financial Statements are considered major funds because of the size and activity of the funds in relation to all of the funds.

The District reports the following major Governmental Funds:

##### **1. General Fund**

The General Fund is the government's primary operating fund. It is used to account for all financial transactions not properly included in other funds. The principal sources of revenues include local property taxes, state funding under the Foundation School Program, interest earnings on fund investments, federal source revenues for indirect costs reimbursed by the programs accounted for in the Special Revenue Fund, and revenues received for School Health and Related Services. Expenditures include all costs associated with the daily operations of the District except for food service, debt service, capital projects, and specific programs funded by the federal or state government.

##### **2. Debt Service Fund**

The Debt Service Fund is used to account for the payment of interest and principal on all bonds of the District. The primary sources of revenue for debt service are local property taxes, hold harmless funds, and interest earnings on investments.

##### **3. Capital Projects Fund**

The Capital Projects fund is used to account for the proceeds of the District's bond sales and revenues whose expenditures are restricted to the construction and acquisition of major capital facilities.

##### **4. Special Revenue Fund**

The Special Revenue Fund is used to account for all financial resources restricted to, or designated for, specific purposes by a grantor. Specifically, this type of fund is used to account for funds that are used for the District's food service program, including local and federal revenue sources, for federally financed programs (grants) where unused balances are returned to the grantor at the close of specified project periods and other revenue specific programs. Project accounting is employed to maintain integrity for the various sources of funds. Resources accounted for in these programs are awarded to the District for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements.

## **KATY INDEPENDENT SCHOOL DISTRICT**

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **D. Fund Accounting (continued)**

Additionally, the District reports the following Proprietary Fund:

##### **5. Internal Service Fund**

The Internal Service Fund is used to account for revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The following Internal Service Funds are used by the District:

The Workers' Compensation Fund is used to account for the operations of the District's workers' compensation insurance plan, which is supported principally by employer contributions. Expenses include plan benefit payments to insured employees for claims and premium charges. Estimated amounts due for claims incurred but not reported at year-end are included as fund liabilities.

Similar to the Workers' Compensation Fund, the Health Insurance Fund is used to account for the District's health insurance plan, which is supported by both district and employee contributions. Expenses include plan benefit payments to health care providers for claims incurred. Estimated amounts due for claims incurred but not reported at year-end are included as fund liabilities.

The Print Shop Fund is used to account for the District's internal printing operations. All costs and expenses of operating the print shop are accounted for in the fund. Users of the printing services are charged fees based on amounts estimated to cover the cost of operations.

Finally, the District reports the following Fiduciary Funds:

##### **6. Agency Funds**

The Agency Funds are used to account for activities of student groups. These funds have no equity; assets are equal to liabilities and do not include revenues and expenditures for general operations of the District. The Agency Fund accounts for resources held in a custodial capacity by the District, and consist of funds that are property of students and others and cannot be used by the District in operations.

#### **E. Other Accounting Policies – Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

##### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, balances in privately managed public funds investment pools (TexPool, Texas CLASS and Lone Star), and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the Proprietary Fund Types consider temporary investments, with maturity of three months or less when purchased, to be cash equivalents.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Other Accounting Policies – Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

##### 2. Investments

Investments consist of deposits with TexPool, Texas CLASS and Lone Star, local government investment pools. The District's investment pools are valued and reported at amortized cost as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Investments having a maturity of three months or less when purchased are reported as cash and cash equivalents.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles.

##### 3. Short-Term Interfund Receivables/Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as due from other funds or due to other funds on the combined balance sheet.

##### 4. Inventories and Prepaid Items

Inventories consisting of supplies and materials are stated at cost (average cost method) and include consumable custodial, maintenance, transportation, instructional, food consumables and office supplies. Inventories of governmental funds are recorded as expenditures when the supplies and materials are used or consumed (consumption method) rather than when purchased. Inventories of food commodities are recorded as revenues at fair market value supplied by the Texas Department of Human Services on the date received, and are recorded as expenditures when the commodities are consumed. A portion of fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures when the supplies or materials are used and consumed (consumption method) rather than when purchased.

##### 5. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Primarily, capital assets are defined by the District as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs of the facilities Acquisition and Construction Function that relate to overall planning of District facilities, managing overall District assets and overall construction projects are treated as period costs and are not capitalized unless related to specific assets. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Other Accounting Policies – Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

##### 5. Capital Assets (continued)

When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings, furniture, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building	50
Portable Buildings	25-50
Building Improvements	7-25
Furniture & Fixtures	20
Vehicles	15
Buses	15
Equipment	10-15
Office Equipment	10
Computer Equipment	6

Land and construction in progress are not depreciated.

##### 6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four item that qualifies for reporting in this category:

- Deferred outflows interest rate swap refunding - This is related to the hedging derivative instruments associated with the Series 2015-C Bonds and the refunding of the Series 2012-C Bond and previously refunded the Series 2004-C Bonds. The deferred amount on refunding related to the Series 2015-C Bonds is reported in the Government-wide Statement of Net Position in this category and will be amortized over the life of the debt.
- Deferred outflows interest rate swap - The imputed at-market swaps associated with the Series 2015-C Bonds are reported as a deferred outflow of resources at market value.
- Deferred outflows net gain/loss on refunding - The net gain/loss on refunding bonds is reported in the Government-wide Statement of Net Position in this category and will be amortized over the life of the shorter of the life of the refunded or refunding debt.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Other Accounting Policies – Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

##### 6. Deferred Outflows/Inflows of Resources (continued)

- Deferred outflows related to TRS - Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over the closed five year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently 6.90 years.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resource (revenue) until that time. The District has one item that qualifies for reporting in this category.

- Deferred inflows related to TRS - Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently 6.90 years.

In addition to liabilities, the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents unavailable revenues that applies to a future period(s) and so will not be recognized as an inflow or resource (revenue) until that time. The District has two items that qualify for reporting in this category. The unavailable revenue - property taxes and unavailable revenues - SHARS are reported as a deferred inflow of resources and will be recognized as collected.

##### 7. Pensions

The fiduciary net position of the Teacher Retirement System of Texas ("TRS") has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to TRS, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Other Accounting Policies – Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

##### 8. Long-Term Obligations

In the Government-wide Financial Statements and in the Proprietary Fund types in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or Proprietary Fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. Accretion of interest on the capital appreciation bonds is recorded at the accreted value through the end of the fiscal year.

In the Fund Financial Statements, Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### 9. Transactions Between Funds

Transactions between funds that would be treated as revenues, expenditures or expenses if they involved organizations external to the District are accounted for as revenues, expenditures or expenses in the applicable funds.

Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund, which are properly attributable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expenses in the fund that is reimbursed.

Other legally authorized transfers are included in the results of operations of the governmental funds.

##### 10. Compensated Absences – Accumulated Vacation Pay and Sick Leave

The District has a vacation pay policy for twelve-month employees whereby eligible employees shall receive vacation of one to fifteen days dependent upon the number of years of service. Employees become eligible for vacation days after six months of employment. All vacation days are forfeited if not taken by June 30 of the following calendar year; therefore, the liability for unused vacation days at August 31, 2016 is not material to the financial statements.

The District pays a portion of accrued sick leave to employees who retire with five or more years of continuous employment in the District and whose retirement can be verified by the Teachers Retirement System. The compensated absences are normally paid through the General Fund when the amounts are due. Payment is limited to the current salary rate for one-half of the locally accumulated sick leave days up to a maximum of 90 accumulated days.

In the Governmental Funds compensated absences that are expected to be liquidated with expendable available resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in long-term liabilities on the statement of net position.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Other Accounting Policies – Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

##### 11. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

##### a. Non-spendable Fund Balance

Non-spendable fund balance represents amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

##### b. Restricted Fund Balance

Restricted fund balance consists of amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. The Fund balance for the Debt Service Fund and Child Nutrition Program and other grants are classified as restricted.

##### c. Committed Fund Balance

Committed fund balances are amounts constrained to specific purposes by the District itself, using its highest decision making authority (the Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint. The General Fund has committed \$5,000,000 for self-insurance purposes. The District has committed the fund balance in the Campus Activity Fund for uses benefitting the respective campuses where the funds were raised.

##### d. Assigned Fund Balance

Assigned fund balance is the amount the District intends to use for a specific purpose. The Board of Trustees delegates the responsibility to assign fund balances to the Superintendent or his designees. The District has assigned fund balances in the General Fund in the amount of \$59,718,583 and is detailed in Note 12.

##### e. Unassigned Fund Balance

Amounts that are available for any purpose are considered unassigned fund balance. Positive numbers can only be reported in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments and assignments by passage of resolution. Per the local policy, assigned fund balance amounts are established by the Superintendent or his designee.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. Other Accounting Policies – Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

##### 12. Use of Estimates

The presentation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

##### 13. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

##### 14. Use of Funds

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a formal minimum fund balance policy.

##### 15. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards:

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, clarifies the application of certain provisions of Statement No. 68 with regard to information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures include information about any limitations or restrictions on participant withdrawals.

## **KATY INDEPENDENT SCHOOL DISTRICT**

### **NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

#### **A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the Government-wide Statement of Net Position. Major elements of that reconciliation include capital assets which are not financial resources and are therefore not reported in governmental funds, long-term liabilities, including bonds payable, which are not due and payable in the current period and are not reported as liabilities in the Fund Financial Statements, and property taxes receivable which are included as unearned in the Fund Financial Statements are adjusted based on when the tax levy was made and for uncollectible amounts.

#### **B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the changes in net position of governmental activities as reported on the Government-wide Statement of Activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the Fund Financial Statements, but should be shown as increases in capital assets and decreases in long-term debt in the Government-wide Statements. This adjustment affects both the net position balance and the change in net position. The debt payments on retirement of debt are recorded as expenditures for Fund Basis Financial Statements but are recorded as a reduction of debt in the Government-wide Financial Statements. The capital asset additions are expenditures in the Fund Basis Financial Statements but are capitalized in the Government-wide Financial Statements. The Fund Basis Financial Statements do not include the current depreciation expense.

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. As indicated above, if new debt is issued, it is treated as a source of revenue on the Fund Basis Financial Statements, while in the Government-wide Financial Statements; the amount is recorded as a liability. Property taxes are adjusted for the accrual basis and the unearned revenues are adjusted based on prior year levies and current year uncollectible amounts.

### **NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. Budgetary Data**

The Board of Trustees adopts an appropriated budget for the General Fund, Debt Service Fund, and the Nutrition and Food Service Program included in the Special Revenue Fund. Budgets are prepared using the same method of accounting as for financial reporting. The District is required to present the adopted and final amended budgeted revenues and expenditures for the General Fund and each major special revenue program. The General Fund and Nutrition and Food Service Program budget reports appear in the required supplementary information section where the District compares the final amended budget to actual revenues and expenditures. Per regulatory requirements, the Debt Service Fund is required to be reported with the original budget, amended budget and actual. This statement is included in the Other Supplementary Information section of this report.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

#### A. Budgetary Data (continued)

The Capital Projects Fund budget is prepared on a project basis based on the proceeds available from bond issues and planned expenditures outlined in applicable bond ordinances. Capital Projects Fund equity, which represents unexpended appropriations, is re-appropriated in the subsequent fiscal year's budget until available funds for acquisition and construction of facilities have been utilized. Each major construction contract is approved based on the existing availability of bond proceeds and/or approved but unissued bonds. The non-budgeted Special Revenue programs (primarily federal, state, and local grant programs) utilize a managerial type financial plan approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to state imposed project length budgets and monitored through submission of reimbursement reports to the state.

The following procedures are followed in establishing the budgetary data reflected in the Fund Financial Statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the Director of Budget and Treasury at the revenue and expenditure function/object level. Budgeted amounts are amended by the Board. All budget appropriations lapse at year end.
5. During the fiscal year ended August 31, 2016 the District did not have any expenditures over appropriations in major funds.
6. A reconciliation of fund balances for both appropriated budget and non-appropriated budget Special Revenue Programs is as follows:

	<b>Special Revenue Fund</b>	<b>Unbudgeted Programs</b>	<b>Budgeted Programs</b>
Revenues	\$ 64,271,733	\$ 35,620,638	\$ 28,651,095
Expenditures	63,148,767	33,999,972	29,148,795
Revenues Over (Under) Expenditures	1,122,966	1,620,666	(497,700)
Other Sources (Uses)	9,157		9,157
Fund Balance Beginning	15,246,208	9,801,826	5,444,382
Fund Balance Ending	<u>\$ 16,378,331</u>	<u>\$ 11,422,492</u>	<u>\$ 4,955,839</u>

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

#### A. Budgetary Data (continued)

7. During the fiscal year the operating budget must be amended by the Board for changes to function appropriation amounts. All supplemental appropriations must be within limits of available revenues and fund equity.

The following table summarizes changes to the originally adopted budget for all budgeted funds:

<b>Fund</b>	<b>Appropriations as of September 1, 2015 (Original Budget)</b>	<b>Supplemental Appropriations and Revisions</b>	<b>Appropriations as of August 31, 2016 (Amended Budget)</b>
General Fund	\$ 620,073,810	\$ 6,547,281	\$ 626,621,091
Special Revenue Fund	30,392,022	600,883	30,992,905
Debt Service Fund	130,386,785	2,129,999	132,516,784
Total all Budgeted Funds	<u>\$ 780,852,617</u>	<u>\$ 9,278,163</u>	<u>\$ 790,130,780</u>

#### B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities, but are reported as assignments of fund balances. Since appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. As shown in footnote 12, \$1,906,550 of fund balance has been assigned for these outstanding encumbrances.

### NOTE 4 – DEPOSITS (CASH) AND INVESTMENTS

#### A. Deposits (Cash)

Deposits and investment transactions of the District are regulated by State statutes of the Texas Education Code and other regulations regarding security for District funds in depository institutions.

In accordance with applicable statutes, the District has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the District incurs as a result of banking services received. All depository contracts have a term of two years, commencing with the start of every odd-numbered fiscal year. However, the contract can be extended for two additional two year periods should the depository and the District agree to the extension. Depository contracts are awarded on the basis of competitive proposals received from area banks and can be awarded to more than one bank if the bids received are relatively equal.

The District may place funds with the depository in interest and non-interest bearing accounts. Statutes and the depository contract require that all funds in the depository institution be fully secured by federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The collateral securities are placed with an independent third party custodian or trustee institution. In accordance with State statutes pertaining to lawful collateralization of District deposits, safekeeping receipts are issued in the name of the depository with proper identification that the collateral securities are pledged by the depository to secure funds of the District.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 4 – DEPOSITS (CASH) AND INVESTMENTS (continued)

#### A. Deposits (Cash) (continued)

Acceptable collateral securities include direct obligations of the United States of America (U.S.), bonds of any agency of the U.S., bonds of the State of Texas or of any county, school district, city, or town of the State of Texas that have been rated A or better and other securities as authorized by Chapter 2257 Collateral for Public Funds of the Government Code and Chapter 2256 Public Fund Investment Act.

The District may approve all collateral securities prior to their being pledged. The depository can release or replace collateral securities pledged to secure District funds only upon obtaining the written approval of the District.

All demand and time deposits in the depository bank were entirely covered by federal depository insurance and by acceptable collateral securities pledged in the District's name by Prosperity Bank and held in safekeeping by Federal Home Loan Bank of Dallas at year-end in accordance with provisions of the depository contract.

At August 31, 2016 the cash in the bank was \$449,887,828. As of August 31, 2016 the deposits and amount of pledged collateral and FDIC coverage was as follows:

<b>Financial Institution</b>	<b>Carrying Amount of Combined Deposit</b>	<b>Pledged Collateral and Surety Bond</b>	<b>Available FDIC Coverage</b>	<b>Month</b>
Prosperity Bank	\$ 434,268,548	\$ 493,627,350	\$ 500,000	August 31, 2016

#### B. Investments

The Board of Trustees of the District has adopted a written investment policy (the "Investment Policy") regarding the investment of the funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The Public Funds Investment Act requires an annual audit of investment practices. Audit procedures in this area, conducted as part of the audit, disclosed that in the area of investment practices, management reports, and establishment of appropriate policies, the District was in substantial compliance with the requirements of the Act. Additionally, the investments and investment practices of the District are in compliance with the Trustees' investment policies.

The District's Investment Policy emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. The Investment Policy includes a list of authorized investment instruments, a maximum allowable stated maturity of any individual investment and the maximum average dollar weighted maturity allowed for fund groups.

The District is authorized to invest in the following investment instruments:

1. Obligations of, or guaranteed by, the U.S. Government and its agencies and instrumentalities as permitted by Government Code 2256.009. This excludes collateralized mortgage obligations. Maximum maturity shall be three years.
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010.
3. Fully Collateralized repurchase agreements as permitted by Government Code 2256.011.
4. A1/P1 Commercial paper as defined by Government Code 2256.013 and not to exceed 60 days to maturity.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 4 – DEPOSITS (CASH) AND INVESTMENTS (continued)

#### B. Investments (continued)

5. No-load money market mutual funds as permitted by Government Code 2256.014.
6. Constant dollar public funds investment pools as permitted by Government Codes 2256.016 – 2256.019.

A summary of the District's cash and investments at August 31, 2016 is shown below.

	<b>Cash on Hand</b>	<b>Bank Deposits</b>	<b>Investment Pools</b>	<b>Total</b>
General	\$ 53,275	\$ 163,713,974	\$ 50,867,765	\$ 214,635,014
Debt Service		46,497,813	5,373,416	51,871,229
Capital Projects		207,281,767		207,281,767
Special Revenue Fund	100	5,380,317	6,379,769	11,760,186
<b>Total Governmental Funds</b>	<u>53,375</u>	<u>422,873,871</u>	<u>62,620,950</u>	<u>485,548,196</u>
Internal Service Fund		8,122,841	10,130,840	18,253,681
<b>Total Governmental Activities</b>	<u>53,375</u>	<u>430,996,712</u>	<u>72,751,790</u>	<u>503,801,877</u>
<b>Fiduciary Funds</b>				
Trust and Agency		3,271,836		3,271,836
<b>Total</b>	<u>\$ 53,375</u>	<u>\$ 434,268,548</u>	<u>\$ 72,751,790</u>	<u>\$ 507,073,713</u>

The District generally holds all securities to maturity. The District did not purchase any derivative investment products during the current year nor participate in any reverse repurchase agreements or security lending agreements during the fiscal year 2016.

The following table includes the portfolio balances, credit rating, and weighted average maturity of the portfolio balance by investment type of the District as of August 31, 2016:

	<b>Rating</b>	<b>Fair Value</b>	<b>Weighted Avg. Maturity</b>
Lone Star - Public Funds Investment Pool	AAAm	\$ 6,060,754	23 days
TexPool - Public Funds Investment Pool	AAAm	29,521,335	44 days
Texas CLASS - Public Funds Investment Pool	AAAm	37,169,701	47 days
<b>Total Investments and Cash Equivalent</b>		<u>\$ 72,751,790</u>	

As of August 31, 2016, the District's investments included TexPool, Texas CLASS, and Lone Star Public Funds Investment Pools. The investment pools investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

Investment Pool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act of 1987, as amended. Oversight responsibility for TexPool is provided by The Texas State Comptroller of Public Accounts, for Texas CLASS by an advisory board and member elected Board of Trustees, and for Lone Star by The Texas Association of School Boards.



## **KATY INDEPENDENT SCHOOL DISTRICT**

### **NOTE 4 – DEPOSITS (CASH) AND INVESTMENTS (continued)**

#### **B. Investments (continued)**

The value of District portions in TexPool, Texas CLASS, and Lone Star are the same as the value of the Shares. These external pooled funds operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The external pooled funds use amortized cost rather than fair value to report net assets to compute share price, such funds have daily liquidity.

#### **Credit Risk Related to Investments**

Credit risk is the risk that another party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk, which is the risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement, will decline. Market risk is not depicted in this note.

In compliance with GASB 40, local policy also addresses credit risk by monitoring investment diversification through specific identification disclosure and weighted average maturity disclosure.

As of August 31, 2016, TexPool, Texas CLASS, and Lone Star represented 5.8%, 7.3%, and 1.2%, respectively, of the General Fund, Debt Service Fund, Capital Projects Fund, Special Revenue Fund, Internal Service Fund and Fiduciary Fund investments and are rated AAAM by Standard and Poor's.

The District's investment policy permits investment pools authorized by government codes 2256.016 – 2256.019 which requires investment pools to be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amount. These pools do not impose any liquidity fees or redemption gates.

#### **Interest Rate Risk**

As a means of minimizing risk of loss due to interest rate fluctuations, the District's Investment Policy requires that investment maturities in the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Fund will not exceed the lesser of a dollar weighted average maturity of 365 day or the anticipated cash flow requirements of the fund. The District's Investment Policy also limits that no investment shall have a maturity greater than three years from the date of purchase.

As of August 31, 2016, 14.3% of the entire portfolio was invested in AAAM rated public investment pools. The dollar weighted average maturity of the pools was 44 days, which is less than the threshold of 180 days.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 4 – DEPOSITS (CASH) AND INVESTMENTS (continued)

#### B. Investments (continued)

##### Custodial Credit Risk

The District's agent holds the securities in the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Fund in the District's name; therefore, the District is not exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in event of the failure of the counterparty (e.g. broker dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that a third party custodian or a bank trust department hold all securities owned by, or pledged as collateral to the District.

### NOTE 5 – PROPERTY TAXES

The current assessment ratio of the District is 100% of market valuation of all property within the District's boundaries. The local maintenance and debt service tax rates for the 2015-16 school year were \$1.1266 and \$.39 respectively per \$100 of assessed valuation. The 2015-16 assessed valuation was \$32,904,425,128 and resulted in a final adjusted tax levy of \$490,208,492.

Property taxes are levied by October 1 on the assessed value listed the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Local taxes assessed on valuations made as of January 1 each year are recorded in the District's Financial Statements net of the related allowance for uncollectible taxes. The resulting net taxes receivable is stated at the amount estimated to be collectible based upon the District's collection experience. Uncollectible taxes are periodically reviewed and written off by the District, as provided by specific statutory authority from the State Legislature. Net property taxes receivable at August 31, 2016 consisted of the following:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
Property Taxes Receivable-Current Year Levy	\$ 2,141,144	\$ 741,193	\$ 2,882,337
Property Taxes Receivable-Prior Years' Levies	3,510,497	1,195,092	4,705,589
Total Property Taxes Receivable	5,651,641	1,936,285	7,587,926
Penalty and Interest on Delinquent Property Taxes	2,986,091	983,517	3,969,608
Total Property Taxes and Penalty and Interest	8,637,732	2,919,802	11,557,534
Less Allowance for Uncollectible Taxes	1,877,908	625,916	2,503,824
Net Property Taxes Receivable	<u>\$ 6,759,824</u>	<u>\$ 2,293,886</u>	<u>\$ 9,053,710</u>

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 5 – PROPERTY TAXES (continued)

#### Appraisal District

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code which established an appraisal district and an appraisal review board in each county in the State of Texas. The District has property in Harris, Fort Bend, and Waller Counties. Beginning January 1, 2008 the District contracted with each county for the appraisal of property for all taxing units in the county's boundaries, including the District. The District paid Harris County Appraisal District, Fort Bend County Appraisal District, and Waller County Appraisal District \$2,071,693, \$1,234,905 and \$202,350 respectively in fiscal 2016 for appraising property.

### NOTE 6 – AMOUNTS DUE TO/FROM OTHER FUNDS AND INTERFUND TRANSFERS

Amounts Due To/From Other Funds at August 31, 2016 include the following:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General Fund	\$ 6,169,878	\$ 501,039
Debt Service Fund	251,068	
Capital Projects Fund		6,169,878
Special Revenue Fund	7,585,917	7,382,365
Total - Governmental Funds	14,006,863	14,053,282
Internal Service Fund	46,423	4
Total - All Funds	<u>\$ 14,053,286</u>	<u>\$ 14,053,286</u>

The District uses the General Fund cash account for accounts payable and payroll, creating interfund balances. The interfund balances are cleared monthly shortly after the end of the month. Most of the amounts represent short-term borrowings between funds for payroll and operating expense payments made from the General Fund cash accounts.

Transfers between funds in fiscal year 2016 are as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
Governmental Funds:		
General Fund	\$	\$ 7,017,799
Debt Service Fund	4,040,477	
Capital Projects Fund		1,022,678
Total - Governmental Funds	4,040,477	8,040,477
Internal Service Fund	4,000,000	
Total - All Funds	<u>\$ 8,040,477</u>	<u>\$ 8,040,477</u>

Transfers are used to: 1) move interest revenues from the Capital Projects Fund where they are collected to the Debt Service Fund for payment of principal and interest, 2) move the federal subsidy payment on the Build America Bonds from the General Fund to the Debt Service Fund for payment of principal and interest, and 3) provide supplemental funding from the General Fund to the Health Insurance Internal Service Fund.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 7 – AMOUNTS DUE FROM AND TO OTHER GOVERNMENTS

Receivables Due from Other Governments at August 31, 2016 consisted of the following:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
Due from State Agencies:				
State Grant Expenditure Reimbursement	\$	\$	\$ 255,079	\$ 255,079
State Summary of Finances	6,492,607	44,085		6,536,692
School Health and Related Services	5,511,173			5,511,173
Due from Federal Agencies:				
Federal Grant Expenditure Reimbursement	1,621		7,460,975	7,462,596
Due from Local Agencies:				
Local Grant Expenditure Reimbursement			102,659	102,659
Total Due from Other Governments	<u>\$ 12,005,401</u>	<u>\$ 44,085</u>	<u>\$ 7,818,713</u>	<u>\$ 19,868,199</u>

Payables Due to Other Governments at August 31, 2016 consisted of the following:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
Due to State Agencies:			
State Summary of Finances	\$	\$ 5,125	\$ 5,125
Due from Federal Agencies:			
Early Childhood Intervention		59,577	59,577
Due to Local Agencies:			
Katy Development Authority	3,120,641		3,120,641
	<u>\$ 3,120,641</u>	<u>\$ 64,702</u>	<u>\$ 3,185,343</u>

# KATY INDEPENDENT SCHOOL DISTRICT

## NOTE 8 – CAPITAL ASSETS

Capital asset activity for the governmental activities of the District for the year ended August 31, 2016 is as follows:

	Balance September 1, 2015	Additions	Retirements and Transfers	Balance August 31, 2016
<b>Governmental Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 80,584,370	\$ 20,000	\$ (1,500,540)	\$ 79,103,830
Construction in Progress	47,892,138	258,474,245	(101,169,677)	205,196,706
Total Capital Assets, not being Depreciated	128,476,508	258,494,245	(102,670,217)	284,300,536
Capital Assets being Depreciated:				
Land Improvements	52,926,300	2,949,516	2,404,970	58,280,786
Buildings and Improvements	1,365,017,593	5,433,534	99,439,326	1,469,890,453
Furniture and Equipment	169,507,308	14,911,259	(18,569,626)	165,848,941
Vehicles	48,525,284	12,647,561	(4,059,239)	57,113,606
Total Capital Assets, being Depreciated at Historical Cost	1,635,976,485	35,941,870	79,215,431	1,751,133,786
Less: Accumulated Depreciation for:				
Land Improvements	(29,194,837)	(2,904,144)	257,851	(31,841,130)
Buildings and Improvements	(353,220,239)	(31,178,406)	548,828	(383,849,817)
Furniture and Equipment	(100,794,376)	(14,545,667)	17,983,112	(97,356,931)
Vehicles	(21,941,176)	(3,196,612)	4,044,485	(21,093,303)
Total Accumulated Depreciation	(505,150,628)	(51,824,829)	22,834,276	(534,141,181)
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 1,259,302,365</u>	<u>\$ 242,611,286</u>	<u>\$ (620,510)</u>	<u>\$ 1,501,293,141</u>

Capital Leases included in the above schedule consist of the following major classes:

	Balance September 1, 2015	Additions	Retirements and Transfers	Balance August 31, 2016
<b>Capital Lease Assets</b>				
Land Improvements	\$ 172,506	\$	\$	\$ 172,506
Buildings and Improvements	23,526,587			23,526,587
Furniture and Equipment	650,321		(18,029)	632,292
Total Capital Lease Assets	24,349,414		(18,029)	24,331,385
Less: Accumulated Depreciation for:				
Land Improvements	(3,925)	(750)		(4,675)
Buildings and Improvements	(4,712,667)	(474,484)		(5,187,151)
Furniture and Equipment	(393,360)	(25,141)	18,029	(400,472)
Total Accumulated Depreciation	(5,109,952)	(500,375)	18,029	(5,592,298)
<b>Capital Leases, Net</b>	<u>\$ 19,239,462</u>	<u>\$ (500,375)</u>	<u>\$</u>	<u>\$ 18,739,087</u>

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 8 – CAPITAL ASSETS (continued)

Depreciation expense of the governmental activities was charged to functions/programs as follows:

#### Governmental Activities Depreciation Expense:

Instruction	\$ 27,828,988
Instructional Resources and Media Services	2,247,862
Curriculum and Instructional Staff Development	12,338
Instructional Leadership	32,695
School Leadership	1,934,057
Guidance, Counseling, and Evaluation Services	869,568
Health Services	853,885
Student Transportation	3,992,271
Food Service	3,837,724
Extracurricular Activities	2,766,040
General Administration	761,776
Facilities Maintenance and Operations	3,116,572
Security and Monitoring Services	155,251
Data Processing Services	3,405,616
Facilities Acquisition and Construction	10,186
Total Depreciation Expense Governmental Activities	<u>\$ 51,824,829</u>

Construction in progress and remaining commitments under related construction contracts at August 31, 2016 are as follows:

<b>Project</b>	<b>Contract Expenditures</b>	<b>Other Project Costs</b>	<b>Construction in Progress</b>
Robert & Felice Bryant Elementary	\$ 7,452,784	\$ 108,640	\$ 7,561,424
Stockdick Junior High	24,834,941	478,166	25,313,107
Patricia Paetow High School	79,898,487	2,880,695	82,779,182
Memorial Parkway Elementary Renovation	5,241,099	91,891	5,332,990
Cimarron Elementary Renovation	11,761,312	74,712	11,836,024
Memorial Parkway Junior High Renovation	18,153,483	272,012	18,425,495
Mayde Creek High Renovation	3,306,835	374,399	3,681,234
Miller Career Center Shell Space Addition	4,551,571	44,501	4,596,072
Katy Junior High CTE Expansion	7,484		7,484
McDonald Junior High CTE Expansion	7,484		7,484
Beck Junior High CTE Expansion	7,484		7,484
McMeans Junior High CTE Expansion	8,083		8,083
Cinco Ranch Junior High CTE Expansion	8,083		8,083
Katy Junior High Track	180,259		180,259
Katy High Concessions/Pressbox	1,482,725	31,808	1,514,533
Katy High Tennis & Field Improvements	1,943,312	16,789	1,960,101
Cinco Ranch High Science & Athletic Improvements	344,717	19,701	364,418
Agricultural Sciences Complex	629,365	48,899	678,264
Rhodes Stadium Directional Sound System	591,955	1,321	593,276
Student Activity Facility:Second Stadium	31,405,728	678,391	32,084,119
South Transportation Center	5,451,883	88,944	5,540,827
ESC Shell Space Buildout	1,965,471	31,206	1,996,677
Safety & Security Upgrades	631,791	88,295	720,086
	<u>\$ 199,866,336</u>	<u>\$ 5,330,370</u>	<u>\$ 205,196,706</u>

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 8 – CAPITAL ASSETS (continued)

#### Contract and related commitments:

<b>Project</b>	<b>Authorized Contract</b>	<b>Contract Expenditures</b>	<b>Remaining Commitment</b>
Robert & Felice Bryant Elementary	\$ 26,974,725	\$ 7,452,784	\$ 19,521,941
Stockdick Junior High	37,406,050	24,834,941	12,571,109
Patricia Paetow High School	146,565,153	79,898,487	66,666,666
Memorial Parkway Elementary Renovation	18,280,341	5,241,099	13,039,242
Cimarron Elementary Renovation	12,684,840	11,761,312	923,528
Memorial Parkway Junior High Renovation	26,137,776	18,153,483	7,984,293
Mayde Creek High Renovation	53,077,936	3,306,835	49,771,101
Miller Career Center Shell Space Addition	6,990,534	4,551,571	2,438,963
Katy Junior High CTE Expansion	153,688	7,484	146,204
McDonald Junior High CTE Expansion	153,688	7,484	146,204
Beck Junior High CTE Expansion	153,688	7,484	146,204
McMeans Junior High CTE Expansion	165,663	8,083	157,580
Cinco Ranch Junior High CTE Expansion	165,663	8,083	157,580
Katy Junior High Track	188,259	180,259	8,000
Katy High Concessions/Pressbox	1,534,009	1,482,725	51,284
Katy High Tennis & Field Improvements	2,243,575	1,943,312	300,263
Cinco Ranch High Science & Athletic Improvements	4,757,000	344,717	4,412,283
Agricultural Sciences Complex	1,316,000	629,365	686,635
Rhodes Stadium Directional Sound System	920,586	591,955	328,631
Student Activity Facility:Second Stadium	68,754,048	31,405,728	37,348,320
South Transportation Center	11,835,133	5,451,883	6,383,250
ESC Shell Space Buildout	2,265,092	1,965,471	299,621
Safety & Security Upgrades	2,310,164	631,791	1,678,373
	<u>\$ 425,033,611</u>	<u>\$ 199,866,336</u>	<u>\$ 225,167,275</u>

As explained in Note 3, encumbrance accounting is utilized to assure effective budgetary control. As of August 31, 2016 the General Fund had \$1,906,550, the Capital Projects Fund had \$246,547,566 and Special Revenue Fund had \$2,346,744 in outstanding encumbrances.

### NOTE 9 – LONG-TERM DEBT

#### General Obligation Bonds

General long-term debt of the District consists of General Obligation Bonds which provide funds to construct, acquire, and equip school buildings and purchase necessary sites for school buildings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond orders. The District has never defaulted on any principal or interest payment.

In November 2014 voters authorized \$748,120,000 of General Obligation Bonds. The District has \$293,120,000 authorized but unissued bonds remaining at August 31, 2016.

General long-term debt consists of bonds payable and accretion of capital appreciation bonds. Bonds are payable solely from revenues of the Debt Service Fund which consists primarily of property taxes collected by the District, state existing debt and instructional facilities allotments, and investment income. The capital lease is paid from General Fund property tax revenues generated within the Tax Increment Reinvestment Zone.

# KATY INDEPENDENT SCHOOL DISTRICT

## NOTE 9 – LONG-TERM DEBT (continued)

### Changes in Long-Term Debt

A summary of long-term debt transactions of the District for the year ended August 31, 2016 is as follows:

	Balance at September 1, 2015	Additions	Retirements	Balance at August 31, 2016	Due Within One Year
General Obligation Bonds	\$ 1,271,035,662	\$ 268,610,000	\$ 90,231,332	\$ 1,449,414,330	\$ 43,907,539
Accreted Interest on Capital					
Appreciation Bonds	7,243,610	287,833	1,928,667	5,602,776	2,899,411
Imputed Borrowing	33,993,899		2,459,575	31,534,324	2,466,195
Bond Issuance Premiums	100,590,333	35,746,877	7,652,860	128,684,350	
Total Bonds Payable	1,412,863,504	304,644,710	102,272,434	1,615,235,780	49,273,145
Capital Leases	13,910,000		1,220,000	12,690,000	1,255,000
Compensated Absences	22,429,936	2,940,347	929,292	24,440,991	752,456
Total	\$ 1,449,203,440	\$ 307,585,057	\$ 104,421,726	\$ 1,652,366,771	\$ 51,280,601

The District is in compliance with all significant bond and note limitations and restrictions.

Outstanding bonded debt at August 31, 2016 consisted of the following:

Issue	Series Description	Interest Rate	Matures	Debt Outstanding
\$ 25,000,000	1996-A Limited Tax School Building Bonds	4.75-6.40 %	2017	\$ 3,100,000
23,055,000	2005-A Unlimited Tax Refunding Bonds	3.00-5.25	2018	4,187
29,685,000	2005-B Unlimited Tax Refunding Bonds	3.00-5.25	2018	819,989
167,944,959	2007-B Unlimited Tax Refunding Bonds	4.00-5.00	2035	163,795,154
61,395,000	2007-C Limited Tax Refunding Bonds	4.00-5.63	2027	41,635,000
30,850,000	2008-A Unlimited Tax Refunding Bonds	3.75-4.38	2024	13,495,000
38,235,000	2008-B Limited Tax Refunding Bonds	3.75-4.38	2024	17,375,000
97,700,000	2008-C Unlimited Tax School Building Bonds	2.75-5.00	2019	10,240,000
24,315,000	2009 Unlimited Tax School Building Bonds	2.00-5.00	2019	1,785,000
68,910,000	2010-A Unlimited Tax Refunding Bonds	2.00-5.00	2022	34,450,000
11,625,000	2010-B Limited Tax Refunding Bonds	3.00-5.00	2027	3,760,000
41,470,000	2010-C Unlimited Tax School Building Bonds	4.00-5.00	2021	13,640,000
155,000,000	2010-D Unlimited Tax School Building Bonds	4.50-5.30	2041	155,000,000
6,220,000	2010-E Limited Tax Refunding Bonds	2.00-4.00	2017	615,000
147,680,000	2012-A Unlimited Tax School Building & Refunding Bonds	4.00-5.00	2042	144,650,000
34,475,000	2012-B Variable Rate Unlimited Tax Refunding Bonds	4.00-5.00	2028	21,475,000
103,000,000	2013 Unlimited Tax School Building Bonds	2.00-5.00	2043	93,700,000
133,970,000	2014-A Unlimited Tax Refunding Bonds	1.00-5.00	2036	132,060,000
18,150,000	2014-B Limited Tax Refunding Bonds	3.00-5.00	2028	17,935,000
155,310,000	2015-A Unlimited Tax School Building Bonds	2.00-5.00	2045	143,315,000
52,955,000	2015-B Unlimited Tax Refunding Bonds	4.00-5.00	2037	52,955,000
115,000,000	2015-C Variable Rate Unlimited Tax Refunding Bonds	4.47-4.80	2036	115,000,000
245,095,000	2016-A Unlimited Tax School Building Bonds	4.00-5.00	2046	245,095,000
23,515,000	2016-B Unlimited Tax Refunding Bonds	3.00-5.00	2038	23,515,000
<b>Total Bonded Debt</b>				1,449,414,330
<b>Less Amounts Due Within One Year</b>				(43,907,539)
<b>Plus Unamortized Imputed Borrowing</b>				31,534,324
<b>Plus Unamortized Premiums</b>				128,684,350
<b>Total Bonded Debt Long-Term</b>				<u>\$ 1,565,725,465</u>



# KATY INDEPENDENT SCHOOL DISTRICT

## NOTE 9 – LONG-TERM DEBT (continued)

Annual requirements to amortize all bonded long-term debt outstanding (including accretion) as of August 31, 2016 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 43,907,539	\$ 71,255,364	\$ 115,162,903
2018	48,931,791	69,086,687	118,018,478
2019	57,475,000	63,691,715	121,166,715
2020	56,905,000	61,341,139	118,246,139
2021	56,545,000	58,593,813	115,138,813
2022	57,820,000	55,867,772	113,687,772
2023	61,645,000	53,048,071	114,693,071
2024	64,025,000	50,061,739	114,086,739
2025	63,775,000	46,958,658	110,733,658
2026	66,155,000	43,770,433	109,925,433
2027	64,855,000	40,506,794	105,361,794
2028	67,530,000	37,211,496	104,741,496
2029	55,210,000	34,216,726	89,426,726
2030	54,785,000	31,611,330	86,396,330
2031	54,755,000	29,055,475	83,810,475
2032	52,600,000	26,601,705	79,201,705
2033	48,385,000	24,273,576	72,658,576
2034	51,290,000	21,947,448	73,237,448
2035	53,565,000	19,513,580	73,078,580
2036	54,400,000	16,994,253	71,394,253
2037	43,610,000	14,355,173	57,965,173
2038	39,855,000	12,220,584	52,075,584
2039	36,140,000	10,178,810	46,318,810
2040	37,910,000	8,213,502	46,123,502
2041	39,450,000	6,219,371	45,669,371
2042	31,770,000	4,498,075	36,268,075
2043	26,685,000	3,161,450	29,846,450
2044	22,045,000	2,073,050	24,118,050
2045	23,040,000	1,081,075	24,121,075
2046	14,350,000	287,000	14,637,000
	1,449,414,330	917,895,864	2,367,310,194
Less: Current Portion	43,907,539	71,255,364	115,162,903
Long Term Debt	<u>\$ 1,405,506,791</u>	<u>\$ 846,640,500</u>	<u>\$ 2,252,147,291</u>

# KATY INDEPENDENT SCHOOL DISTRICT

## NOTE 9 – LONG-TERM DEBT (continued)

### Interest Rate Swap Agreements

#### Variable Interest Rate Bonds Synthetic Fixed Rate Swaps

On July 28, 2004 as a means to reduce its borrowing cost in comparison to the issuance of traditional fixed rate bonds, the District entered into two identical pay fixed/receive variable rate swap agreements on the District's \$115,000,000 Variable Rate Unlimited Tax School Building Bonds, Series 2004-C ("2004-C Bonds"). The swap agreements and the bonds were issued at the same time. The swap agreements are with JP Morgan Chase Bank, N.A. and Bank of America, N.A., each in an original notional amount of \$57,500,000 in order to synthetically fix the interest obligations on the variable interest bonds.

On July 17, 2012 the District refunded the 2004-C Bonds with the \$115,000,000 Variable Rate Unlimited Tax Refunding Bonds, Series 2012-C ("2012-C Bonds") in order to mitigate bank risk while increasing the effectiveness of the hedging derivative.

On March 18, 2015 the District refunded the 2012-C Bonds with the \$115,000,000 Variable Rate Unlimited Tax Refunding Bonds, Series 2015-C ("2015-C Bonds") in order to continue to mitigate bank risk while lowering borrowing costs.

#### Objective

The objective of the swaps is to hedge against the potential of rising interest rates in conjunction with the District's \$115,000,000 outstanding variable rate debt. The interest rate swaps were effective hedges as of the prior reporting period with each swap's cumulative change in fair value recorded in deferred outflows on the Statement of Net Position. The refunding of the 2004-C and 2012-C Bonds were considered termination events as described in Governmental Accounting Standards Board (GASB) Statement 53. As of the refunding date the swaps were considered to be off-market, consisting of an imputed at-the-market swap and an imputed borrowing. The fair values of the derivative instruments outstanding at August 31, 2016 and the changes in fair values for the year then ended are as follows:

Governmental Activities	Fair Value at August 31, 2016	
	Classification	Amount
Cash Flow Hedge:		
Pay fixed interest rate swap	Liability: Interest Rate Swaps	\$ 7,592,615
	Liability: Imputed Borrowing	31,534,324
	Negative Fair Value	<u>\$ 39,126,939</u>
Governmental Activities	Changes in Fair Value	
	Classification	Amount*
Cash Flow Hedge:		
Pay fixed interest rate swap	Deferred Outflows: Interest Rate Swap	\$ 10,044,378

\* Represents change from 2015 MTM value to 2016 Fair Value

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 9 – LONG-TERM DEBT (continued)

#### Interest Rate Swap Agreements (continued)

##### Terms

The swaps notional amounts total \$115,000,000, the principal amount of the associated 2015-C Bonds. The District's swap agreements contain scheduled reductions to outstanding notional amounts that follow anticipated payments of principal of the 2015-C Bonds in varying amounts during the years 2019 to 2036. Under the terms of the swaps, the District will pay a fixed rate of 3.92% and receive a floating rate equal to 67% of the one-month London Interbank Offered Rate (LIBOR) Index. All agreements were effective July 28, 2004, the date of issuance of the 2004-C Bonds. The termination date is August 15, 2036.

For the fiscal year ending August 31, 2016 the effective rate of the bonds associated with the swaps is as follows:

	<b>Terms</b>	<b>Rate Paid (Received)</b>
Fixed rate paid for swaps		3.92%
Variable rate payment received from counterparties	LIBOR x 67%	(0.25)
Net rate paid/(received) for swaps		3.67
Average variable rate paid on bonds associated with swaps		0.79
Effective rate of bonds associated with swaps		4.46%

In contrast, the fixed rate the District would have paid on General Obligation Bonds at a comparable maturity on the same original sale date in 2004 would have been 5.15%. The savings in interest expenditures realized by participating in the swap agreement is \$17,522,633 as compared to costs the District would have incurred if the debt had been issued as traditional fixed rate bonds at the time of original issuance.

##### Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Because LIBOR interest rates have declined since inception of the swaps, the swaps had a negative fair value of \$39,126,939 on August 31, 2016 (Level 2 inputs). This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

##### Credit Risk

As of August 31, 2016, the District was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates increase and the fair value of the swaps become positive, the District would be exposed to credit risk on the swaps in the amount of its fair value.

## **KATY INDEPENDENT SCHOOL DISTRICT**

### **NOTE 9 – LONG-TERM DEBT (continued)**

#### **Interest Rate Swap Agreements (continued)**

##### **Basis Risk**

The 2015-C Bonds were issued as Floating Rate Notes. During the initial rate period ending August 14, 2019, the interest rate on the hedged bonds is indexed to 67% of one-month LIBOR with monthly rate resets plus a constant of 55 basis points. The reference rate on the floating leg of each hedging derivative is also 67% of one-month LIBOR with monthly rate resets. Because the variable amount the District is paying and receiving are both based on the same index, the District is not exposed to basis risk.

##### **Interest Rate Risk**

Interest payments on the hedged variable-rate debt are expected to increase (decrease) as LIBOR rates increase (decrease). Because the variable amount the District is paying and receiving are both based on 67% of one-month LIBOR, the District's exposure to interest rate risk is mitigated.

##### **Termination Risk**

The District has the unilateral right to voluntarily terminate the swap agreements at any time over their term at the then prevailing market value. A counterparty may only terminate a swap if the District fails to perform under the terms of the contract. The District's options are to terminate with the swap providers at an agreed market value, assign the Swap to a third party based on bids or quotes, or enter into an off-setting swap transaction. If the swap should be terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates. Also, if at the time of the termination the swap has a negative fair value, the District would be liable to the counterparty for a payment equal to the swap's fair value. The negative fair value of the swap agreements does not expose the District to a loss because it is unlikely the District would exercise its termination rights when the fair value is negative. However, should interest rates change and the fair value of the swap agreements become positive, the District would receive payment of the fair value if the agreements were terminated.

The swap agreements are subject to termination in the event of default or if the ratings assigned to either the District's or the counterparty's unenhanced long-term debt obligations are withdrawn or reduced to BBB- by S&P or Baa3 by Moody's. At August 31, 2016, the credit rating assigned to JP Morgan Chase Bank, N.A. is A+ by S&P and Aa3 by Moody's, while the credit rating assigned to Bank of America, N.A. is A by S&P and A1 by Moody's.

##### **Remarketing and Rollover Risk**

The 2015-C Bonds will bear interest initially at the rate of 67% of one-month LIBOR plus 55 basis points from March 18, 2015 through and including August 14, 2019. The bonds do not require a liquidity agent or a remarketing agent for that time period and therefore the District is not exposed to remarketing risk during the initial rate period.

Thereafter, the bonds will bear interest at a LIBOR rate determined by a remarketing agent to be selected by the District before the end of the initial rate period. In the event the remarketing agent at the conversion date cannot remarket the bonds, the District does not have any obligation to purchase the bonds at that time. In this event, the bonds that have been unsuccessfully remarketed will bear interest at a rate of eight percent.

The District's 2015-C Bonds and swaps have matching notional maturity dates of August 15, 2036; therefore, the District is not exposed to rollover risk at this time.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 9 – LONG-TERM DEBT (continued)

#### Interest Rate Swap Agreements (continued)

##### Swap Payments and Associated Debt

As of August 31, 2016 the following are debt service requirements assuming current interest rates during the initial rate period, and rates returning to pre-refunding rates thereafter.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest*</u>	<u>Total</u>
2017	\$	\$ 5,133,420	\$ 5,133,420
2018		5,140,500	5,140,500
2019	2,500,000	5,140,500	7,640,500
2020	4,550,000	5,401,805	9,951,805
2021	4,750,000	5,169,073	9,919,073
2022-2026	27,170,000	22,252,036	49,422,036
2027-2031	33,860,000	15,123,858	48,983,858
2032-2036	42,170,000	6,243,725	48,413,725
Total	<u>\$ 115,000,000</u>	<u>\$ 69,604,917</u>	<u>\$ 184,604,917</u>

\*Initial rate period (through August 14, 2019) budgeted at 4.47%. Assumes 3.92% synthetic fixed rate and .55% constant. Variable rate payments and receipts negate as they are based on the same index and percentage.

Thereafter (August 15, 2019 through August 15, 2036) budgeted at 4.795%. Assumes 3.92% synthetic fixed rate, .40% liquidity fees, .35% budgeted reserve, and .125% remarketing fees.

#### Accreted Interest on Premium Compound Interest Bonds

A portion of the Series 2005 and 2007 refunding bonds are capital appreciation bonds. These obligations have a principal value of \$124,329 and a maturity value of \$5,990,000. The interest on these obligations will be paid upon maturity in the fiscal years ending August 31, 2017 through August 31, 2018. The accreted value of these bonds at August 31, 2016 is \$5,727,109 including accreted interest on these bonds of \$5,602,776, which is reflected in the accompanying general long-term debt accounts.

#### Current Year Refunding

In February 2016 the District issued \$23,515,000 in Unlimited Tax Refunding Bonds, Series 2016-B. The refunding bonds have an average interest rate of 4.76% and were issued to refund outstanding Series 2008-C and 2009 Bonds with an average interest rate of 4.99%. The proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the outstanding bonds. As a result, \$25,450,000 of the Series 2008-C and 2009 Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt of the District. This refunding reduced the District's total debt service payment by \$4,633,881 for an economic gain of \$3,262,785 (difference between the present values of the debt service payments on the old and new debt). The deferred charge on this refunding is \$1,137,583 and is being amortized over 22 years.

## **KATY INDEPENDENT SCHOOL DISTRICT**

### **NOTE 9 – LONG-TERM DEBT (continued)**

#### **Prior Year Advanced Refunding of General Long-Term Debt**

In prior years the District defeased certain outstanding School Building and Refunding Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the respective trust account assets and the liability for the defeased bonds are not included in the District's Financial Statements. At August 31, 2016 approximately \$57.2 million previously refunded bonds outstanding are considered defeased.

#### **Current Year Redemption of General Long-Term Debt**

In 2016, the District paid off \$8,280,000 of outstanding bonds consisting of \$1,650,000 of the Series 2007-A Unlimited Tax School Building Bonds, \$2,130,000 of the Series 2007-D Unlimited Tax School Building Bonds, and \$4,500,000 of the Series 2012-B Variable Rate Unlimited Tax Refunding Bonds. The Series 2007-A and 2007-D Bonds were scheduled to mature in fiscal year ending 2017 and the Series 2012-B Bonds were scheduled to mature in fiscal year ending 2031.

These payment of these bonds in 2016 resulted in gross interest savings of \$3,263,921.

#### **Build America Bonds**

In February 2009, as part of the American Recovery and Reinvestment Act of 2009, Congress added Sections 54AA and 6431 to the Internal Revenue Code of 1986, which permit state and local governments to obtain certain tax advantages when issuing taxable obligations that meet certain requirements of the Code and the related Treasury regulations. Such obligations are referred to as Build America Bonds (BABs).

In December 2010, the District issued Series 2010-D Bonds in the amount of \$155,000,000 under the BABs program. Under this program, the District receives semi-annual subsidies equal to 35% of the interest it pays on the bonds. The subsidy payments received by the District will not be pledged as security for the payment of the Series 2010-D Bonds and no holder of the Series 2010-D Bonds will be entitled to a tax credit or any subsidy payment with respect to the Series 2010-D Bonds. The District intends to use the subsidy payments for any lawful purpose, which may include payment of principal and interest on the Series 2010-D Bonds. In the fiscal year ended August 31, 2016 the District received \$3,017,799 in such subsidies. This includes a reduction of the 2015-16 subsidy payments by 6.8% due to federal sequestration. The amount received was recorded as federal revenue in the General Fund and, at the discretion of the District, was transferred to the Debt Service Fund. The sequestration reduction percentage for 2017 has been set at 6.9%.

## **KATY INDEPENDENT SCHOOL DISTRICT**

### **NOTE 10 – COMMITMENT TO FINANCE MULTI-PURPOSE COMPLEX THROUGH PARTICIPATION IN TAX INCREMENT REINVESTMENT ZONE AGREEMENTS**

Under a series of agreements, the District agreed to provide funding to finance \$25,590,000 of tax-exempt bonds issued in September 2002 by the Katy Development Authority (KDA). The Bonds are legally described as The Katy Development Authority Tax Increment Contract Revenue Bonds (Katy ISD Contract), Series 2002. The Bonds were issued pursuant to the terms and conditions of a Bond Resolution approved by the KDA Board. The issuance of the bonds was approved by the Zone Board and the City Council of the City of Katy (City). In June 2012 the KDA refunded the \$18,800,000 outstanding Series 2002 Bonds by issuing Series 2012 Refunding Bonds in the amount of \$17,360,000.

#### **Capital Lease Arrangement**

The arrangements under the series of agreements constitute a capital lease arrangement for the District in constructing a multi-purpose complex and this arrangement is not altered by the refunding. The District recorded a capital lease obligation and a related asset in the approximate amount of the original bonds. Total assets under capital lease at August 31, 2016 were \$24,331,385. Of that amount \$23,526,587 is classified as Buildings and Improvements, \$632,292 is Furniture and Equipment and \$172,506 is Land Improvements.

The bond proceeds were used to construct a multi-purpose complex for large District functions. It is also available for rent by outside entities. Although the KDA legally owns the multi-purpose center, the agreements provide that the District lease, construct, and control the use of this facility during the life of the bonds issued to construct it. Ownership of the multi-purpose complex will revert to the District once the bonds are retired. District collected tax increments from the General Fund will be used to pay the debt during this term through a lease arrangement between the District and the KDA. No rent paid to the District for use of the multi-purpose complex will be pledged as security for the bonds.

Pursuant to an Amended and Restated Interlocal Agreement between the City and the District (the Interlocal Agreement), the District has agreed to pay to the City for deposit to a special account of the Tax Increment Fund established for the Zone (the Tax Increment Fund) certain of its tax collections resulting from its taxation of the increase, if any, in the appraised value of real property located in the Zone since the designated base year of 1997 (the District Tax Increments). The City, the KDA, and the Zone have entered into an agreement (the Tri-Party Agreement) which sets forth, among other things, the agreement of the City on behalf of itself and the Zone, to pay to the KDA the District Tax Increments. Once debt service on the bonds for the current bond year has been deposited and the applicable fees have been paid, the District may use any surplus as specified in the Interlocal Agreement.

The KDA has pledged to the payment of the bonds all of its rights to the District Tax Increments and all of its rights in the project and project site.

# KATY INDEPENDENT SCHOOL DISTRICT

## NOTE 10 – COMMITMENT TO FINANCE MULTI-PURPOSE COMPLEX THROUGH PARTICIPATION IN TAX INCREMENT REINVESTMENT ZONE AGREEMENTS (continued)

### Capital Lease Arrangement (continued)

Significant aspects of the bonds/capital lease obligation of the District as of August 31, 2016 are shown below:

Series	Amount Outstanding	Interest Rates	Maturity Date Serially, Beginning/Ending	Interest Payment Dates	Callable Dates
2012	\$ 12,690,000	2.88%	5/15/17 to 5/15/25	May 15/ November 15	2017* 2020**

\*Bonds maturing on or after May 15, 2017 through May 15, 2020 are subject to redemption at a price of 102% of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption.

\*\*Bonds maturing on or after May 15, 2021 are subject to redemption in whole, or from time to time in part, at the option of KDA prior to their maturity dates on May 15, 2020 or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption.

The debt service requirements on the bonds/capital lease obligation of the District are as follows:

Fiscal Year Ended August 31,	Principal	Interest	Annual Debt Service
2017	\$ 1,255,000	\$ 365,472	\$ 1,620,472
2018	1,290,000	329,328	1,619,328
2019	1,325,000	292,176	1,617,176
2020	1,365,000	254,016	1,619,016
2021	1,405,000	214,704	1,619,704
2022	1,445,000	174,240	1,619,240
2023	1,490,000	132,624	1,622,624
2024	1,535,000	89,712	1,624,712
2025	1,580,000	45,504	1,625,504
Total	12,690,000	1,897,776	14,587,776
Less: Current Portion	1,255,000	365,472	1,620,472
Long Term Lease	\$ 11,435,000	\$ 1,532,304	\$ 12,967,304

The average annual calendar debt service on the bonds is \$1,620,864 through maturity. The maximum annual calendar debt service on the bonds is \$1,625,504 through maturity.

Through the fiscal year ended August 31, 2016, the District has paid \$39,964,897 in collected tax increments and state revenues to the KDA. The District will pay additional tax increments of \$2,156,880 collected in fiscal 2015-16 and state revenues of \$963,761 to the KDA in fiscal 2016-17, and these amounts have been included as a liability in these financial statements. The District estimates that it will collect an additional \$3,417,602 in tax increments and state revenues in fiscal 2016-17 to be paid to the KDA in the 2017-18 fiscal year. The tax increment base value is \$4,397,510 and the certified taxable value in the Zone for the 2016 tax year is \$214,066,330. The District has received \$11,425,021 in tax collections in excess of bond payment requirements and related expenses. These proceeds have been placed in a special revenue fund to be used within the TIRZ at the discretion of the District.



## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 10 – COMMITMENT TO FINANCE MULTI-PURPOSE COMPLEX THROUGH PARTICIPATION IN TAX INCREMENT REINVESTMENT ZONE AGREEMENTS (continued)

#### Other Significant Information

The KDA, a public not-for-profit local government corporation, was authorized to be established by the City of Katy, Texas in 1998, to aid, assist, and act on behalf of the City in the performance of the City's governmental functions and to provide a means of financing certain project costs in connection with Reinvestment Zone Number One, City of Katy, Texas (the Zone). The KDA is governed by a board of directors (the Board), whose voting members are appointed by the City. KDA is the administrator of the Zone. The KDA is considered a discretely presented component unit of the City in accordance with accounting principles generally accepted in the United States of America applicable to state and local governments.

The Zone was created by the City Council of the City, pursuant to the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code (the TIF Act), to facilitate development of the land within the boundaries of the Zone, consisting of land located entirely within the City and Fort Bend County (the County). The majority of the Zone, consisting of 479 acres, is bounded by Interstate 10 on the north, Pin Oak Village and Falcon Point on the south, Katy Fort Bend Road on the east, and Pin Oak Road on the west. An interchange on Interstate provides direct access to the Zone. The remainder of the property in the Zone is located north of Interstate 10 and is owned by the District.

The ordinance of the City establishing the Zone also established a board of directors of the Zone (the Zone Board). The Board of Directors of the Zone consists of nine persons: five appointed by the City, one appointed by the County, one appointed by the District, one appointed by the state senator in whose district the Zone is located, and one appointed by the state representative in whose district the Zone is located.

As required under the TIF Act, the Zone Board adopted, and the City Council of the City approved, a Project Plan and Reinvestment Zone Financing Plan, which has been amended (as amended, the Plan). The Plan sets out the public improvements needed to develop or induce development within the Zone (the Public Improvements). The cost of the Public Improvements, the cost of creation of the Zone, and related organizational costs (the Project Costs) constitute eligible project costs under the TIF Act, which may be financed with proceeds of the bonds.

### NOTE 11 – UNEARNED REVENUES AND DEFERRED INFLOWS OF RESOURCES

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Government funds also record unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue at August 31, 2016 reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
<b>Deferred Inflows of Resources</b>		
Net Property Taxes Receivable (General Fund)	\$ 6,759,824	\$
Net Property Taxes Receivable (Debt Service Fund)	2,293,886	
School Health and Related Services	5,511,173	
<b>Unearned Revenue</b>		
Proceeds-Expenditure		
Driven State Grants (Special Revenue Fund)		284,780
Revenues Received Prior to Meeting all		
Expenditure Requirements (General Fund)		87,153
<b>Total</b>	<u>\$ 14,564,883</u>	<u>\$ 371,933</u>

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 12 – FUND EQUITY

#### Nonspendable, Restricted, Committed and Assigned Fund Balance

A summary of nonspendable, restricted, committed and assigned fund balance at August 31, 2016 is as follows:

<b>Fund Balances:</b>	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Special Revenue</b>
Nonspendable:				
Inventory	\$ 1,152,132	\$	\$	\$ 277,593
Prepaid Items	530,257			54,277
Total Nonspendable	<u>\$ 1,682,389</u>	<u>\$</u>	<u>\$</u>	<u>\$ 331,870</u>
Restricted for:				
Long-Term Debt	\$	\$ 52,091,586	\$	\$
Capital Acquisitions and Contracts			154,216,878	
Food Services				4,678,246
Tax Increment Reinvestment Zone				5,869,264
Other Grant Programs				311,290
Total Restricted	<u>\$</u>	<u>\$ 52,091,586</u>	<u>\$ 154,216,878</u>	<u>\$ 10,858,800</u>
Committed to:				
Self Funded Insurance	\$ 5,000,000	\$	\$	\$
Campus Activity Funds				5,187,661
Total Committed	<u>\$ 5,000,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,187,661</u>
Assigned to:				
Maintain Debt Service Rate	\$ 2,000,000	\$	\$	\$
Salary Accrual - Early Start Date	15,000,000			
Opening Additional Schools	15,312,033			
Self Funded Insurance-Stop Loss	1,000,000			
New Elementary Construction	19,500,000			
Capital Expenditures for Equipment	5,000,000			
Other Assignments-Encumbrances	1,906,550			
Total Assigned	<u>\$ 59,718,583</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

### NOTE 13 – REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Special Revenue</b>	<b>Total</b>
Property Taxes	\$ 363,313,830	\$ 125,890,970	\$	\$	\$ 489,204,800
Penalties, Interest, and					
Other Tax Related Income	1,772,807	609,849			2,382,656
Summer School, Tuition and Fees	1,997,111				1,997,111
Investment Income	1,129,950	354,951	1,022,678	41,018	2,548,597
Food Sales				15,963,073	15,963,073
Cocurricular Student Activities	1,880,394				1,880,394
Facility Rental	2,516,420				2,516,420
Other	1,355,741			9,782,533	11,138,274
<b>Total</b>	<u>\$ 373,966,253</u>	<u>\$ 126,855,770</u>	<u>\$ 1,022,678</u>	<u>\$ 25,786,624</u>	<u>\$ 527,631,325</u>

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 14 – GENERAL FUND FEDERAL PROGRAM REVENUES

For purposes of regulatory requirements of the Texas Education Agency, a summary of federal program revenues received in the General Fund for the year ended August 31, 2016 follows:

<b>Program or Source</b>	<b>CFDA Number</b>	<b>Amount</b>
Naval Junior Reserve Officers Training Program	n/a	\$ 93,491
SHARS	93.778	5,669,095
E-Rate School and Libraries Universal Support	n/a	685,733
Build America Bonds Subsidy	n/a	3,017,799
<b>Indirect Costs</b>		
National School Breakfast Program	10.553	191,128
National School Lunch Program	10.555	978,489
ESEA Title I, Part A - Improving Basic Programs	84.010A	73,988
IDEA Part B - Formula	84.027A	107,912
IDEA Part B - Preschool	84.173A	1,775
Carl D. Perkins, Title I, Part C	84.048A	4,983
ESEA Title II, Part A - Teacher & Principal	84.367A	5,469
ESEA Title III, Part A	84.365A	21,687
Early Childhood Intervention	Various	14,739
IDEA Part B - Deaf	84.027A	551
IDEA Part B - Preschool Deaf	84.173A	114
<b>Total</b>		<b>\$ 10,866,953</b>

### NOTE 15 – RETIREMENT PLAN

#### Retirement Plan

##### Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The Plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) or the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the plan.

##### Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 15 – RETIREMENT PLAN (continued)

#### Retirement Plan (continued)

##### Benefit Provisions

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above.

##### Contributions Required and Made

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

##### Contribution Rates

	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

	<u>Measurement Year (2015)</u>	<u>Fiscal Year (2016)</u>
	<u>Contributions Required and Made</u>	<u>TRS Contributions</u>
Member (Employee) Contributions	\$ 28,566,024	\$ 32,602,050
Non-employer contributing agency (State) Contributions	22,309,868	23,858,288
District Contributions	11,839,803	12,454,547

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 15 – RETIREMENT PLAN (continued)

#### Retirement Plan (continued)

##### Contributions Required and Made (continued)

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate, times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year, reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

##### Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

# KATY INDEPENDENT SCHOOL DISTRICT

## NOTE 15 – RETIREMENT PLAN (continued)

### Retirement Plan (continued)

#### Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of August 31, 2015 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	(0.2%)	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 15 – RETIREMENT PLAN (continued)

#### Retirement Plan (continued)

##### Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	Discount Rate		
	1% Decrease 7%	Current Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	\$ 221,346,235	\$ 141,271,770	\$ 74,574,715

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2016, the District reported a liability of \$141,271,770 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 141,271,770
State's proportionate share that is associated with the District	267,896,675
Total	<u>\$ 409,168,445</u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015, the employer's proportion of the collective net pension liability was 0.40% which was an increase of 0.17% from its proportion measured as of August 31, 2014.

##### Changes since the Prior Actuarial Valuation

The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

##### *Economic Assumptions*

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 15 – RETIREMENT PLAN (continued)

#### Retirement Plan (continued)

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

##### Changes since the Prior Actuarial Valuation (continued)

##### *Mortality Assumptions*

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

##### *Other Demographic Assumptions*

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

##### *Actuarial Methods and Policies*

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2016, the District recognized pension expense of \$24,744,730 and revenue of \$38,170,964 for support provided by the State.



# KATY INDEPENDENT SCHOOL DISTRICT

## NOTE 15 – RETIREMENT PLAN (continued)

### Retirement Plan (continued)

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At August 31, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 790,274	\$ (5,429,200)
Changes of assumptions	3,321,540	(5,039,958)
Net difference between projected and actual earnings on pension plan investments	20,707,572	
Changes in proportion and differences between District contributions and proportionate share of contributions	38,764,796	(42,146)
District contributions subsequent to the measurement date	12,454,547	
Total	<u>\$ 76,038,729</u>	<u>\$ (10,511,304)</u>

The \$12,454,547 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended August 31</b>	<b>Amount</b>
2017	\$ (9,621,366)
2018	(9,621,366)
2019	(9,621,366)
2020	(14,316,205)
2021	(5,568,908)
2022	(4,323,667)
	<u>\$ (53,072,878)</u>

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 15 – RETIREMENT PLAN (continued)

#### Retiree Health Plan

##### Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

##### Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas contribution rates were 1.0% for 2014-2016, and 0.50% for 2013. Active public school employee contribution rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2016, 2015, and 2014. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribute 1.00%. The District contributed 100% of the annual required contribution for fiscal year 2016, 2015, and 2014.

Contributions made by the state, District, and active employees for the years ended August 31, 2016, 2015, and 2014 to TRS-Care are as follows:

<b>Fiscal Year</b>	<b>State TRS-Care Contributions Made on Behalf of the District</b>	<b>District Required Contributions to TRS-Care</b>	<b>Active Employees' Contributions to TRS-Care</b>
2014	\$ 3,650,712	\$ 2,242,087	\$ 2,502,126
2015	4,037,282	2,493,897	2,771,320
2016	4,370,300	2,648,206	2,943,247

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State on behalf of the District have been recorded in the governmental funds financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

## **KATY INDEPENDENT SCHOOL DISTRICT**

### **NOTE 15 – RETIREMENT PLAN (continued)**

#### **Retiree Health Plan (continued)**

##### **Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2016, 2015, and 2014, the subsidy payments received by TRS-Care on-behalf of the District were \$1,748,997, \$1,815,965, and \$1,067,935, respectively. The contributions made on behalf of the District have been recorded in the financial statements of the District as both revenue and payroll expenditure.

##### **Compensated Absences**

The District pays one-half of the locally accumulated sick leave days up to a maximum of 90 accumulated days to employees who retire with five or more years of continuous employment in the District and who retire from the state Teacher Retirement System. The majority of the payments are administered through Public Agency Retirement Services (PARS). During 2016, \$929,292 was disbursed to 92 members. No assets are being held or accumulated for future distribution. The District has accrued \$24,440,991 in the Government-wide Financial Statements to pay for compensated absences.

### **NOTE 16 – RISK MANAGEMENT**

The District is exposed to various risks related to torts: theft of, damage to and destruction of assets, errors and omissions, natural disasters, health and welfare of employees for which the District carries commercial insurance or self-insures. No settlements have exceeded insurance coverage in the last three years.

#### **Property, Casualty, General Liability, Professional Liability, and Unemployment**

The District purchases commercial insurance for property loss with limits of \$250 million, \$25 million for named windstorms. The policy covers up to \$25 million per year for flood losses. In addition, the policy covers \$1 million for the one property currently in a flood plain. The District purchases an additional \$.5 million building and \$.5 million contents in flood protection for this facility. Casualty risks are insured by a risk pool through an Interlocal agreement with Texas Association of School Boards (TASB), with limits of \$1 million per occurrence and \$3 million aggregate for commercial general liability and a \$.5 million combined single limit automobile policy. Professional liability risks are insured with limits of \$1 million. Within these policy limits, the District's exposure is limited to deductibles.

In addition to purchasing insurance for property, casualty, and liability risks, the District is a member of the Texas Association of School Boards Property/Casualty Joint Account, a public entity risk pool. The District uses the risk pool for its unemployment insurance coverage. The District's participation in the risk pool is limited to payment premiums for its unemployment coverage. The risk pool is fully funded through annual premiums, and excess loss policies are purchased by the pool as considered necessary. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years.

There has not been any significant reduction in insurance coverage from that of the previous year.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 16 – RISK MANAGEMENT (continued)

#### Health Insurance

Effective January 1, 2004, the District established a partially self-insured program for health insurance coverage. Contributions are paid from all governmental funds to the Health Insurance Internal Service Fund from which all claims and administrative expenses are paid. Claims administration and consulting services are provided to the District through a third party administrator.

An accrual for incurred but not reported claims in the amount of \$.9 million has been recorded in the fund as of August 31, 2016. Claims payable, including an estimate of claims incurred but not reported, was actuarially determined based on an estimate of the remaining liability of known claims.

At August 31, 2016, the fund had net position of \$9,306,040. Because of past history and the method of calculation, the District considers all claims to be current liabilities. Changes in incurred but not paid claims liability for the fiscal years ended August 31, 2016 and 2015 are as follows:

	<b>Health Insurance</b>	
	<b>2016</b>	<b>2015</b>
Beginning Accrual	\$ 1,608,679	\$ 1,715,080
Current Estimates	42,137,708	44,272,908
Payments for Claims	(42,878,574)	(44,379,309)
Ending Accrual	<u>\$ 867,813</u>	<u>\$ 1,608,679</u>

#### Workers' Compensation

The District established a limited risk management program for Workers' Compensation in 1992 by setting up the Workers' Compensation Internal Service Fund to account for its insured and self-insured risk of loss.

The Internal Service Fund charges the General Fund and Special Revenue Funds on the basis of payroll incurred by each fund in order to provide for Workers' Compensation claims of District employees. The ending retained earnings balance in the Internal Service Fund has been accumulated by the District's management to reserve for losses which may be incurred under its partially self-insured plan. The Internal Service Fund services all claims for risk of loss to which the District is exposed.

Workers' Compensation liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but were not reported until after August 31, 2016. Because of past history, the District considers all claims to be current liabilities. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements and impairment benefits, the process used in computing claims liability results in an estimate. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Claims liability activities for 2016 compared to 2015 are as follows:

	<b>Workers' Compensation</b>	
	<b>2016</b>	<b>2015</b>
Beginning Accrual	\$ 40,755	\$ 692,247
Current Estimates	928,119	445,704
Payments for Claims	(924,724)	(1,097,196)
Ending Accrual	<u>\$ 44,150</u>	<u>\$ 40,755</u>

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 16 – RISK MANAGEMENT (continued)

#### Workers' Compensation (continued)

At August 31, 2016, the District had \$3.7 million in cash available for payment of Workers' Compensation claims. The District has also purchased an excess Workers' Compensation policy for coverage relating to excessive Workers' Compensation claims. The District has a \$550,000 Self-Insured Retention (SIR) per any one occurrence. The policy has an obligation to pay all costs required by the Texas Workers' Compensation Act in excess of the District's SIR for each workers' compensation occurrence.

### NOTE 17 – ARBITRAGE

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of 1) the amount earned on investments purchased with bond proceeds over 2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District has not recorded a liability for arbitrage as of August 31, 2016. In management's opinion, the arbitrage liability, if any, would be immaterial to the financial statements as of August 31, 2016.

### NOTE 18 – JOINT VENTURE SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Service Arrangement (SSA) which provides services for deaf students of the District, Bellville ISD, Brazos ISD, Royal ISD and Sealy ISD. All services are provided by the fiscal agent, and funds are received directly by the fiscal agent from the granting agency. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in the appropriate Special Revenue Fund Program and has accounted for these funds using Model 2 in the SSA section of the Resource Guide. Expenditures as of August 31, 2016 of the SSA are summarized below:

	<u>Katy ISD</u>	<u>Bellville ISD</u>	<u>Brazos ISD</u>	<u>Royal ISD</u>	<u>Sealy ISD</u>
IDEA-B Discretionary, Deaf	\$ 47,452	\$ 2,343	\$ 586	\$ 2,343	\$ 2,929
IDEA-B Deaf	27,451	1,356	339	1,356	1,694
IDEA-B Preschool, Deaf	5,768	285	71	285	356
IDEA-C Early Intervention	1,733	86	21	86	107
Regional Day School For the Deaf	495,457	24,467	6,117	24,467	30,584
Local Share, Deaf	241,782	11,853	2,963	11,853	14,817
	<u>\$ 819,643</u>	<u>\$ 40,390</u>	<u>\$ 10,097</u>	<u>\$ 40,390</u>	<u>\$ 50,487</u>

The District also participates in a Shared Service Arrangement for deaf education services with seven other school districts. Approximately 3% of the students served by the Shared Service Arrangement are attributable to the District. The District does not account for revenues or expenditures of this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Cypress-Fairbanks ISD, nor does the District have a net equity interest in the fiscal agent.

## KATY INDEPENDENT SCHOOL DISTRICT

### NOTE 18 – JOINT VENTURE SHARED SERVICE ARRANGEMENTS (continued)

The fiscal agent is neither accumulating significant financial resources nor fiscal contingencies that would give rise to a future additional benefit or burden to Katy ISD. The fiscal agent manager is responsible for all financial activities of the Shared Services Arrangement. Presented below are the revenues and expenditures as of August 31, 2016 attributable to the District's participation.

Revenues:	
Local Revenue	\$ 45,539
State Revenue	66,639
Total Revenues	<u>\$ 112,178</u>
Expenditures:	
Payroll Costs	\$ 111,982
Contract Services	192
Other Operating Expenditures	4
Total Expenditures	<u>\$ 112,178</u>

### NOTE 19 – LITIGATION AND CONTINGENCIES

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

### NOTE 20 – SUBSEQUENT EVENTS

In December 2016 the District issued \$11,510,000 of Limited Tax Refunding Bonds, Series 2016-C. The refunding bonds have an average interest rate of 5.00% and were issued to refund \$12,195,000 of outstanding Series 2008-B bonds with an average interest rate of 4.15%. This refunding reduced the District's total debt service payment by \$588,553 for an economic gain of \$529,002 (difference between the present values of the debt service payments on the old and new debt).

Also December 2016, the District issued \$152,315,000 of Unlimited Tax Refunding Bonds, Series 2016-D. The refunding bonds have an average interest rate of 4.78% and were issued to refund \$171,925,000 of portions of outstanding Series 2007-B and Series 2008-A bonds with an average interest rate of 4.52%. This refunding reduced the District's total debt service payment by \$25,147,944 for an economic gain of \$19,480,057 (difference between the present values of the debt service payments on the old and new debt).

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# Required Supplementary Information



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**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ORIGINAL BUDGET, AMENDED FINAL, AND ACTUAL – GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2016**  
*with comparative actual balances for the Year Ended August 31, 2015*

Data Control Codes		2016	
		Budgeted Amounts	
		Original	Final
	<b>REVENUES</b>		
5700	Local, Intermediate, and Out-of-State	\$ 374,539,880	\$ 373,213,858
5800	State Program Revenues	243,233,619	259,088,507
5900	Federal Program Revenues	10,851,337	10,847,738
5020	<b>Total Revenues</b>	<u>628,624,836</u>	<u>643,150,103</u>
	<b>EXPENDITURES</b>		
	Current:		
0011	Instruction	397,859,687	397,550,802
0012	Instructional Resources and Media Services	7,800,566	7,799,904
0013	Curriculum and Instructional Staff Development	9,039,702	9,232,136
0021	Instructional Leadership	5,323,158	5,414,145
0023	School Leadership	35,663,916	35,486,571
0031	Guidance, Counseling, and Evaluation Services	25,345,734	25,952,808
0033	Health Services	5,656,615	5,822,321
0034	Student Transportation	18,271,433	17,865,056
0036	Extracurricular Activities	11,407,965	11,835,430
0041	General Administration	11,983,928	11,455,535
0051	Facilities Maintenance and Operations	57,476,162	60,484,634
0052	Security and Monitoring Services	7,581,621	8,404,462
0053	Data Processing Services	11,853,066	12,160,622
0061	Community Services	600,351	692,126
0081	Facilities Acquisition and Construction	7,303,300	9,750,149
0095	Payments to JJAEP	135,965	78,740
0097	Payments to Tax Increment Reinvestment Zone	3,120,641	3,120,650
0099	Other Intergovernmental Charges	3,650,000	3,515,000
6030	<b>Total Expenditures</b>	<u>620,073,810</u>	<u>626,621,091</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>8,551,026</u>	<u>16,529,012</u>
	<b>OTHER FINANCING SOURCES/(USES)</b>		
7912	Sales of Real and Personal Property		144,735
7915	Transfers In	500,000	
8911	Transfers Out	(6,237,982)	(7,017,800)
7080	<b>Total Other Financing Sources/(Uses)</b>	<u>(5,737,982)</u>	<u>(6,873,065)</u>
1200	Net Change in Fund Balances	2,813,044	9,655,947
0100	Fund Balances - Beginning	<u>182,322,602</u>	<u>182,322,602</u>
3000	<b>Fund Balances - Ending</b>	<u>\$ 185,135,646</u>	<u>\$ 191,978,549</u>

See accompanying notes to the Required Supplementary Information

**Exhibit F-1**

		2015
Actual	Variance with Final Budget Positive (Negative)	Actual
\$ 373,966,253	\$ 752,395	\$ 327,661,354
258,832,435	(256,072)	262,215,376
10,866,953	19,215	10,176,337
643,665,641	515,538	600,053,067
395,809,220	1,741,582	368,660,292
7,692,793	107,111	7,576,807
8,952,385	279,751	8,501,655
5,283,888	130,257	5,028,666
35,107,419	379,152	33,162,348
25,632,868	319,940	23,276,027
5,687,983	134,338	5,410,006
17,778,671	86,385	18,283,423
11,625,760	209,670	11,229,839
10,999,583	455,952	10,848,158
60,250,037	234,597	52,771,956
8,192,178	212,284	7,162,286
11,849,634	310,988	10,914,506
642,314	49,812	478,959
9,319,839	430,310	7,550,028
37,893	40,847	35,805
3,120,641	9	2,901,667
3,508,948	6,052	3,107,984
621,492,054	5,129,037	576,900,412
22,173,587	5,644,575	23,152,655
142,628	(2,107)	145,673
(7,017,799)	1	(8,001,610)
(6,875,171)	(2,106)	(7,855,937)
15,298,416	5,642,469	15,296,718
182,322,602		167,025,884
\$ 197,621,018	\$ 5,642,469	\$ 182,322,602

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ORIGINAL BUDGET, AMENDED FINAL, AND ACTUAL –**  
**NUTRITION AND FOOD SERVICE FUND**  
**YEAR ENDED AUGUST 31, 2016**  
*with comparative actual balances for the Year Ended August 31, 2015*

<b>Data Control Codes</b>		<b>2016</b>	
		<b>NUTRITION AND</b>	
		<b>Budgeted Amounts</b>	
		<b>Original</b>	<b>Final</b>
	<b>REVENUES</b>		
5700	Local, Intermediate, and Out-of-State	\$ 16,684,000	\$ 16,066,300
5800	State Program Revenues	152,000	161,047
5900	Federal Program Revenues	12,367,795	12,307,602
5020	<b>Total Revenues</b>	<u>29,203,795</u>	<u>28,534,949</u>
	<b>EXPENDITURES</b>		
0035	Food Services		
	Payroll Costs	12,003,970	11,324,711
	Professional and Contracted Services	61,000	61,527
	Supplies and Materials	18,288,052	17,951,550
	Other Operating Expenses	39,000	19,880
	Capital Outlay		88,900
	Total Food Service	<u>30,392,022</u>	<u>29,446,568</u>
0081	Facilities Acquisition and Construction		
	Capital Outlay		1,546,337
	Total Facilities Acquisition and Construction	<u></u>	<u>1,546,337</u>
6030	<b>Total Expenditures</b>	<u>30,392,022</u>	<u>30,992,905</u>
1100	Excess (Deficiency) of Revenues		
	Over (Under) Expenditures	<u>(1,188,227)</u>	<u>(2,457,956)</u>
	<b>OTHER FINANCING SOURCES/(USES)</b>		
7912	Sale of Real and Personal Property		9,157
	<b>Total Other Financing Sources/(Uses)</b>	<u></u>	<u>9,157</u>
1200	Net Change in Fund Balance	(1,188,227)	(2,448,799)
0100	Fund Balance - September 1 (Beginning)	5,444,382	5,444,382
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$ 4,256,155</u>	<u>\$ 2,995,583</u>

<b>FOOD SERVICE</b>		
<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>	<b>2015 Actuals</b>
\$ 16,086,167	\$ 19,867	\$ 16,109,934
161,047		152,785
12,403,881	96,279	11,539,422
28,651,095	116,146	27,802,141
11,199,981	124,730	10,564,253
57,944	3,583	80,292
17,505,384	446,166	17,219,687
27,712	(7,832)	17,724
	88,900	
28,791,021	655,547	27,881,956
357,774	1,188,563	
357,774	1,188,563	
29,148,795	1,844,110	27,881,956
(497,700)	1,960,256	(79,815)
9,157		25,667
9,157		25,667
(488,543)	1,960,256	(54,148)
5,444,382		5,498,530
\$ 4,955,839	\$ 1,960,256	\$ 5,444,382

**KATY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

**Budgets and Budgetary Accounting**

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General Fund, the Child Nutrition Fund and the Debt Service Fund for the fiscal year beginning September 1. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The Budgets are prepared on a basis of accounting that is used for reporting in accordance with Generally Accepted Accounting Principles.

The District annually adopts legally authorized appropriated budgets for the General Fund, Debt Service Fund, and Child Nutrition Program.

The District's administration performs budget reviews during the year by which budget requirements are re-evaluated and revisions recommended to the Board. The Board may approve amendments to the budget, which are required when a change is made to any one of the functional expenditure categories or revenue object accounts defined by the TEA. Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end.

The following procedures were followed in establishing the budgetary data reflected in the Fund Financial Statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are amended by the Board. All budget appropriations lapse at year end.

During the fiscal year ended August 31, 2016 the District did not have any expenditures over appropriations on all required legally adopted budgets.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT SYSTEM**  
**FOR THE LAST TWO MEASUREMENT YEARS ENDED AUGUST 31**

**Exhibit F-3**

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability	0.40%	0.23%
District's Proportionate Share of Net Pension Liability	\$ 141,271,770	\$ 61,442,566
State's Proportionate Share of the Net Pension Liability associated with the District	<u>267,896,675</u>	<u>217,114,716</u>
Total	<u>\$ 409,168,445</u>	<u>\$ 278,557,282</u>
District's Covered-Employee Payroll	\$ 426,358,194	\$ 384,948,688
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	33.13%	15.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%
Plan's Net Pension Liability as a Percentage of Covered-Employee Payroll	91.94%	72.89%

The amounts presented are for each Plan year which ends the preceding August 31 of the District's fiscal year.

Ten years of data should be presented in this schedule, however data is unavailable prior to 2014. Net pension liability and related ratios will be presented prospectively as data becomes available.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHERS RETIREMENT SYSTEM**  
**FOR THE LAST TEN YEARS ENDED AUGUST 31**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Contractually Required Contribution	\$ 1,386,070	\$ 2,079,444	\$ 4,051,357	\$ 4,397,046
Contribution in Relation to the Contractually Required Contribution	<u>1,386,070</u>	<u>2,079,444</u>	<u>4,051,357</u>	<u>4,397,046</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>District's Covered-Employee Payroll</b>	\$ 268,727,340	\$ 288,477,796	\$ 314,245,274	\$ 331,937,388
Contributions as a Percentage of Covered-Employee Payroll	0.52%	0.72%	1.29%	1.32%

**Exhibit F-4**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 4,731,099	\$ 3,783,874	\$ 4,751,427	\$ 5,831,753	\$ 11,839,803	\$ 12,454,547
<u>4,731,099</u>	<u>3,783,874</u>	<u>4,751,427</u>	<u>5,831,753</u>	<u>11,839,803</u>	<u>12,454,547</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 355,508,558	\$ 328,345,312	\$ 352,558,343	\$ 384,948,688	\$ 426,358,194	\$ 452,806,263
1.33%	1.15%	1.35%	1.51%	2.78%	2.75%



**KATY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

**Changes in Assumptions**

New actuarial assumptions were adopted by the Teacher Retirement System of Texas' Board of Trustees on September 24, 2015 and are effective with the valuation as of August 31, 2015. The major assumptions changes were the adoption of the use of generational mortality for the purpose of predicting future mortality improvement and the reduction in the inflation rate from 3.00% to 2.50%.

**Changes in Benefit Terms**

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

# Other Supplementary Information



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**COMPARATIVE STATEMENTS, COMBINING SCHEDULES  
AND BUDGET COMPARISONS**

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## **GENERAL FUND**

The General Fund is used to account for all financial transactions not properly included in other funds. The principal sources of revenues include local property taxes, state reimbursement for professional salaries and other operating expenditures, and earnings on investments. Expenditures include all costs associated with the daily operations of the schools.



**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMPARATIVE BALANCE SHEET**  
**GENERAL FUND**  
**AUGUST 31, 2016**

**Exhibit G-1**

<b>Data Control Codes</b>		<b>August 31, 2016</b>	<b>August 31, 2015</b>
	<b>ASSETS</b>		
1110	Cash and Temporary Investments at Fair Value	\$ 214,635,014	\$ 171,261,238
	Receivables:		
1225	Property Taxes Receivable (net)	6,759,824	6,703,223
1240	Due from Other Governments	12,005,401	19,612,935
1260	Due from Other Funds	6,169,878	18,862,650
1290	Other Receivables	1,117,531	658,677
1300	Inventories, at Cost	1,152,132	983,017
1410	Prepaid Items	530,257	693,207
1000	<b>Total Assets</b>	<u>\$ 242,370,037</u>	<u>\$ 218,774,947</u>
	<b>LIABILITIES</b>		
	Current Liabilities:		
2110	Accounts Payable	\$ 10,711,166	\$ 9,124,894
2150	Payroll Withholding Payable	4,607,221	4,177,583
2160	Accrued Wages Payable	12,892,956	8,321,580
2170	Due to Other Funds	501,039	
2180	Due to Other Governments	3,120,641	2,901,667
2200	Accrued Expenditures	557,846	480,129
2300	Unearned Revenue	87,153	83,201
2000	<b>Total Liabilities</b>	<u>32,478,022</u>	<u>25,089,054</u>
	<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600	Unavailable Revenue - Property Taxes	6,759,824	6,703,223
2600	Unavailable Revenue - SHARS	5,511,173	4,660,068
2600	<b>Total Deferred Inflows or Resources</b>	<u>12,270,997</u>	<u>11,363,291</u>
	<b>FUND BALANCE</b>		
	Fund Balances:		
3410/30	Nonspendable	1,682,389	1,676,224
3540	Committed	5,000,000	5,000,000
3580	Assigned	59,718,583	33,345,793
3600	Unassigned	131,220,046	142,300,585
3000	<b>Total Fund Balance</b>	<u>197,621,018</u>	<u>182,322,602</u>
4000	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 242,370,037</u>	<u>\$ 218,774,947</u>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2016**  
*with comparative actual balances for the year ended August 31, 2015*

**Exhibit G-2**

	<b>2016</b>			<b>2015</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Local Sources</b>				
Real and Personal Property Taxes	\$ 362,491,966	\$ 362,929,757	\$ 437,791	\$ 317,921,948
Taxes Collected on Tax Increment Zone	2,156,880	2,156,880		2,005,532
Tuition and Fees from Patrons	2,014,111	1,997,111	(17,000)	1,760,660
Investment Income	1,150,000	1,129,950	(20,050)	701,313
Rental Income	2,401,856	2,516,420	114,564	2,409,475
Athletics	1,662,479	1,880,394	217,915	1,492,915
Other	1,336,566	1,355,741	19,175	1,369,511
Revenues - Local Sources	<u>373,213,858</u>	<u>373,966,253</u>	<u>752,395</u>	<u>327,661,354</u>
<b>State Sources</b>				
Per Capita and Foundation	228,821,841	228,737,871	(83,970)	229,305,076
TRS On-Behalf Benefit	30,157,881	29,977,793	(180,088)	28,240,490
Other State Revenue	108,785	116,771	7,986	4,669,810
Revenues - State Sources	<u>259,088,507</u>	<u>258,832,435</u>	<u>(256,072)</u>	<u>262,215,376</u>
<b>Federal Sources</b>				
Indirect Costs - Federal Grants	1,429,666	1,400,835	(28,831)	1,373,832
Federal Grants	498,317	779,224	280,907	651,124
SHARS	5,681,773	5,669,095	(12,678)	5,149,772
Build America Bonds Subsidy	3,237,982	3,017,799	(220,183)	3,001,609
Revenues - Federal Sources	<u>10,847,738</u>	<u>10,866,953</u>	<u>19,215</u>	<u>10,176,337</u>
<b>Total Revenues</b>	<u>\$ 643,150,103</u>	<u>\$ 643,665,641</u>	<u>\$ 515,538</u>	<u>\$ 600,053,067</u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2016**  
*with comparative actual balances for the year ended August 31, 2015*

**Exhibit G-3**  
**Page 1 of 4**

Function	2016		Variance Positive (Negative)	2015
	Budget	Actual		Actual
<b>Instruction and Instruction-Related Services</b>				
Instruction				
6100 Payroll Costs	\$ 373,216,360	\$ 372,230,705	\$ 985,655	\$ 345,227,303
6200 Purchased and Contracted Services	1,902,536	1,684,618	217,918	1,016,003
6300 Supplies and Materials	21,756,201	21,158,490	597,711	21,684,849
6400 Other Operating Expenditures	423,790	424,603	(813)	367,151
6600 Capital Outlay	251,915	310,804	(58,889)	364,986
Total Instruction	397,550,802	395,809,220	1,741,582	368,660,292
Instructional Resources and Media Services				
6100 Payroll Costs	6,398,296	6,368,058	30,238	6,055,751
6200 Purchased and Contracted Services	19,128	16,352	2,776	12,987
6300 Supplies and Materials	1,372,255	1,300,977	71,278	1,501,454
6400 Other Operating Expenditures	10,225	7,406	2,819	6,615
Total Instructional Resources/Media Svc.	7,799,904	7,692,793	107,111	7,576,807
Curriculum and Instructional Staff Development				
6100 Payroll Costs	7,394,982	7,308,793	86,189	7,009,170
6200 Purchased and Contracted Services	281,427	236,610	44,817	199,601
6300 Supplies and Materials	649,515	623,072	26,443	552,331
6400 Other Operating Expenditures	906,212	776,577	129,635	740,553
6600 Capital Outlay		7,333	(7,333)	
Total Curriculum/Instr. Staff Development	9,232,136	8,952,385	279,751	8,501,655
<b>Total Instruction and Instruction-Related Services</b>	<b>414,582,842</b>	<b>412,454,398</b>	<b>2,128,444</b>	<b>384,738,754</b>
<b>Instruction and School Leadership</b>				
Instructional Leadership				
6100 Payroll Costs	4,922,490	4,871,370	51,120	4,720,915
6200 Purchased and Contracted Services	116,266	87,672	28,594	86,488
6300 Supplies and Materials	236,744	189,142	47,602	122,081
6400 Other Operating Expenditures	127,645	117,101	10,544	93,478
6600 Capital Outlay	11,000	18,603	(7,603)	5,704
Total Instructional Leadership	5,414,145	5,283,888	130,257	5,028,666
School Leadership				
6100 Payroll Costs	34,145,766	33,972,090	173,676	32,215,961
6200 Purchased and Contracted Services	26,178	19,405	6,773	17,728
6300 Supplies and Materials	874,939	733,978	140,961	622,499
6400 Other Operating Expenditures	439,688	381,946	57,742	306,160
Total School Leadership	35,486,571	35,107,419	379,152	33,162,348
<b>Total Instruction and School Leadership</b>	<b>40,900,716</b>	<b>40,391,307</b>	<b>509,409</b>	<b>38,191,014</b>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2016**  
*with comparative actual balances for the year ended August 31, 2015*

**Exhibit G-3**  
**Page 2 of 4**

	<b>2016</b>			<b>2015</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Support Services - Student</b>				
Guidance, Counseling and Evaluation Services				
6100 Payroll Costs	\$ 23,926,012	\$ 23,893,964	\$ 32,048	\$ 21,982,226
6200 Purchased and Contracted Services	313,451	245,031	68,420	126,939
6300 Supplies and Materials	1,509,805	1,294,655	215,150	929,509
6400 Other Operating Expenditures	203,540	175,250	28,290	237,353
6600 Capital Outlay		23,968	(23,968)	
Total Guidance, Counsel. and Eval. Services	<u>25,952,808</u>	<u>25,632,868</u>	<u>319,940</u>	<u>23,276,027</u>
Health Services				
6100 Payroll Costs	5,516,063	5,490,228	25,835	5,241,087
6200 Purchased and Contracted Services	78,930	24,306	54,624	3,677
6300 Supplies and Materials	198,363	152,696	45,667	151,346
6400 Other Operating Expenditures	28,965	12,983	15,982	13,896
6600 Capital Outlay		7,770	(7,770)	
Total Health Services	<u>5,822,321</u>	<u>5,687,983</u>	<u>134,338</u>	<u>5,410,006</u>
Student Transportation				
6100 Payroll Costs	14,618,946	14,222,153	396,793	13,101,058
6200 Purchased and Contracted Services	638,250	606,991	31,259	517,209
6300 Supplies and Materials	2,340,804	1,957,571	383,233	2,350,922
6400 Other Operating Expenditures	238,994	227,399	11,595	202,363
6600 Capital Outlay	28,062	764,557	(736,495)	2,111,871
Total Student Transportation	<u>17,865,056</u>	<u>17,778,671</u>	<u>86,385</u>	<u>18,283,423</u>
Extracurricular Activities				
6100 Payroll Costs	7,553,475	7,458,797	94,678	7,239,435
6200 Purchased and Contracted Services	836,752	791,102	45,650	749,258
6300 Supplies and Materials	1,528,471	1,577,998	(49,527)	1,694,258
6400 Other Operating Expenditures	1,755,314	1,651,673	103,641	1,355,640
6600 Capital Outlay	161,418	146,190	15,228	191,248
Total Extracurricular Activities	<u>11,835,430</u>	<u>11,625,760</u>	<u>209,670</u>	<u>11,229,839</u>
<b>Total Support Services - Student</b>	<u>61,475,615</u>	<u>60,725,282</u>	<u>750,333</u>	<u>58,199,295</u>
<b>Administrative Support Services</b>				
General Administration				
6100 Payroll Costs	8,299,353	8,217,825	81,528	7,885,190
6200 Purchased and Contracted Services	1,843,597	1,702,436	141,161	1,735,971
6300 Supplies and Materials	471,125	344,815	126,310	326,212
6400 Other Operating Expenditures	841,460	734,507	106,953	821,597
6600 Capital Outlay				79,188
<b>Total Administrative Support Services</b>	<u>11,455,535</u>	<u>10,999,583</u>	<u>455,952</u>	<u>10,848,158</u>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2016**  
*with comparative actual balances for the year ended August 31, 2015*

**Exhibit G-3**  
**Page 3 of 4**

	<b>2016</b>			<b>2015</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Support Services - Nonstudent Based</b>				
Facilities Maintenance and Operations				
6100 Payroll Costs	\$ 29,739,927	\$ 29,271,724	\$ 468,203	\$ 26,572,125
6200 Purchased and Contracted Services	22,694,890	22,676,342	18,548	19,161,991
6300 Supplies and Materials	5,070,926	4,810,669	260,257	4,549,058
6400 Other Operating Expenditures	1,647,622	1,551,057	96,565	1,693,252
6600 Capital Outlay	1,331,269	1,940,245	(608,976)	795,530
Total Facilities Maintenance and Operations	60,484,634	60,250,037	234,597	52,771,956
Security and Monitoring Services				
6100 Payroll Costs	6,892,173	6,845,521	46,652	6,481,982
6200 Purchased and Contracted Services	208,028	163,977	44,051	143,756
6300 Supplies and Materials	513,454	457,816	55,638	371,578
6400 Other Operating Expenditures	57,330	49,268	8,062	36,682
6600 Capital Outlay	733,477	675,596	57,881	128,288
Total Security and Monitoring Services	8,404,462	8,192,178	212,284	7,162,286
Data Processing Services				
6100 Payroll Costs	8,361,951	8,240,956	120,995	7,822,010
6200 Purchased and Contracted Services	799,832	723,552	76,280	521,063
6300 Supplies and Materials	2,733,877	2,655,555	78,322	2,350,996
6400 Other Operating Expenditures	153,454	122,157	31,297	156,329
6600 Capital Outlay	111,508	107,414	4,094	64,108
Total Data Processing Services	12,160,622	11,849,634	310,988	10,914,506
<b>Total Support Services - Nonstudent Based</b>	<b>81,049,718</b>	<b>80,291,849</b>	<b>757,869</b>	<b>70,848,748</b>
<b>Ancillary Services</b>				
Community Services				
6100 Payroll Costs	544,226	528,578	15,648	386,154
6200 Purchased and Contracted Services	70,721	44,656	26,065	55,419
6300 Supplies and Materials	65,427	61,307	4,120	30,009
6400 Other Operating Expenditures	11,752	7,773	3,979	7,377
<b>Total Ancillary Services</b>	<b>692,126</b>	<b>642,314</b>	<b>49,812</b>	<b>478,959</b>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2016**  
*with comparative actual balances for the year ended August 31, 2015*

**Exhibit G-3**  
**Page 4 of 4**

	<b>2016</b>			<b>2015</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Capital Outlay</b>				
Facilities Acquisition and Construction				
6100 Payroll Costs	\$ 798,924	\$ 783,050	\$ 15,874	\$ 737,344
6200 Purchased and Contracted Services	9,747	15,352	(5,605)	109,605
6300 Supplies and Materials	49,678	14,280	35,398	150,629
6400 Other Operating Expenditures	6,760	3,043	3,717	4,306
6600 Capital Outlay	8,885,040	8,504,114	380,926	6,548,144
<b>Total Capital Outlay</b>	<b>9,750,149</b>	<b>9,319,839</b>	<b>430,310</b>	<b>7,550,028</b>
<b>Intergovernmental Charges</b>				
Payments to JJAEP				
6200 Purchased and Contracted Services	78,740	37,893	40,847	35,805
Payments to Tax Increment Reinvestment Zone				
6400 Other Operating Expenditures	3,120,650	3,120,641	9	2,901,667
Other Intergovernmental Charges				
6200 Purchased and Contracted Services	3,515,000	3,508,948	6,052	3,107,984
<b>Total Intergovernmental Charges</b>	<b>6,714,390</b>	<b>6,667,482</b>	<b>46,908</b>	<b>6,045,456</b>
<b>6030 Total Expenditures</b>	<b>\$ 626,621,091</b>	<b>\$ 621,492,054</b>	<b>\$ 5,129,037</b>	<b>\$ 576,900,412</b>

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## **DEBT SERVICE FUND**

The Debt Service Fund is used to account for revenues from debt service taxes and earnings on investments which are used for payment of interest and principal on the District's bonded indebtedness.

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**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMPARATIVE BALANCE SHEET**  
**DEBT SERVICE FUND**  
**AUGUST 31, 2016 and 2015**

**Exhibit H-1**

<b>Data Control Codes</b>		<b>August 31, 2016</b>	<b>August 31, 2015</b>
	<b>ASSETS</b>		
1110	Cash and Investments at Fair Value	\$ 51,871,229	\$ 50,396,206
	Receivables:		
1225	Property Taxes Receivable (net)	2,293,886	2,248,994
1240	Due from Other Governments	44,085	
1260	Due from Other Funds	251,068	222,873
1290	Other Receivables (Net)	16,910	6,577
1000	<b>Total Assets</b>	<b>\$ 54,477,178</b>	<b>\$ 52,874,650</b>
	<b>LIABILITIES</b>		
	Current Liabilities:		
2110	Accounts Payable	\$ 91,706	\$ 6,575
2180	Due to Other Governments		24,249
2000	<b>Total Liabilities</b>	<b>91,706</b>	<b>30,824</b>
	<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600	Unavailable Revenue - Property Taxes	2,293,886	2,248,994
	<b>FUND BALANCE</b>		
	Restricted For:		
3480	Retirement of Long-term Debt	52,091,586	50,594,832
3000	<b>Total Fund Balance</b>	<b>52,091,586</b>	<b>50,594,832</b>
4000	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 54,477,178</b>	<b>\$ 52,874,650</b>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – ORIGINAL BUDGET, AMENDED FINAL, AND ACTUAL**  
**DEBT SERVICE FUND**  
**YEAR ENDED AUGUST 31, 2016**  
*with comparative actual balances for the year ended August 31, 2015*

Data Control Codes		2016	
		Budgeted Amounts	
		Original	Final
	<b>REVENUES</b>		
5700	Local, Intermediate, and Out-of-State	\$ 127,164,391	\$ 126,737,031
5800	State Program Revenues		2,536,676
5020	<b>Total Revenues</b>	<u>127,164,391</u>	<u>129,273,707</u>
	<b>EXPENDITURES</b>		
	Debt Service:		
0071	Principal on Long-Term Debt	62,626,333	64,781,333
0072	Interest on Long-Term Debt	67,451,575	67,120,101
0073	Bond Issuance Costs and Fees	308,877	615,350
6030	<b>Total Expenditures</b>	<u>130,386,785</u>	<u>132,516,784</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,222,394)</u>	<u>(3,243,077)</u>
	<b>OTHER FINANCING SOURCES/(USES)</b>		
7901	Refunding Bonds Issued		23,515,000
7915	Transfers In	3,487,982	4,006,112
7916	Premium on Issuance of Bonds		4,099,988
8940	Payment to Bond Refunding Escrow Agent		(27,459,965)
7080	<b>Total Other Financing Sources/(Uses)</b>	<u>3,487,982</u>	<u>4,161,135</u>
1200	Net Change in Fund Balance	265,588	918,058
0100	Fund Balances - Beginning	<u>50,594,832</u>	<u>50,594,832</u>
3000	<b>Fund Balances - Ending</b>	<u>\$ 50,860,420</u>	<u>\$ 51,512,890</u>

Exhibit H-2

		2015
Actual	Variance with Final Budget Positive (Negative)	Actual
\$ 126,855,770	\$ 118,739	\$ 113,902,796
2,534,997	(1,679)	
129,390,767	117,060	113,902,796
64,781,333		59,006,822
67,048,851	71,250	57,594,953
259,329	356,021	2,807,169
132,089,513	427,271	119,408,944
(2,698,746)	544,331	(5,506,148)
23,515,000		320,075,000
4,040,477	34,365	3,270,784
4,099,988		35,010,903
(27,459,965)		(354,509,772)
4,195,500	34,365	3,846,915
1,496,754	578,696	(1,659,233)
50,594,832		52,254,065
\$ 52,091,586	\$ 578,696	\$ 50,594,832

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### **CAPITAL PROJECTS FUND**

The Capital Projects Fund is used to account for proceeds from the sale of general obligation bonds and the expenditures of these funds for the construction and equipping of new school facilities, to purchase school sites, and the renovation or repair of present facilities.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMPARATIVE BALANCE SHEET**  
**CAPITAL PROJECTS FUND**  
**AUGUST 31, 2016 and 2015**

**Exhibit I-1**

<b>Data Control Codes</b>		<b>August 31, 2016</b>	<b>August 31, 2015</b>
	<b>ASSETS</b>		
1110	Cash and Investments at Fair Value	\$ 207,281,767	\$ 187,327,172
	Receivables:		
1290	Other Receivables	294,988	
1000	<b>Total Assets</b>	<u>\$ 207,576,755</u>	<u>\$ 187,327,172</u>
	<b>LIABILITIES</b>		
	Current Liabilities:		
2110	Accounts Payable	\$ 47,189,999	\$ 17,440,038
2170	Due to Other Funds	6,169,878	13,653,223
2000	<b>Total Liabilities</b>	<u>53,359,877</u>	<u>31,093,261</u>
	<b>FUND BALANCE</b>		
	Restricted For:		
3470	Capital Acquisitions and Contracts	154,216,878	156,233,911
3000	<b>Total Fund Balance</b>	<u>154,216,878</u>	<u>156,233,911</u>
4000	<b>Total Liabilities and Fund Balance</b>	<u>\$ 207,576,755</u>	<u>\$ 187,327,172</u>

**KATY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
CAPITAL PROJECTS FUND  
YEAR ENDED AUGUST 31, 2016 and 2015**

**Exhibit I-2**

<b>Data Control Codes</b>		<b>August 31, 2016</b>	<b>August 31, 2015</b>
	<b>REVENUES</b>		
5700	Local, Intermediate, and Out-of-State	\$ 1,022,678	\$ 269,174
5900	Federal Program Revenues	2,959,094	
5020	<b>Total Revenues</b>	<u>3,981,772</u>	<u>269,174</u>
	<b>EXPENDITURES</b>		
0081	Facilities Acquisition and Construction:		
	Land and Improvements	7,584,191	6,557,669
	Building and Improvements	246,945,964	49,528,564
	Furniture and Equipment	25,445,972	16,817,813
	Total Facilities Acquisition and Construction	<u>279,976,127</u>	<u>72,904,046</u>
0073	Bond Issuance Cost and Fees	<u>1,741,889</u>	<u>1,310,086</u>
6030	<b>Total Expenditures</b>	<u>281,718,016</u>	<u>74,214,132</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(277,736,244)</u>	<u>(73,944,958)</u>
	<b>OTHER FINANCING SOURCES/(USES)</b>		
7911	Capital Related Debt Issued	245,095,000	155,310,000
7916	Premium on Issuance of Bonds	31,646,889	26,000,086
8911	Transfers Out	<u>(1,022,678)</u>	<u>(269,174)</u>
7080	<b>Total Other Financing Sources/(Uses)</b>	<u>275,719,211</u>	<u>181,040,912</u>
1200	Net Change in Fund Balance	(2,017,033)	107,095,954
0100	Fund Balances - Beginning	<u>156,233,911</u>	<u>49,137,957</u>
3000	<b>Fund Balances - Ending</b>	<u>\$ 154,216,878</u>	<u>\$ 156,233,911</u>

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## **SPECIAL REVENUE FUND**

The Special Revenue Fund is used to account for financial resources restricted to or designated for specific purposes by a grantor. Specifically, this type of fund is used to account for the District's Food Service program, including local and federal revenue sources for state and federally financed programs (grants) where unused balances are returned to the grantor at the close of specified project periods, and other revenue specific programs.



## **Special Revenue Program Descriptions**

### **McKinney Vento**

Funds are to be used to provide supplemental academic and related assistance to facilitate the academic success of students who are in homeless situations.

### **Elementary and Secondary Education Act (ESEA) Title I, Part A - Improving Basic Programs -**

Funds are used on identified campuses to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

**Individuals with Disabilities Education Act (IDEA), Part B - Formula -** Funds are used to operate educational programs for children with disabilities. This program also includes capacity building and improvement (sliver) subgrants.

**Individuals with Disabilities Education Act (IDEA), Part B - Preschool -** Funds are used for preschool children with disabilities.

**Nutrition and Food Services -** Funds are used to account for allowable expenditures, as determined under the National School Lunch Act, for the operation and improvement of the Child Nutrition Programs.

**Vocational Education, Carl Perkins Basic Grant -** Funds are used to provide instruction related to career and technology education and to develop new and/or improve career and technology education programs for paid and unpaid employment.

**Elementary and Secondary Education Act (ESEA) Title II, Part A - Teacher and Principal Training and Recruiting –** Funds are used to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools.

**Elementary and Secondary Education Act (ESEA) Title III, Part A - LEP and Immigrant -** Funds are used to improve the education of limited English proficient children by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

**Medicaid Administrative Claiming Program -** Funds are used for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid state plan.

**Federally Funded Special Revenue -** Funds include the reimbursement of summer school costs for Limited English Proficient Students in Kindergarten and First Grade. They also include Early Childhood Intervention funds which are used to identify and provide needed intervention services for children from Birth to age 3 who are developmentally delayed or appear to be at risk for developmental delay.

**Individuals with Disabilities Education Act (IDEA), Part B-Discretionary Deaf, SSA -** Funds are used to support an education service center basic special education component and also targeted support to LEAs, Regional Day School Programs for the Deaf, private residential placements, priority projects, and other emerging needs.

**Individuals with Disabilities Education Act (IDEA), Part B-Formula Deaf, SSA -** Funds are used to operate educational programs for children with disabilities. This fund also includes capacity building and improvement subgrants.

## **Special Revenue Program Descriptions (continued)**

**Individuals with Disabilities Education Act (IDEA), Part B-Preschool Deaf, SSA** - Funds are used for preschool children who are hearing impaired.

**Individuals with Disabilities Education Act (IDEA), Part C, Early Intervention, SSA** - Funds are used to assist local Regional Day School for the Deaf programs and the Texas School for the Deaf in providing direct services to hearing impaired infants to toddlers ages birth through two years of age. The program also provides supplemental and appropriate services to eligible students that are provided by a certified and trained teacher.

**State Visually Handicapped** - Funds are used to provide educational assistance to visually impaired students.

**Non-Educational Community-Based Support Services** - Funds are used for the provision of non-educational community-based support services to students with disabilities who would remain or have to be placed in residential facilities for educational reasons without the provision of these services. The support services may include transportation, respite for the parents, case management, social work, in-home family support and other items.

**Advanced Placement Incentive** - Funds are awarded to specific campuses based on student scores on Advanced Placement examinations and are to be used for enhancement of academic programs at awarded campuses.

**Instructional Materials Allotment** - Funds are used to provide instructional materials awarded under the textbook allotment.

**Read-To-Succeed License Plate Program** - Funds are awarded to specific campuses based on the sale of specialty license plates and are to be used to pay for educational materials for the school library.

**State Funded Special Revenue Programs** - Accounts for state funded special revenue that has not been specified above.

**Regional Day School for the Deaf, SSA** - Funds are used for staff and activities of the Regional Day School Program for the Deaf (RDSPD).

**Local Share Regional Day School for the Deaf, SSA** - Funds are used to account for excess costs of services provided to hearing impaired students ages birth through twenty-one.

**Campus Activity Funds** - Funds are used for activities benefiting students and staff.

**Locally Funded Special Revenue Programs** - Locally funded special revenue programs not specified above.

**Tax Increment Reinvestment Zone** - Funds are used to account for tax increment revenues, in excess of bond payments, restricted for expenditures within the reinvestment zone.

**Katy ISD Education Foundation Grants** - Funds will be used to provide resources to enrich teaching, inspire learning, and enhance opportunities for students enrolled in Katy ISD.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS**  
**AUGUST 31, 2016**

<b>Data Control Codes</b>		<b>206 McKinney Vento TEXSHEP</b>	<b>211 ESEA Title I Part A</b>	<b>224 IDEA Part B Formula</b>
	<b>REVENUES</b>			
5700	Local, Intermediate, and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	53,722	5,951,883	11,202,104
5020	<b>Total Revenues</b>	<u>53,722</u>	<u>5,951,883</u>	<u>11,202,104</u>
	<b>EXPENDITURES</b>			
0011	Instruction	2,731	4,625,330	7,059,464
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	1,003	701,416	273,551
0021	Instructional Leadership		48,952	11,919
0023	School Leadership		49,863	7,377
0031	Guidance, Counseling, and Evaluation Services		875	3,475,908
0033	Health Services			43,089
0034	Student Transportation	48,366		
0035	Food Services			
0036	Extracurricular Activities			
0041	General Administration			
0051	Facilities Maintenance and Operations	912		
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services	710	525,447	
0081	Facilities Acquisition and Construction			
0093	Payments to Share Service Arrangements			330,796
6030	<b>Total Expenditures</b>	<u>53,722</u>	<u>5,951,883</u>	<u>11,202,104</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures			
	<b>OTHER FINANCING SOURCES/(USES)</b>			
7912	Sale of Real and Personal Property			
7080	<b>Total Other Financing Sources/(Uses)</b>			
1200	Net Change in Fund Balance			
0100	Fund Balance - September 1 (Beginning)			
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<b>225 IDEA Part B Preschool</b>	<b>240 Nutrition and Food Services</b>	<b>244 Voc. Ed. Basic Grant</b>	<b>255 ESEA Title II Part A</b>	<b>263 ESEA Title III Part A</b>	<b>272 Medicaid Administrative Claiming</b>
\$	\$ 16,086,167	\$	\$	\$	\$
	161,047				
138,169	12,403,881	403,563	528,821	1,881,957	204,525
138,169	28,651,095	403,563	528,821	1,881,957	204,525
125,830		186,216		586,884	
8,303		214,882	521,407	1,012,541	
		2,465			
			1,035		
4,036					119,588
				87,047	
	28,791,021				
			6,379		
				195,485	
	357,774				
138,169	29,148,795	403,563	528,821	1,881,957	119,588
	(497,700)				84,937
	9,157				
	9,157				
	(488,543)				84,937
	5,444,382				280,630
\$	\$ 4,955,839	\$	\$	\$	\$ 365,567

**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS**  
**AUGUST 31, 2016**

<b>Data Control Codes</b>		<b>289 Federally Funded Special Revenue</b>	<b>315 SSA IDEA B Discretionary</b>	<b>316 SSA IDEA B Deaf</b>
	<b>REVENUES</b>			
5700	Local, Intermediate, and Out-of-State	\$ 193,870	\$	\$
5800	State Program Revenues	405,065		
5900	Federal Program Revenues	1,294,514	55,653	32,194
5020	<b>Total Revenues</b>	<u>1,893,449</u>	<u>55,653</u>	<u>32,194</u>
	<b>EXPENDITURES</b>			
0011	Instruction	1,516,531	55,653	32,194
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	495		
0021	Instructional Leadership	341,244		
0023	School Leadership			
0031	Guidance, Counseling, and Evaluation Services			
0033	Health Services	29,342		
0034	Student Transportation			
0035	Food Services			
0036	Extracurricular Activities			
0041	General Administration			
0051	Facilities Maintenance and Operations			
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services	5,837		
0081	Facilities Acquisition and Construction			
0093	Payments to Share Service Arrangements			
6030	<b>Total Expenditures</b>	<u>1,893,449</u>	<u>55,653</u>	<u>32,194</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures			
	<b>OTHER FINANCING SOURCES/(USES)</b>			
7912	Sale of Real and Personal Property			
7080	<b>Total Other Financing Sources/(Uses)</b>			
1200	Net Change in Fund Balance			
0100	Fund Balance - September 1 (Beginning)			
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<b>317 SSA IDEA B Preschool Deaf</b>	<b>340 SSA IDEA C Early Intervention</b>	<b>385 State Visually Handicapped</b>	<b>392 Non-Ed Community Support</b>	<b>397 Advanced Placement Incentive</b>	<b>410 Instructional Materials Allotment</b>
\$	\$	\$	\$	\$	\$
		20,000	1,950	19,350	3,105,087
6,765	2,033				
6,765	2,033	20,000	1,950	19,350	3,105,087
6,400	1,835	20,000			3,105,087
365	198			19,350	
			1,950		
6,765	2,033	20,000	1,950	19,350	3,105,087
\$	\$	\$	\$	\$	\$

**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS**  
**AUGUST 31, 2016**

<b>Data Control Codes</b>	<b>427 Read to Succeed License Plate Program</b>	<b>429 State Funded Special Revenue</b>	<b>435 SSA Regional Deaf CO-OP</b>
<b>REVENUES</b>			
5700 Local, Intermediate, and Out-of-State	\$	\$	\$
5800 State Program Revenues	176	31,558	581,092
5900 Federal Program Revenues			
5020 <b>Total Revenues</b>	<u>176</u>	<u>31,558</u>	<u>581,092</u>
<b>EXPENDITURES</b>			
0011 Instruction		27,801	534,553
0012 Instructional Resources and Media Services	176		
0013 Curriculum and Instructional Staff Development			3,493
0021 Instructional Leadership			
0023 School Leadership			
0031 Guidance, Counseling, and Evaluation Services			40,224
0033 Health Services			2,822
0034 Student Transportation			
0035 Food Services			
0036 Extracurricular Activities			
0041 General Administration			
0051 Facilities Maintenance and Operations			
0052 Security and Monitoring Services		3,757	
0053 Data Processing Services			
0061 Community Services			
0081 Facilities Acquisition and Construction			
0093 Payments to Share Service Arrangements			
6030 <b>Total Expenditures</b>	<u>176</u>	<u>31,558</u>	<u>581,092</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures			
<b>OTHER FINANCING SOURCES/(USES)</b>			
7912 Sale of Real and Personal Property			
7080 <b>Total Other Financing Sources/(Uses)</b>			
1200 Net Change in Fund Balance			
0100 Fund Balance - September 1 (Beginning)			
3000 <b>Fund Balance - August 31 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**Exhibit J-1**  
**Page 3 of 3**

<b>455 SSA Deaf Local Share</b>	<b>461 Campus Activity Funds</b>	<b>480 Locally Funded Special Revenue</b>	<b>495 Tax Increment Reinvestment Zone</b>	<b>499 Katy ISD Education Found. Grants</b>	<b>Special Revenue Fund August 31, 2016</b>
\$ 283,268	\$ 7,643,840	\$ 102,279	\$ 1,286,243	\$ 190,957	\$ 25,786,624
					4,325,325
					34,159,784
<u>283,268</u>	<u>7,643,840</u>	<u>102,279</u>	<u>1,286,243</u>	<u>190,957</u>	<u>64,271,733</u>
96,803	2,487,151	12,537		190,363	20,673,363
	826,952				827,128
3,250	299,446	76,392			3,136,092
107,617		1,350			513,547
	444,245				502,520
35	2,012			594	3,523,684
75,563	2,422				272,826
	11,206				146,619
					28,791,021
	1,979,803	11,550			1,991,353
	4,496	300			11,175
	8,756				9,668
	30,626				34,383
	17,565				17,565
	23,827	150			753,406
	195,071		1,060,776		1,613,621
					330,796
<u>283,268</u>	<u>6,333,578</u>	<u>102,279</u>	<u>1,060,776</u>	<u>190,957</u>	<u>63,148,767</u>
	<u>1,310,262</u>		<u>225,467</u>		<u>1,122,966</u>
					9,157
					9,157
	1,310,262		225,467		1,132,123
	3,877,399		5,643,797		15,246,208
<u>\$</u>	<u>\$ 5,187,661</u>	<u>\$</u>	<u>\$ 5,869,264</u>	<u>\$</u>	<u>\$ 16,378,331</u>



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## **INTERNAL SERVICE FUNDS**

The Internal Service Funds are used to account for revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**AUGUST 31, 2016**

**Exhibit K-1**

Data Control Codes		Governmental Activities			Total Internal Service Funds
		Health Insurance	Workers' Compensation	Print Shop	
ASSETS					
Current Assets:					
1110	Cash and Cash Equivalents	\$ 12,639,304	\$ 3,724,550	\$ 1,889,827	\$ 18,253,681
1260	Due from Other Funds	46,423			46,423
1290	Other Receivables	1,403,798			1,403,798
1300	Inventories			78,235	78,235
	Total Current Assets	14,089,525	3,724,550	1,968,062	19,782,137
Noncurrent Assets:					
Capital Assets:					
1540	Furniture and Equipment	1,999		2,502,445	2,504,444
1573	Accumulated Depreciation	(1,999)		(1,690,701)	(1,692,700)
	Total Noncurrent Assets			811,744	811,744
1000	Total Assets	14,089,525	3,724,550	2,779,806	20,593,881
LIABILITIES					
Current Liabilities:					
2110	Accounts Payable	3,915,672	462,394	506,015	4,884,081
2170	Due to Other Funds		4		4
2200	Accrued Expenses	867,813	44,150		911,963
2000	Total Liabilities	4,783,485	506,548	506,015	5,796,048
NET POSITION					
3200	Investment in Capital Assets			811,744	811,744
3900	Unrestricted	9,306,040	3,218,002	1,462,047	13,986,089
3000	Total Net Position	\$ 9,306,040	\$ 3,218,002	\$ 2,273,791	\$ 14,797,833

**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

**Exhibit K-2**

Data Control Codes		Governmental Activities			Total Internal Service Funds
		Health Insurance	Workers' Compensation	Print Shop	
	OPERATING REVENUES				
5754	Charges for Services	\$ 50,130,469	\$ 814,556	\$ 4,258,689	\$ 55,203,714
5020	Total Operating Revenues	50,130,469	814,556	4,258,689	55,203,714
	OPERATING EXPENSES				
6200	Administrator Fees	4,937,272	110,440		5,047,712
6200	Claims Expense	42,302,574	983,634		43,286,208
6200	Repair and Maintenance			24,987	24,987
6200	Equipment Rental			114,048	114,048
6200	Contracted Services	12,703		2,082,073	2,094,776
6300	Supplies		6,321	2,045,039	2,051,360
6400	Miscellaneous Operating Expenses	411,268	75,220		486,488
6400	Depreciation			271,293	271,293
6030	Total Operating Expenses	47,663,817	1,175,615	4,537,440	53,376,872
1300	Operating Income (Loss)	2,466,652	(361,059)	(278,751)	1,826,842
	NONOPERATING REVENUES (EXPENSES)				
5742	Investment Income	26,038	19,416	7,459	52,913
	Total Nonoperating Revenue	26,038	19,416	7,459	52,913
	Income (Loss) before Contributions & Transfers	2,492,690	(341,643)	(271,292)	1,879,755
7900	Transfers In	4,000,000			4,000,000
7900	Capital Contributions			603	603
8900	Transfers of Capital Assets to Government			(3,852)	(3,852)
1300	Change in Net Position	6,492,690	(341,643)	(274,541)	5,876,506
0100	Total Net Position September 1 (Beginning)	2,813,350	3,559,645	2,548,332	8,921,327
3000	Total Net Position August 31 (Ending)	\$ 9,306,040	\$ 3,218,002	\$ 2,273,791	\$ 14,797,833

**KATY INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016**

**Exhibit K-3**

	<b>Governmental Activities</b>			<b>Total Internal Service Funds</b>
	<b>Health Insurance</b>	<b>Workers' Compensation</b>	<b>Print Shop</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Receipts from Internal Services Provided	\$ 48,306,870	\$ 814,556	\$ 4,258,689	\$ 53,380,115
Cash Payments to Suppliers	(411,268)	(81,541)	(1,914,188)	(2,406,997)
Cash Payments to Pay Claims	(42,878,574)	(924,724)		(43,803,298)
Cash Payments to Contract Administrators	(4,948,271)	(111,642)	(2,126,740)	(7,186,653)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>68,757</b>	<b>(303,351)</b>	<b>217,761</b>	<b>(16,833)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets			(28,343)	(28,343)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>			<b>(28,343)</b>	<b>(28,343)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from Other Funds	4,000,000			4,000,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>4,000,000</b>			<b>4,000,000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	26,038	19,416	7,459	52,913
<b>Net Cash Provided by Investing Activities</b>	<b>26,038</b>	<b>19,416</b>	<b>7,459</b>	<b>52,913</b>
Net Increase (Decrease) in Cash and Cash Equivalents	4,094,795	(283,935)	196,877	4,007,737
Cash and Cash Equivalents at Beginning of Year	8,544,509	4,008,485	1,692,950	14,245,944
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 12,639,304</b>	<b>\$ 3,724,550</b>	<b>\$ 1,889,827</b>	<b>\$ 18,253,681</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 2,466,652	\$ (361,059)	\$ (278,751)	\$ 1,826,842
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation			271,293	271,293
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	(1,171,594)			(1,171,594)
(Increase) Decrease in Inventories			9,962	9,962
Increase (Decrease) in Accounts Payable	166,570	54,309	215,257	436,136
Increase (Decrease) in Interfund Payables	(652,005)	4		(652,001)
Increase (Decrease) in Accrued Expenses	(740,866)	3,395		(737,471)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 68,757</b>	<b>\$ (303,351)</b>	<b>\$ 217,761</b>	<b>\$ (16,833)</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Contributions of Capital Assets from Government	\$	\$	\$ 603	\$ 603
Transfers of Capital Assets to Government	\$	\$	\$ 3,852	\$ 3,852
Capital Assets Retired	\$	\$	\$ 2,516	\$ 2,516

## **FIDUCIARY FUNDS**

### **Agency Fund**

The Agency Fund is used to account for assets held by the District as an agent for employees and various student groups throughout the District.

### **Student Activity Fund**

The Agency Fund is used to account for assets held for various student groups throughout the District.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**YEAR ENDED AUGUST 31, 2016**

**Exhibit L-1**

	<b>Balance September 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance August 31, 2016</b>
<b><u>STUDENT ACTIVITIES</u></b>				
<b>ASSETS</b>				
Cash	\$ 4,525,393	\$ 884	\$ 1,254,441	\$ 3,271,836
Due From Other Funds		10,060,717	10,060,717	
<b>Total Assets</b>	<u>\$ 4,525,393</u>	<u>\$ 10,061,601</u>	<u>\$ 11,315,158</u>	<u>\$ 3,271,836</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 346,996	\$ 8,286,801	\$ 8,483,637	\$ 150,160
Accrued Wages	2,834	4,560	2,834	4,560
Due to Student Groups	4,175,563	7,677,537	8,735,984	3,117,116
<b>Total Liabilities</b>	<u>\$ 4,525,393</u>	<u>\$ 15,968,898</u>	<u>\$ 17,222,455</u>	<u>\$ 3,271,836</u>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN DUE TO STUDENT GROUPS**  
**AGENCY FUNDS**  
**YEAR ENDED AUGUST 31, 2016**

**Exhibit L-2**  
**Page 1 of 2**

	<b>Balance September 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance August 31, 2016</b>
<b><u>Student Activities</u></b>				
<b>Due to Student Groups</b>				
High Schools:				
Katy	\$ 184,869	\$ 463,216	\$ 447,699	\$ 200,386
Taylor	301,783	575,754	605,425	272,112
Mayde Creek	182,359	321,449	375,054	128,754
Cinco Ranch	321,239	917,967	953,158	286,048
Morton Ranch	159,908	409,695	413,666	155,937
Seven Lakes	603,792	987,529	1,018,468	572,853
Tompkins	113,015	574,298	545,315	141,998
Raines	214	71		285
Opportunity Awareness Center	138	447	646	(61)
Miller Career & Technology Center	26,465	21,696	44,776	3,385
Junior High Schools:				
Katy	101,602	74,179	85,932	89,849
West Memorial	47,171	69,202	74,719	41,654
Mayde Creek	22,735	56,577	63,005	16,307
Memorial Parkway	86,210	73,672	87,634	72,248
McDonald	33,993	55,217	69,748	19,462
Beck	84,565	201,097	218,625	67,037
McMeans	128,816	197,173	211,158	114,831
Cinco Ranch	50,307	156,055	161,967	44,395
Morton Ranch	31,017	54,393	50,459	34,951
Beckendorff	137,986	350,189	386,505	101,670
Cardiff	12,727	74,784	68,941	18,570
Wood Creek	80,463	169,950	179,259	71,154
Seven Lakes	118,142	320,963	304,602	134,503
Tays		12,310	9,188	3,122
Elementary Schools:				
Wolfe	619	887	368	1,138
Katy	3,942	1,882	3,781	2,043
West Memorial	1,118	6,694	5,838	1,974
Memorial Parkway	220	1,693	1,185	728
Hutsell	4,786	6,513	7,335	3,964
Bear Creek	6,991	4,561	7,423	4,129
Cimarron	870	3,478	1,896	2,452
Winborn	10,341	11,322	10,994	10,669
Nottingham Country	1,108	3,359	3,056	1,411
Sundown	(377)	2,201	1,268	556



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN DUE TO STUDENT GROUPS**  
**AGENCY FUNDS**  
**YEAR ENDED AUGUST 31, 2016**

**Exhibit L-2**  
**Page 2 of 2**

	<b>Balance September 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance August 31, 2016</b>
Elementary Schools: (continued)				
Mayde Creek	\$ 2,730	\$ 5,098	\$ 3,766	\$ 4,062
Pattison	12,482	5,141	16,779	844
Golbow	3,736	11,710	11,351	4,095
Fielder	8,767	4,066	7,732	5,101
Hayes	1,179	5,170	5,018	1,331
McRoberts	2,085	2,176	2,990	1,271
Alexander	(2,098)	1,535	466	(1,029)
Williams	5,353	3,779	5,525	3,607
Creech	6,512	3,706	3,827	6,391
King	5,153	2,962	4,698	3,417
Schmalz	5,473	8,155	4,650	8,978
Kilpatrick	3,942	2,349	1,990	4,301
Rylander	2,713	7,796	6,686	3,823
Exley	758	2,614	2,051	1,321
Rhoads	2,828	5,545	5,421	2,952
Franz	1,110	1,568	1,790	888
Griffin	4,361	3,217	1,746	5,832
Stephens	7,418	5,178	4,840	7,756
Woodcreek	1,894	6,127	5,725	2,296
Morton Ranch	14,490	3,324	16,014	1,800
Holland	142	3,463	2,759	846
Stanley	563	993	403	1,153
Wilson	2,284	3,362	3,784	1,862
Wolman	1,852	8,471	4,805	5,518
Shafer	5,524	5,804	5,746	5,582
Davidson	4,311	10,146	6,480	7,977
Randolph	276	1,171	641	806
Jenks		501		501
Bethke		1,259	696	563
Total All Schools	<u>2,964,972</u>	<u>6,306,859</u>	<u>6,557,472</u>	<u>2,714,359</u>
<b>Non-School Activities</b>				
Athletics	242,298	251,203	478,880	14,621
Central Administration	323,745	88,890	138,606	274,029
Vocational Administration	260,747	739,610	895,970	104,387
Music Department	336,243	287,849	604,087	20,005
Other	47,558	3,126	60,969	(10,285)
Total Non-School Activities	<u>1,210,591</u>	<u>1,370,678</u>	<u>2,178,512</u>	<u>402,757</u>
Total Due to Student Groups	<u>\$ 4,175,563</u>	<u>\$ 7,677,537</u>	<u>\$ 8,735,984</u>	<u>\$ 3,117,116</u>

## **COMPLIANCE SCHEDULES**

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**FISCAL YEAR ENDED AUGUST 31, 2016**

<b>Fiscal Year</b>	<b>Tax Rates</b>			<b>Assessed/Appraised Value For School Tax Purposes</b>	<b>Beginning Balance September 1</b>
	<b>Maintenance</b>	<b>Debt Service</b>	<b>Total</b>		
2007 and prior	Various	Various	Various	Various	\$ 737,918
2008	\$ 1.1266	\$ 0.4000	\$ 1.5266	\$ 16,171,736,868	343,579
2009	1.1266	0.4000	1.5266	18,673,124,451	394,918
2010	1.1266	0.4000	1.5266	19,517,648,879	541,700
2011	1.1266	0.4000	1.5266	19,819,925,666	554,283
2012	1.1266	0.4000	1.5266	20,727,521,751	616,118
2013	1.1266	0.4000	1.5266	22,083,259,111	744,984
2014	1.1266	0.4000	1.5266	24,283,430,990	1,098,740
2015	1.1266	0.4000	1.5266	28,605,871,081	2,437,204
2016	1.1266	0.3900	1.5166	32,904,425,128	
<b>1000 Totals</b>					<u>\$ 7,469,444</u>

9000 - Portion of Row 1000 for Taxes Paid  
into Tax Increment Zone Under Chapter 311, Tax Code

\$ 195,847,884      \$

Note: Tax rates are per \$100 valuation.

**Exhibit M-1**

<b>Current Year's Total Levy</b>	<b>Maintenance and Operations Collections</b>	<b>Interest and Sinking Fund Collections</b>	<b>Total Collections</b>	<b>Entire Year's Adjustments</b>	<b>Ending Balance August 31</b>
\$	\$ 50,100	\$ 11,138	\$ 61,238	\$ (190,325)	\$ 486,355
	9,992	3,548	13,540	(1,430)	328,609
	(38,392)	(13,631)	(52,023)	(46,672)	400,269
	108,684	38,588	147,272	18,386	412,814
	285,456	101,351	386,807	239,051	406,527
	347,749	123,468	471,217	388,475	533,376
	395,643	140,473	536,116	344,850	553,718
	499,330	177,288	676,618	256,779	678,901
	(267,252)	(94,888)	(362,140)	(1,894,324)	905,020
<u>490,208,492</u>	<u>361,922,520</u>	<u>125,403,635</u>	<u>487,326,155</u>		<u>2,882,337</u>
<u>\$ 490,208,492</u>	<u>\$ 363,313,830</u>	<u>\$ 125,890,970</u>	<u>\$ 489,204,800</u>	<u>\$ (885,210)</u>	<u>7,587,926</u>
Penalty and Interest Receivable on Taxes					3,969,608
Less Allowance					(2,503,824)
Total Property Taxes Receivable (net) per Exhibit C-1					<u>\$ 9,053,710</u>
<u>\$ 2,156,880</u>	<u>\$ 2,156,880</u>	<u>\$</u>	<u>\$ 2,156,880</u>	<u>\$</u>	<u>\$</u>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES TO SELECTED**  
**SCHOOL FIRST INDICATORS**  
**YEAR ENDED AUGUST 31, 2016**

**Exhibit M-2**  
**L1 Worksheet**

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end	\$ 5,602,776
SF11	Net Pension Assets (1920) at fiscal year-end.	\$
SF12	Net Pension Liability (2540) at fiscal year-end.	\$ 141,271,770
SF13	Pension Expense (6147) at fiscal year-end.	\$ 24,744,730

## **STATISTICAL SECTION (UNAUDITED)**

The statistical section of the Katy Independent School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's economic condition and overall financial health. To assist financial statement users, the information contained within this section is categorized as follows:

### **Financial Trends Information**

These schedules contain trend information to show how the District's financial performance and position have changed over time.

### **Revenue Capacity Information**

These schedules contain information to help assess the factors affecting the District's most significant local revenue source, the property tax.

### **Debt Capacity Information**

These schedules present information to help assess the affordability of the District's current debt burden and its ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules provide demographic and economic indicators to help in understanding the environment in which the District operates and to facilitate in comparisons over time.

### **Operating Information**

These schedules provide information about the District's operations and resources to assist in using the financial statement information to better understand and assess the District's economic condition.

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## **FINANCIAL TRENDS INFORMATION**

These schedules contain trend information to assist users in understanding how the District's financial position has changed over time.



**KATY INDEPENDENT SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	<u>2007 (1)</u>	<u>2008 (1)</u>	<u>2009 (1)</u>	<u>2010 (1)</u>
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 20,411,149	\$ 23,580,292	\$ 20,218,827	\$ 8,212,302
Restricted	38,775,885	39,551,272	43,724,826	55,025,421
Unrestricted	44,163,519	54,974,366	70,842,091	76,101,294
Total Governmental Activities Net Position	<u>\$ 103,350,553</u>	<u>\$ 118,105,930</u>	<u>\$ 134,785,744</u>	<u>\$ 139,339,017</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$ 20,411,149	\$ 23,580,292	\$ 20,218,827	\$ 8,212,302
Restricted	38,775,885	39,551,272	43,724,826	55,025,421
Unrestricted	44,163,519	54,974,366	70,842,091	76,101,294
Total Primary Government Net Position	<u>\$ 103,350,553</u>	<u>\$ 118,105,930</u>	<u>\$ 134,785,744</u>	<u>\$ 139,339,017</u>

- (1) 2009 and prior have not been restated for the change in fund classification of Campus Wide Activity Funds.  
2012 and prior have not been restated for GASB 65 regarding expensing of bond issuance costs.  
2014 and prior have not been restated for GASB 68 regarding reporting for pensions.

Source: District Financial Statements

**Exhibit I**

<b>2011 (1)</b>	<b>2012 (as restated) (1)</b>	<b>2013 (1)</b>	<b>2014 (1)</b>	<b>2015</b>	<b>2016</b>
\$ 21,482,594	\$ 25,842,564	\$ 14,038,245	\$ 18,488,857	\$ 42,267,486	\$ 78,027,768
53,397,875	56,177,142	58,244,628	62,159,491	61,083,366	62,162,827
89,003,969	114,349,856	142,191,271	159,985,665	114,283,057	124,728,667
<u>\$ 163,884,438</u>	<u>\$ 196,369,562</u>	<u>\$ 214,474,144</u>	<u>\$ 240,634,013</u>	<u>\$ 217,633,909</u>	<u>\$ 264,919,262</u>
\$ 21,482,594	\$ 25,842,564	\$ 14,038,245	\$ 18,488,857	\$ 42,267,486	\$ 78,027,768
53,397,875	56,177,142	58,244,628	62,159,491	61,083,366	62,162,827
89,003,969	114,349,856	142,191,271	159,985,665	114,283,057	124,728,667
<u>\$ 163,884,438</u>	<u>\$ 196,369,562</u>	<u>\$ 214,474,144</u>	<u>\$ 240,634,013</u>	<u>\$ 217,633,909</u>	<u>\$ 264,919,262</u>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

<b>Expenses</b>	<b>2007 (1)</b>	<b>2008 (1)</b>	<b>2009 (1)</b>	<b>2010 (1)</b>
<b>Governmental Activities:</b>				
Instruction	\$ 235,089,402	\$ 268,533,006	\$ 290,197,501	\$ 318,792,587
Instructional Resources and Media Services	5,894,688	6,672,377	7,092,893	8,776,073
Curriculum and Instructional Staff Development	7,551,674	7,157,010	6,948,941	7,910,924
Instructional Leadership	3,529,192	3,757,887	3,880,467	3,925,420
School Leadership	23,492,823	25,360,780	26,951,641	28,700,116
Guidance, Counseling, and Evaluation Services	15,335,023	16,855,291	17,813,064	19,331,101
Health Services	3,890,489	4,303,590	4,588,493	5,374,766
Student Transportation	13,123,010	15,233,885	12,873,013	15,870,638
Food Services	18,156,902	21,354,474	23,056,332	25,659,045
Extracurricular Activities	8,142,192	9,928,317	9,151,182	10,309,076
General Administration	9,426,367	8,472,898	9,213,607	9,536,158
Facilities Maintenance and Operations	38,456,713	43,420,624	46,868,909	47,824,859
Security and Monitoring Services	4,117,254	4,215,405	4,710,876	5,114,765
Data Processing Services	10,703,118	11,422,292	11,041,079	11,759,319
Community Services	1,258,994	1,329,072	1,209,595	1,205,834
Interest and Issuance Costs on Long-term Debt	38,784,119	41,581,426	44,936,815	46,647,128
Facilities Planning	1,137,675	1,540,284	1,131,835	1,845,948
Payments to Shared Service Arrangements	324,704	359,539	448,412	305,166
Payments to JJAEP	72,534	66,347	76,926	69,917
Payments to Tax Increment Reinvestment Zone	889,382	955,208	1,041,344	510,997
Payments to Appraisal Districts		1,652,904	2,019,174	2,134,824
<b>Total Primary Government Expenses</b>	<b>439,376,255</b>	<b>494,172,616</b>	<b>525,252,099</b>	<b>571,604,661</b>
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services:</b>				
Instruction	1,079,165	1,055,369	1,044,537	1,065,708
Food Services	10,457,908	12,340,206	12,792,926	13,032,422
Extracurricular Activities	818,778	1,014,173	1,480,755	1,765,252
Facilities Maintenance and Operations	1,163,221	1,389,066	1,613,579	1,729,204
Community Services	456,521	457,242	482,679	200,650
Facilities Planning				
Other Activities	523,222	559,189	244,137	593,306
Operating Grants and Contributions	57,195,921	63,253,951	65,190,405	84,775,106
<b>Total Primary Government Program Revenues</b>	<b>71,694,736</b>	<b>80,069,196</b>	<b>82,849,018</b>	<b>103,161,648</b>
<b>Net (Expense)/Revenue</b>				
<b>Total Primary Government Net Expense</b>	<b>\$ (367,681,519)</b>	<b>\$ (414,103,420)</b>	<b>\$ (442,403,081)</b>	<b>\$ (468,443,013)</b>
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental Activities:</b>				
Property Taxes, Levied for General Purposes	\$ 207,061,154	\$ 179,739,418	\$ 209,445,201	\$ 219,043,580
Property Taxes, Levied for Debt Service	46,065,028	63,556,260	74,282,810	77,572,287
State Aid - Formula Grants	123,643,052	174,912,493	171,839,753	166,306,187
Investment Earnings	12,554,200	9,548,757	2,484,905	6,792,995
Miscellaneous	884,601	1,101,869	1,030,226	1,075,254
Special Items				
<b>Total Primary Government General Revenues and Special Items</b>	<b>390,208,035</b>	<b>428,858,797</b>	<b>459,082,895</b>	<b>470,790,303</b>
<b>Change in Net Position</b>				
<b>Total Primary Government</b>	<b>\$ 22,526,516</b>	<b>\$ 14,755,377</b>	<b>\$ 16,679,814</b>	<b>\$ 2,347,290</b>

- (1) 2009 and prior have not been restated for the change in fund classification of Campus Wide Activity Funds.  
2012 and prior have not been restated for GASB 65 regarding expensing of bond issuance costs.  
2014 and prior have not been restated for GASB 68 regarding reporting for pensions.

Source: District Financial Statements

# Exhibit II

2011 (1)	2012 (as restated) (1)	2013 (1)	2014 (1)	2015	2016
\$ 321,361,278	\$ 311,062,572	\$ 333,099,527	\$ 379,326,682	\$ 417,723,329	\$ 463,004,721
8,694,209	8,525,841	9,015,595	9,458,754	10,448,836	11,092,997
8,323,619	6,942,069	7,871,530	9,222,524	11,408,842	12,571,661
4,078,594	3,798,441	4,059,587	4,795,027	5,475,459	6,084,697
29,459,540	28,339,372	30,333,001	33,654,588	35,148,787	39,272,358
19,932,124	19,103,538	21,261,678	23,634,110	27,693,860	31,395,110
5,410,272	4,932,619	5,407,237	5,960,105	6,442,002	7,098,188
16,776,762	16,917,348	17,006,681	18,117,006	19,926,295	21,738,829
25,802,502	26,234,107	27,993,364	29,705,565	31,336,015	33,037,502
12,465,039	11,808,768	12,246,444	13,922,981	15,033,286	16,523,156
10,142,271	9,799,768	9,484,422	10,445,330	11,577,316	7,608,850
48,326,942	45,314,890	47,106,425	52,109,678	54,724,812	66,746,993
5,162,174	4,893,473	5,388,225	6,457,842	7,208,059	7,944,254
11,894,172	11,368,931	12,031,043	13,588,172	14,528,909	15,527,959
1,159,882	1,278,824	1,036,286	900,660	797,196	1,436,184
41,206,516	50,383,193	55,659,332	56,831,827	57,765,290	62,022,560
623,871	2,103,510	1,502,445	841,035	1,009,182	859,056
300,087	232,862	204,065	208,693	175,830	330,796
47,890	32,924	18,088	39,240	35,805	37,893
306,098	452,731	1,122,877	1,252,136	1,281,931	1,500,033
2,242,299	2,348,096	2,455,136	2,604,686	3,107,984	3,508,948
573,716,141	565,873,877	604,302,988	673,076,641	732,849,025	809,342,745
1,043,362	907,065	1,033,348	934,922	1,104,420	1,294,417
14,375,772	10,456,147	12,699,017	15,120,998	16,094,307	16,060,740
2,023,554	1,952,969	2,252,426	1,886,069	1,983,194	2,437,040
1,876,929	2,426,812	2,232,762	2,896,388	2,847,061	2,823,800
174,218	149,276	156,057	180,555	170,961	146,048
	3,325,766	1,219,902			
156,749	370,651	324,107	724,219	378,370	563,700
92,971,578	79,970,734	77,328,433	83,729,556	87,414,257	108,517,945
112,622,162	99,559,420	97,246,052	105,472,707	109,992,570	131,843,690
\$ (461,093,979)	\$ (466,314,457)	\$ (507,056,936)	\$ (567,603,934)	\$ (622,856,455)	\$ (677,499,055)
\$ 223,109,407	\$ 232,528,594	\$ 248,945,316	\$ 274,072,603	\$ 319,183,036	\$ 365,143,237
79,267,758	82,571,766	88,449,282	97,327,086	113,362,401	126,545,712
181,203,466	173,734,050	195,933,554	219,955,117	233,974,886	228,854,642
1,275,513	1,171,162	1,140,128	1,277,872	1,339,493	2,601,510
783,256	946,468	870,835	1,131,125	1,611,220	1,639,307
	7,847,541	468,634			
485,639,400	498,799,581	535,807,749	593,763,803	669,471,036	724,784,408
\$ 24,545,421	\$ 32,485,124	\$ 28,750,813	\$ 26,159,869	\$ 46,614,581	\$ 47,285,353

**KATY INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

<b>Fiscal Year Ended 08/31:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>General Fund</b>				
Non-spendable	\$ 1,354,871	\$ 1,873,623	\$ 1,391,967	\$ 2,157,515
Committed	2,700,000	2,600,000	4,600,000	5,500,000
Assigned	9,105,587	1,840,860	180,621	334,402
Unassigned	51,542,427	64,643,540	73,692,155	77,732,382
Total General Fund	<u>\$ 64,702,885</u>	<u>\$ 70,958,023</u>	<u>\$ 79,864,743</u>	<u>\$ 85,724,299</u>
<b>All Other Governmental Funds</b>				
Non-spendable	\$ 191,582	\$ 132,669	\$ 179,606	\$ 251,330
Restricted (1)	101,056,547	91,648,933	79,766,603	71,624,798
Committed				2,352,818
Total All Other Governmental Funds	<u>\$ 101,248,129</u>	<u>\$ 91,781,602</u>	<u>\$ 79,946,209</u>	<u>\$ 74,228,946</u>

(1) Changes in Restricted Fund Balances due to the timing of annual bond sales and related construction expenditures.

Source: District Financial Statements

**Exhibit III**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 1,421,067	\$ 1,236,844	\$ 2,453,621	\$ 1,632,902	\$ 1,676,224	\$ 1,682,389
5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
8,940,358	34,873,093	22,273,650	38,313,114	33,345,793	59,718,583
83,922,091	85,796,245	119,478,591	122,079,868	142,300,585	131,220,046
<u>\$ 99,283,516</u>	<u>\$ 126,906,182</u>	<u>\$ 149,205,862</u>	<u>\$ 167,025,884</u>	<u>\$ 182,322,602</u>	<u>\$ 197,621,018</u>
\$ 218,906	\$ 239,268	\$ 329,238	\$ 257,088	\$ 298,222	\$ 331,870
181,202,286	138,769,172	163,803,381	111,246,054	217,899,330	217,167,264
2,565,430	2,807,308	2,803,515	2,968,982	3,877,399	5,187,661
<u>\$ 183,986,622</u>	<u>\$ 141,815,748</u>	<u>\$ 166,936,134</u>	<u>\$ 114,472,124</u>	<u>\$ 222,074,951</u>	<u>\$ 222,686,795</u>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>REVENUES</b>				
Local, Intermediate, and Out-of-State	\$ 280,831,045	\$ 270,977,481	\$ 303,580,951	\$ 327,094,361
State Programs	162,763,562	216,105,399	210,251,108	196,102,519
Federal Programs	17,436,262	21,393,828	26,219,083	49,137,229
<b>Total Revenues</b>	<b>461,030,869</b>	<b>508,476,708</b>	<b>540,051,142</b>	<b>572,334,109</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	219,194,081	251,354,793	269,537,620	291,917,938
Instructional Resources and Media Services	4,617,025	5,273,769	5,757,651	6,747,428
Curriculum and Instructional Staff Development	7,482,979	7,143,582	6,864,451	7,845,233
Instructional Leadership	3,442,456	3,711,127	3,770,034	3,843,553
School Leadership	22,300,714	24,160,937	25,462,905	26,716,508
Guidance, Counseling, and Evaluation Services	14,803,455	16,343,264	17,069,072	18,445,897
Health Services	3,389,637	3,772,423	4,058,489	4,591,317
Student Transportation	11,338,150	16,293,597	13,486,474	12,530,374
Food Services	15,971,493	19,675,576	20,578,180	22,196,554
Extracurricular Activities	6,304,803	7,898,546	7,302,397	7,709,668
General Administration	8,788,291	7,803,126	8,531,368	8,816,940
Facilities Maintenance and Operations	37,308,819	41,647,853	45,135,795	45,736,061
Security and Monitoring Services	4,193,896	4,094,284	4,571,848	4,957,056
Data Processing Services	7,316,165	7,824,710	7,308,873	7,676,070
Community Services	1,256,604	1,330,580	1,205,533	1,207,373
Debt Service:				
Principal on Long-term Debt	23,996,448	33,424,703	30,310,140	32,443,017
Interest on Long-term Debt	41,562,419	44,944,261	50,352,037	47,218,663
Bond Issuance Costs and Fees	2,980,150	2,226,613	812,816	2,628,369
Capital Outlay:				
Facilities Acquisition and Construction	70,036,213	188,034,286	40,056,710	16,170,704
Intergovernmental:				
Payments to Shared Service Arrangements	324,704	359,540	448,412	305,166
Payments to JJAEP	72,534	66,347	76,926	69,917
Payments to Tax Increment Reinvestment Zone	2,871,182	2,938,733	3,054,869	2,493,628
Other Intergovernmental Charges		1,652,904	2,019,174	2,134,824
<b>Total Expenditures</b>	<b>509,552,218</b>	<b>691,975,554</b>	<b>567,771,774</b>	<b>574,402,258</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>(48,521,349)</b>	<b>(183,498,846)</b>	<b>(27,720,632)</b>	<b>(2,068,149)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bonds Issued	229,339,959	69,085,000		80,535,000
Issuance of Capital Related Debt (General Obligation Bonds)	94,995,000	177,700,000	24,315,000	
Sale of Real and Personal Property	216,524	319,733	43,402	42,371
Transfers In	8,913,808	4,516,274	1,155,775	663,483
Premium/Discount from Issuance of Bonds	12,770,037	5,383,879	433,557	10,038,986
Other Resources	782,629			
Transfers Out	(9,014,739)	(4,516,275)	(1,155,775)	(663,483)
Payment to Bond Refunding Escrow Agent	(239,712,215)	(72,201,154)		(90,611,898)
<b>Total Other Financing Sources (Uses)</b>	<b>98,291,003</b>	<b>180,287,457</b>	<b>24,791,959</b>	<b>4,459</b>
<b>SPECIAL ITEMS</b>				
Insurance Recoveries				
Extraordinary Item				
Net Change in Fund Balances	<b>\$ 49,769,654</b>	<b>\$ (3,211,389)</b>	<b>\$ (2,928,673)</b>	<b>\$ (2,063,690)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures (1)</b>	<b>14.91%</b>	<b>15.65%</b>	<b>15.33%</b>	<b>14.27%</b>

Source: District Financial Statements

- (1) In calculating the ratio of total debt service expenditures to noncapital expenditures, governmental fund expenditures for the acquisition and construction of assets that are classified as capital assets for reporting in the government-wide financial statements are subtracted from the total governmental fund expenditures.

Total Expenditures	\$ 509,552,218	\$ 691,975,554	\$ 567,771,774	\$ 574,402,258
Less: Capital Expenditures	69,961,671	191,177,412	41,572,647	16,035,610
Total Non-Capital Expenditures	<u>\$ 439,590,547</u>	<u>\$ 500,798,142</u>	<u>\$ 526,199,127</u>	<u>\$ 558,366,648</u>

**Exhibit IV**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 329,823,325	\$ 340,712,386	\$ 364,676,808	\$ 400,850,779	\$ 465,812,407	\$ 527,631,325
213,715,690	202,618,331	225,451,668	258,627,309	272,681,653	265,692,757
57,953,778	43,429,299	40,873,475	40,341,603	43,506,099	47,985,831
<u>601,492,793</u>	<u>586,760,016</u>	<u>631,001,951</u>	<u>699,819,691</u>	<u>782,000,159</u>	<u>841,309,913</u>
301,529,674	285,930,849	307,311,490	352,095,091	394,990,339	416,482,583
6,942,900	6,524,212	7,019,390	7,385,250	8,427,268	8,519,921
8,324,803	6,898,759	7,797,437	9,168,624	11,521,033	12,088,477
4,057,656	3,736,648	3,981,530	4,766,798	5,493,216	5,797,435
27,969,423	26,462,148	28,383,632	31,697,268	33,625,710	35,609,939
19,276,983	18,236,935	20,309,986	22,735,997	27,191,723	29,156,552
4,746,316	4,159,915	4,629,497	5,156,712	5,708,886	5,960,809
17,673,359	13,972,298	13,634,988	15,442,251	18,371,600	17,925,290
22,740,357	23,048,070	24,583,868	26,092,121	27,881,956	28,791,021
9,969,462	9,176,420	9,925,589	11,431,026	12,633,909	13,617,113
9,556,448	9,145,782	8,814,839	9,999,472	10,863,559	11,010,758
46,003,543	42,901,346	45,126,472	50,528,784	52,778,256	60,259,705
5,309,484	4,847,057	5,435,400	7,077,700	7,190,977	8,226,561
8,203,034	7,436,616	8,775,464	9,910,686	10,948,978	11,867,199
1,160,407	1,300,534	1,031,636	898,736	808,809	1,395,720
33,038,949	35,181,136	35,255,000	40,152,444	59,006,822	64,781,333
57,116,297	50,163,326	55,662,253	60,495,882	57,594,953	67,048,851
3,053,887	4,243,024	1,015,900	35,575	4,117,255	2,001,218
88,182,312	199,914,742	98,070,970	60,815,880	80,781,635	290,909,587
300,087	232,862	204,065	208,693	175,831	330,796
47,890	32,924	18,088	39,240	35,805	37,893
2,290,436	2,435,819	2,690,626	2,869,992	2,901,667	3,120,641
2,242,299	2,348,096	2,455,136	2,604,686	3,107,984	3,508,948
<u>679,736,006</u>	<u>758,329,518</u>	<u>692,133,256</u>	<u>731,608,908</u>	<u>836,158,171</u>	<u>1,098,448,350</u>
(78,243,213)	(171,569,502)	(61,131,305)	(31,789,217)	(54,158,012)	(257,138,437)
6,220,000	167,785,000			320,075,000	23,515,000
196,470,000	129,370,000	103,000,000		155,310,000	245,095,000
47,765	4,259,371	80,252	145,229	171,340	151,785
2,761,373	4,081,714	3,987,659	3,914,349	3,270,784	4,040,477
5,429,882	29,314,822	7,779,789		61,010,989	35,746,877
(2,761,373)	(4,081,714)	(6,487,659)	(6,914,349)	(8,270,784)	(8,040,477)
(6,607,541)	(174,020,686)			(354,509,772)	(27,459,965)
<u>201,560,106</u>	<u>156,708,507</u>	<u>108,360,041</u>	<u>(2,854,771)</u>	<u>177,057,557</u>	<u>273,048,697</u>
	312,787	191,330			
<u>\$ 123,316,893</u>	<u>\$ (14,548,208)</u>	<u>\$ 47,420,066</u>	<u>\$ (34,643,988)</u>	<u>\$ 122,899,545</u>	<u>\$ 15,910,260</u>
15.38%	15.29%	15.32%	15.07%	15.49%	16.40%
\$ 679,736,006	\$ 758,329,518	\$ 692,133,256	\$ 731,608,908	\$ 836,158,171	\$ 1,098,448,350
93,728,031	200,034,542	98,666,580	63,582,450	83,540,938	294,411,021
<u>\$ 586,007,975</u>	<u>\$ 558,294,976</u>	<u>\$ 593,466,676</u>	<u>\$ 668,026,458</u>	<u>\$ 752,617,233</u>	<u>\$ 804,037,329</u>



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## **REVENUE CAPACITY INFORMATION**

These schedules contain information to assist users in understanding and assessing the factors affecting the District's ability to generate its own-source revenues.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended 8/31:</b>	<b>Actual Value</b>			
	<b>Residential</b>	<b>Commercial &amp; Industrial</b>	<b>Minerals</b>	<b>Vacant Land</b>
2007	\$ 10,163,972,539	\$ 3,670,102,098	\$ 27,624,630	\$ 1,057,853,884
2008	11,620,659,904	4,533,500,162	53,317,250	1,002,449,685
2009	12,819,282,488	5,797,265,319	61,812,773	1,125,242,489
2010	13,681,249,992	5,966,281,419	39,107,987	1,312,938,313
2011	14,401,416,679	5,705,922,710	40,504,850	1,314,770,327
2012	15,151,391,289	5,956,767,164	25,676,428	1,301,661,488
2013	16,095,198,911	6,304,330,980	18,887,750	1,435,122,329
2014	17,666,123,656	6,946,066,195	8,467,871	1,322,654,238
2015	20,601,740,928	8,432,123,480	9,125,164	1,413,972,480
2016	24,897,292,508	9,645,411,945	15,548,521	1,636,118,144

(1) Tax Rates are per \$100 of assessed value.

Source: County Appraisal Districts

**Exhibit V**

<b>Other</b>	<b>Less: Exemptions</b>	<b>Total Assessed Value</b>	<b>Total Direct Rate (1)</b>
\$ 296,073,637	\$ 1,212,022,886	\$ 14,003,603,902	\$ 1.8150
361,470,191	1,399,660,324	16,171,736,868	1.5266
243,110,631	1,373,589,249	18,673,124,451	1.5266
276,521,902	1,758,450,734	19,517,648,879	1.5266
287,292,349	1,929,981,249	19,819,925,666	1.5266
270,073,732	1,978,048,350	20,727,521,751	1.5266
259,998,534	2,030,279,393	22,083,259,111	1.5266
282,107,473	1,941,988,443	24,283,430,990	1.5266
316,708,571	2,167,799,542	28,605,871,081	1.5266
334,145,538	3,624,091,528	32,904,425,128	1.5166

**KATY INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

<b>Taxing Authority</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>District Direct Rates:</u></b>				
Maintenance & Operations	\$ 1.4850	\$ 1.1266	\$ 1.1266	\$ 1.1266
Debt Service	0.3300	0.4000	0.4000	0.4000
<b>Total District Direct Rates</b>	<b>\$ 1.8150</b>	<b>\$ 1.5266</b>	<b>\$ 1.5266</b>	<b>\$ 1.5266</b>
<b><u>Overlapping Rates:</u></b>				
Addicks UD	\$ 0.6100	\$ 0.6100	\$ 0.6000	\$ 0.6300
Baker Road MUD	0.6800	0.6600	0.6300	0.5450
Castlewood MUD	1.0900	0.9500	0.8900	0.8900
Cimarron MUD	0.6400	0.6000	0.5800	0.5700
Cinco MUD #1	1.5000	0.8800	0.8800	0.6750
Cinco MUD #2	0.5500	0.5200	0.5000	0.4750
Cinco MUD #3	0.5200	0.5100	0.5100	0.4700
Cinco MUD #5	0.5900	0.5750	0.5750	0.5000
Cinco MUD #6	0.5900	0.5900	0.5900	0.4800
Cinco MUD #7	0.5900	0.5750	0.5750	0.5250
Cinco MUD #8	0.9000	0.8900	0.8900	0.8400
Cinco MUD #9	0.6750	0.6500	0.3700	0.6100
Cinco MUD #10	0.6600	0.6500	0.6500	0.6000
Cinco MUD #12	0.5600	0.5300	0.5300	0.4700
Cinco MUD #14	0.9000	0.7900	0.7900	0.6600
Cinco SW MUD #1	*N/A	*N/A	1.5000	1.5000
Cinco SW MUD #2	1.5000	1.5000	1.5000	1.5000
Cinco SW MUD #3	*N/A	*N/A	1.5000	1.5000
Cinco SW MUD #4	*N/A	*N/A	1.5000	1.5000
Cornerstone MUD	0.4900	0.4300	0.3800	0.3700
Fort Bend Co.	0.5167	0.5167	0.4998	0.4998
Fort Bend Co. LID #12	0.3500	0.2500	0.1900	0.1500
Fort Bend Co. MUD #34	0.7500	0.7200	0.7100	0.7100
Fort Bend Co. MUD #35	1.2000	1.0500	0.8900	0.7400
Fort Bend Co. MUD #37	0.5900	0.5900	0.5900	0.5600
Fort Bend Co. MUD #57	1.5000	1.5000	1.5000	1.5000
Fort Bend Co. MUD #58	1.5000	1.5000	1.5000	1.5000
Fort Bend Co. MUD #124	1.0900	0.9900	0.9200	0.9200
Fort Bend Co. MUD #130	0.8000	0.7900	0.7700	0.7600
Fort Bend Co. MUD #142	1.3900	1.3200	1.3200	1.3200
Fort Bend Co. MUD #151	1.3000	1.3000	1.3000	1.3000
Fort Bend Co. MUD #156	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #161	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #163	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #171	*N/A	*N/A	1.2940	1.2940
Fort Bend Co. MUD #172	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #173	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #182	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #185	*N/A	*N/A	1.2500	1.2500

**Exhibit VI**  
**Page 1 of 3**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266
0.4000	0.4000	0.4000	0.4000	0.4000	0.3900
<b>\$ 1.5266</b>	<b>\$ 1.5266</b>	<b>\$ 1.5266</b>	<b>\$ 1.5266</b>	<b>\$ 1.5266</b>	<b>\$ 1.5166</b>
\$ 0.6550	\$ 0.6550	\$ 0.6550	\$ 0.6550	\$ 0.6550	\$ 0.6550
0.5650	0.5650	0.5000	0.4250	0.3750	0.3400
0.8700	0.8500	0.8500	0.8100	0.7000	0.5800
0.5700	0.5700	0.5700	0.5700	0.5700	0.4200
0.6450	0.5950	0.5500	0.5000	0.4800	0.4400
0.4750	0.4750	0.4750	0.4750	0.4700	0.4500
0.4700	0.4800	0.4600	0.4200	0.4200	0.4000
0.4950	0.4950	0.4750	0.4450	0.4150	0.3800
0.4800	0.4800	0.4800	0.4100	0.3950	0.3550
0.5200	0.4900	0.4850	0.4850	0.4800	0.4800
0.8500	0.5950	0.8200	0.7600	0.7100	0.6400
0.5950	0.5950	0.5950	0.5700	0.5300	0.4300
0.6100	0.5900	0.5900	0.5800	0.5800	0.5300
0.4300	0.4300	0.3600	0.3600	0.3000	0.2700
0.6350	0.5950	0.5550	0.5450	0.5350	0.5200
1.5000	1.5000	1.5000	1.2900	1.0100	0.9050
1.5000	1.5000	1.4450	1.3450	1.2000	1.0400
1.5000	1.5000	1.5000	1.5000	1.4400	1.2000
1.5000	1.5000	1.4800	1.4000	1.2000	1.0300
0.3700	0.3600	0.3600	0.3600	0.3400	0.3300
0.4998	0.4998	0.4998	0.4998	0.4948	0.4860
0.1400	0.1300	0.1250	0.1250	0.1150	0.1000
0.6900	0.6800	0.6800	0.6800	0.6800	0.6300
0.6900	0.6300	0.6300	0.6200	0.5700	0.5150
0.5200	0.5200	0.5200	0.5200	0.5200	0.5000
1.5000	1.4500	1.4500	1.4000	1.2700	1.0500
1.5000	1.5000	1.5000	1.4500	1.2800	1.1600
0.9200	0.9900	0.9900	0.9900	0.9500	0.8600
0.7600	0.7500	0.7400	0.7300	0.7200	0.6600
1.3200	1.3200	1.2700	1.1700	0.9500	0.8500
1.2700	1.2600	1.2600	1.2600	1.2200	1.1100
*N/A	*N/A	1.5000	1.5000	1.4500	1.2500
*N/A	*N/A	0.9062	0.9062	0.9062	0.9000
*N/A	*N/A	*N/A	0.9000	0.9000	0.9000
1.2950	1.2950	1.2833	1.2650	1.2200	1.1600
1.2950	1.2950	1.2973	1.3038	1.3226	1.2818
1.2950	1.2950	1.2973	1.3038	1.3226	1.3393
*N/A	*N/A	*N/A	*N/A	1.5000	1.5000
1.2500	1.2500	1.2500	1.2000	1.1700	1.0400

**KATY INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

<b>Taxing Authority</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Overlapping Rates:</u></b>				
Fort Bend Co. MUD #199	*N/A	*N/A	*N/A	*N/A
Fort Bend Waller Co. MUD #2	*N/A	*N/A	*N/A	*N/A
Fort Bend Improvement District #24	*N/A	*N/A	*N/A	*N/A
Fry Road MUD	0.5400	0.5000	0.4650	0.4650
Grand Lakes MUD #1	1.0300	0.7900	0.7900	0.6500
Grand Lakes MUD #2	0.8600	0.7000	0.7000	0.4650
Grand Lakes MUD #4	0.8200	0.8200	0.8200	0.7900
Grand Lakes WC & ID	0.1000	0.0950	0.0950	0.0875
Green Trails MUD	0.3500	0.2700	0.3000	0.3600
Harris Co.	0.4024	0.3924	0.3892	0.3922
Harris Co. Dept. of Education	0.0063	0.0059	0.0058	0.0061
Harris Co. Flood Contr. Dist.	0.0324	0.0311	0.0309	0.0292
Harris Co. MUD #61	0.5900	0.5900	0.5900	0.5900
Harris Co. MUD #62	0.6100	0.6100	0.6200	0.6500
Harris Co. MUD #63	*N/A	*N/A	0.8500	0.8500
Harris Co. MUD #64	0.7000	0.7000	0.7100	0.7100
Harris Co. MUD #65	0.8260	0.8260	0.8260	0.8260
Harris Co. MUD #71	1.1300	1.0900	1.0200	1.1000
Harris Co. MUD #81	0.3800	0.3700	0.3500	0.3500
Harris Co. MUD #105	0.9500	0.9300	0.9300	0.9300
Harris Co. MUD #216	1.2500	1.2500	1.2500	1.2200
Harris Co. MUD #238	0.7500	0.7300	0.7300	0.7200
Harris Co. MUD #287	*N/A	1.3500	1.3500	1.3500
Harris Co. MUD #345	0.3900	0.3700	0.3700	0.3700
Harris Co. MUD #346	0.5000	0.4900	0.4700	0.4400
Harris Co. MUD #432	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #449	*N/A	*N/A	*N/A	*N/A
Harris Co. UD #6	0.2400	0.2400	0.2400	0.2400
Harris-Fort Bend Cos. MUD #1	0.9500	0.8800	0.8000	0.7700
Harris-Fort Bend Cos. MUD #3	*N/A	*N/A	1.2500	1.2500
Harris-Fort Bend Cos. MUD #5	0.8500	0.8200	0.7500	0.7500
Harris-Waller Cos. MUD #2	*N/A	*N/A	*N/A	*N/A
Harris-Waller Cos. MUD #3	*N/A	*N/A	*N/A	*N/A
Houston, City of	0.6450	0.6438	0.6388	0.6388
Interstate MUD	0.6500	0.5500	0.4400	0.4350
Jackrabbit Road PUD	0.3450	0.3450	0.3450	0.3450
Katy, City of	0.6054	0.6054	0.5937	0.5937
Katy Management District	0.9600	0.9600	0.9600	0.9600
Longhorn Town UD	0.7700	0.7000	0.7000	0.6700
Mason Creek UD	0.3250	0.3240	0.3240	0.3240
Mayde Creek MUD	0.7550	0.7550	0.7550	0.8370

**Exhibit VI**  
**Page 2 of 3**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
*N/A	\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6000
*N/A	*N/A	*N/A	*N/A	0.8000	0.8000
*N/A	*N/A	*N/A	*N/A	1.4500	1.4500
0.5000	0.5000	0.5000	0.5000	0.4850	0.4700
0.6300	0.5400	0.5400	0.5400	0.5400	0.5150
0.4550	0.4450	0.4375	0.3695	0.3500	0.3200
0.7900	0.7700	0.7600	0.7300	0.6800	0.6000
0.0825	0.0825	0.0825	0.0785	0.0730	0.0665
0.4400	0.4000	0.2600	0.2100	0.2000	0.1900
0.3881	0.3912	0.4002	0.4146	0.4173	0.4192
0.0066	0.0066	0.0066	0.0064	0.0060	0.0054
0.0292	0.0281	0.0281	0.0283	0.0274	0.0273
0.5900	0.5900	0.5900	0.5900	0.5700	0.5000
0.6500	0.6500	0.6500	0.6500	0.6200	0.5900
0.8500	0.8500	0.7000	0.5900	0.5200	0.5000
0.7100	0.7100	0.7100	0.7100	0.6900	0.6900
0.8460	0.8960	0.9770	0.9700	0.9300	0.8400
1.1000	1.1000	1.1000	1.1000	1.0600	0.9700
0.3700	0.3700	0.3700	0.3700	0.3700	0.3300
0.9300	0.9300	0.9300	0.9300	0.9000	0.8500
1.1600	1.1000	1.0700	0.9900	0.9500	0.7000
0.7200	0.7150	0.6950	0.6850	0.6350	0.6200
1.3500	1.3500	1.3500	1.3500	1.3500	1.3500
0.3900	0.4200	0.4200	0.3800	0.3475	0.3100
0.4050	0.2800	0.2000	0.1000	0.1000	0.1000
1.5000	1.5000	1.5000	1.5000	1.5000	1.4500
*N/A	*N/A	*N/A	1.5000	1.5000	1.5000
0.2400	0.2400	0.2400	0.2400	0.2350	0.2300
0.7500	0.7300	0.7000	0.6850	0.6850	0.6550
1.2500	1.2400	1.2400	1.1900	1.0700	0.9700
0.7300	0.7100	0.7100	0.7000	0.6500	0.5900
*N/A	*N/A	*N/A	*N/A	0.9500	0.9500
*N/A	*N/A	*N/A	*N/A	0.9300	0.9300
0.6388	0.6388	0.6388	0.6388	0.6311	0.6011
0.4350	0.4250	0.4200	0.4100	0.4050	0.4000
0.3450	0.3450	0.2500	0.2500	0.3000	0.3000
0.5937	0.5937	0.5867	0.5667	0.5467	0.5267
0.9500	0.9500	0.8800	0.8200	0.8200	0.8200
0.6500	0.6500	0.6300	0.6100	0.5500	0.5000
0.3460	0.3460	0.3460	0.0346	0.3345	0.3230
0.8960	0.8960	0.9150	0.9450	0.9300	0.9300



**KATY INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

<b>Taxing Authority</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Overlapping Rates:</u></b>				
Memorial MUD	\$ 0.6600	\$ 0.5800	\$ 0.5200	\$ 0.5400
Morton Road MUD	0.8100	0.7900	0.7900	0.7900
Northwest Harris Co. MUD #12	0.9800	0.9600	0.9600	0.9600
Nottingham Country MUD	0.5000	0.4300	0.4100	0.3950
Port of Houston Authority	0.0130	0.0144	0.0177	0.0164
Ricewood MUD	0.6200	0.5600	0.5600	0.5600
Rolling Creek UD	*N/A	*N/A	*N/A	0.9900
Waller County	0.6660	0.6288	0.6425	0.6246
Waller County RID #1	*N/A	*N/A	1.2500	1.2500
Waller-Harris ESD 2000	0.1000	0.0906	0.0930	0.0970
West Harris Co. MUD #2	0.4200	0.4200	0.4200	0.4700
West Harris Co. MUD #5	1.2000	1.2000	1.2000	1.2000
West Harris Co. MUD #7	0.9900	0.9700	0.9300	0.9200
West Harris Co. MUD #17	0.8200	0.8200	0.9300	0.9700
Westlake MUD #1	0.6000	0.6000	0.6000	0.6000
West Memorial MUD	0.3200	0.3200	0.3200	0.3800
Weston MUD	0.6200	0.6200	0.6200	0.6200
Westpark MUD	0.6500	0.6500	0.6500	0.4800
Willow Creek Farms MUD	*N/A	1.2500	1.2500	1.2500
Willow Fork DD	0.2400	0.2000	0.1900	0.1900
Willow Point MUD	*N/A	*N/A	*N/A	*N/A
Woodcreek Reserve MUD	0.5100	0.6000	0.5100	0.5500

UD - Utility District

MUD - Municipal Utility District

PUD - Public Utility District

LID - Land Improvement District

RID - Road Improvement District

DD - Development District

ESD - Emergency Services District

WC & ID - Water Control & Improvement District

\*N/A Political entity not in existence or taxes not yet levied.

Source: County Appraisal Districts

**Exhibit VI**  
**Page 3 of 3**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 0.5550	\$ 0.5500	\$ 0.5400	\$ 0.5400	\$ 0.5100	\$ 0.4800
0.8200	0.8400	0.8400	0.8200	0.7500	0.6900
1.0100	1.0600	1.0600	1.0600	1.0400	0.9800
0.3950	0.3950	0.3950	0.3950	0.3750	0.3450
0.0205	0.0186	0.0195	0.0172	0.0153	0.0134
0.5800	0.5800	0.5800	0.5800	0.5300	0.4750
0.9800	0.9700	0.9700	0.9600	0.8800	0.8500
0.6484	0.6598	0.6611	0.6511	0.6508	0.6204
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
0.0944	0.0944	0.0995	0.0995	0.0995	0.0995
0.4600	0.5000	0.5000	0.5000	0.5000	0.4800
1.2000	1.2000	1.2000	1.2000	1.1600	1.0900
0.9000	0.9000	0.9000	0.9000	0.8500	0.8400
1.0100	1.2500	1.3100	1.3100	1.2400	1.1900
0.6000	0.6400	0.6325	0.6325	0.5925	0.5625
0.4500	0.4500	0.4500	0.4500	0.4500	0.4300
0.6200	0.6100	0.6100	0.6100	0.5500	0.4800
0.6500	0.7500	0.6700	0.6700	0.6500	0.6500
1.2500	1.2500	1.2500	1.2500	1.2500	1.1500
0.1900	0.1900	0.1900	0.1900	0.1900	0.1850
*N/A	*N/A	*N/A	1.5000	1.5000	1.5000
0.6000	0.6000	0.6000	0.6000	0.5600	0.5600

**KATY INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

**Exhibit VII**

Taxpayer	2016			2007		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
Shell Oil Co.	\$ 555,891,979	1	1.69%	\$ 131,665,924	4	0.94%
BP Amoco	549,544,059	2	1.67	287,011,265	1	2.05
Westlake Three/Four Owner Corp.	268,230,911	3	0.82	160,747,886	2	1.15
Schlumberger Technology Corp.	187,344,688	4	0.57			
Academy Ltd.	163,400,202	5	0.50	124,676,296	5	0.89
Conoco Phillips Co.	161,761,546	6	0.49	93,298,954	6	0.67
Katy Mills LP	121,548,330	7	0.37	149,352,531	3	1.07
Bravelake Property Owner Corp.	120,000,000	8	0.36			
Centerpoint Energy	118,913,501	9	0.36			
I10 EC Corridor LP	99,000,000	10	0.30			
CMD Properties, Inc.				64,750,000	7	0.46
Sumitomo Corp of America				62,993,971	8	0.45
Wal-Mart				59,492,031	9	0.42
ExxonMobil Corporation				58,945,206	10	0.42
<b>TOTALS</b>	<u>\$ 2,345,635,216</u>		<u>7.13%</u>	<u>\$ 1,192,934,064</u>		<u>8.52%</u>

(1) Assessed (taxable) value equals appraised value after exemptions.

(2) Total assessed value equals: \$ 32,904,425,128

(3) Total assessed value equals: \$ 14,003,603,902

Source: County Appraisal Districts

**KATY INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

**Exhibit VIII**

<b>Fiscal Year Ended 8/31:</b>	<b>Adjusted Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2007	\$ 250,542,124	\$ 246,717,803	98.47%	\$ 3,566,675	\$ 250,284,478	99.90%
2008	241,809,631	237,881,768	98.38	3,599,254	241,481,022	99.86
2009	283,263,535	276,744,032	97.70	6,119,234	282,863,266	99.86
2010	296,177,515	290,752,880	98.17	5,011,821	295,764,701	99.86
2011	300,398,676	296,166,452	98.59	3,825,697	299,992,149	99.86
2012	314,490,037	310,257,285	98.65	3,699,376	313,956,661	99.83
2013	334,121,880	331,214,907	99.13	2,353,255	333,568,162	99.83
2014	365,687,039	364,521,121	99.68	487,017	365,008,138	99.81
2015	428,814,987	428,272,107	99.87	(362,140)	427,909,967	99.79
2016	490,208,492	487,326,155	99.41		487,326,155	99.41

Source: District Records

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### **DEBT CAPACITY INFORMATION**

These schedules contain information to assist users in understanding and assessing the District's debt burden and its ability to issue additional debt in the future.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

**Exhibit IX**

Fiscal Year Ended 8/31:	Governmental Activities				Total Primary Government	Ratio of Debt to Assessed Value (1)	Debt per ADA (2)
	General Obligation Bonds	Accretion on Capital Appreciation Bonds	Bond Issuance Premiums	Capital Leases			
2007	\$ 811,472,908	\$ 39,442,081	\$ 10,816,912	\$ 22,645,000	\$ 884,376,901	6.32%	\$ 18,256
2008	955,748,205	34,876,364	13,620,291	21,945,000	1,026,189,860	6.35	20,051
2009	949,753,065	27,568,558	13,284,002	21,215,000	1,011,820,625	5.42	18,862
2010	914,060,048	26,425,732	11,928,483	20,450,000	972,864,263	4.98	17,527
2011	1,077,256,097	9,711,419	14,690,362	19,645,000	1,121,302,878	5.66	19,440
2012	1,165,099,961	9,409,109	34,552,367	17,360,000	1,226,421,437	5.92	20,699
2013	1,232,844,961	9,827,986	47,850,529	16,245,000	1,306,768,476	5.92	21,274
2014	1,192,692,517	8,337,728	45,512,893	15,095,000	1,261,638,138	5.20	19,697
2015	1,271,035,662	7,243,610	100,590,333	13,910,000	1,392,779,605	4.87	20,753
2016	1,449,414,330	5,602,776	128,684,350	12,690,000	1,596,391,456	4.85	22,901

(1) See Exhibit V for assessed value data.

(2) See Exhibit XV for student Average Daily Attendance (ADA) data.

Source: District Records

**KATY INDEPENDENT SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

**Exhibit X**

Fiscal Year Ended 8/31:	Governmental Activities				Primary Government Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (1)	Net Bonded Debt per ADA (2)
	General Obligation Bonds	Accretion on Capital Appreciation Bonds	Bond Issuance Premiums	Less Reserve for Retirement of Bonded Debt			
2007	\$ 811,472,908	\$ 39,442,081	\$ 10,816,912	\$ 30,894,113	\$ 830,837,788	5.93%	\$ 17,151
2008	955,748,205	34,876,364	13,620,291	31,341,477	972,903,383	6.02	19,010
2009	949,753,065	27,568,558	13,284,002	35,715,443	954,890,182	5.11	17,801
2010	914,060,048	26,425,732	11,928,483	43,788,671	908,625,592	4.66	16,369
2011	1,077,256,097	9,711,419	14,690,362	39,672,424	1,061,985,454	5.36	18,412
2012	1,165,099,961	9,409,109	34,552,367	43,645,850	1,165,415,587	5.62	19,669
2013	1,232,844,961	9,827,986	47,850,529	49,056,113	1,241,467,363	5.62	20,210
2014	1,192,692,517	8,337,728	45,512,893	52,050,071	1,194,493,067	4.92	18,649
2015	1,271,035,662	7,243,610	100,590,333	49,777,788	1,329,091,817	4.65	19,804
2016	1,449,414,330	5,602,776	128,684,350	51,026,434	1,532,675,022	4.66	21,987

(1) See Exhibit V for assessed value data.

(2) See Exhibit XV for student Average Daily Attendance data.

Source: District Records



**KATY INDEPENDENT SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AUGUST 31, 2016**

Taxing Authority	Gross Debt Outstanding		Percent Overlapping (1)	Amount Overlapping Gross Debt
	Amount	As Of		
<b><u>Direct:</u></b>				
Katy Independent School District	\$ 1,596,391,456	8/31/2016	100.00%	\$ 1,596,391,456
<b><u>Overlapping:</u></b>				
Addicks UD	10,655,000	8/31/2016	100.00	10,655,000
Baker Road MUD	2,700,000	8/31/2016	100.00	2,700,000
Castlewood MUD	10,205,000	8/31/2016	100.00	10,205,000
Cimarron MUD	29,910,000	8/31/2016	100.00	29,910,000
Cinco MUD #1	6,415,600	8/31/2016	100.00	6,415,600
Cinco MUD #2	11,136,840	8/31/2016	100.00	11,136,840
Cinco MUD #3	6,354,720	8/31/2016	100.00	6,354,720
Cinco MUD #5	7,910,960	8/31/2016	100.00	7,910,960
Cinco MUD #6	7,756,200	8/31/2016	100.00	7,756,200
Cinco MUD #7	12,986,600	8/31/2016	100.00	12,986,600
Cinco MUD #8	13,720,280	8/31/2016	100.00	13,720,280
Cinco MUD #9	6,777,680	8/31/2016	100.00	6,777,680
Cinco MUD #10	10,797,920	8/31/2016	100.00	10,797,920
Cinco MUD #12	6,370,000	8/31/2016	100.00	6,370,000
Cinco MUD #14	22,223,640	8/31/2016	100.00	22,223,640
Cinco Southwest MUD #1	1,296,592	8/31/2016	100.00	1,296,592
Cinco Southwest MUD #2	78,198,738	8/31/2016	100.00	78,198,738
Cinco Southwest MUD #3	67,591,094	8/31/2016	100.00	67,591,094
Cinco Southwest MUD #4	77,068,842	8/31/2016	100.00	77,068,842
Cornerstone MUD	2,535,000	8/31/2016	100.00	2,535,000
Fort Bend Co.	523,195,000	8/31/2016	20.77	108,667,602
Fort Bend Co. LID #12	13,035,000	8/31/2016	4.67	608,735
Fort Bend Co. MUD #34	18,630,000	8/31/2016	100.00	18,630,000
Fort Bend Co. MUD #35	39,470,000	8/31/2016	100.00	39,470,000
Fort Bend Co. MUD #57	51,730,000	8/31/2016	100.00	51,730,000
Fort Bend Co. MUD #58	101,860,000	8/31/2016	100.00	101,860,000
Fort Bend Co. MUD #124	10,470,000	8/31/2016	100.00	10,470,000
Fort Bend Co. MUD #130	11,100,000	8/31/2016	100.00	11,100,000
Fort Bend Co. MUD #142	66,205,000	8/31/2016	44.26	29,302,333
Fort Bend Co. MUD #151	80,450,000	8/31/2016	79.64	64,070,380
Fort Bend Co. MUD #156	18,495,000	8/31/2016	100.00	18,495,000
Fort Bend Co. MUD #161	5,100,000	8/31/2016	100.00	5,100,000
Fort Bend Co. MUD #171	44,810,976	8/31/2016	100.00	44,810,976
Fort Bend Co. MUD #172	61,574,488	8/31/2016	100.00	61,574,488
Fort Bend Co. MUD #182	15,970,000	8/31/2016	1.91	305,027
Fort Bend Co. MUD #185	21,825,000	8/31/2016	100.00	21,825,000
Fort Bend Co. MUD #199	1,945,000	8/31/2016	100.00	1,945,000
Fort Bend Waller Co. MUD #2	3,800,000	8/31/2016	100.00	3,800,000
Fry Road MUD	1,005,000	8/31/2016	100.00	1,005,000
Grand Lakes MUD #1	11,030,000	8/31/2016	100.00	11,030,000
Grand Lakes MUD #2	7,165,000	8/31/2016	100.00	7,165,000
Grand Lakes MUD #4	15,195,000	8/31/2016	100.00	15,195,000
Grand Lakes WC & ID	3,980,000	8/31/2016	100.00	3,980,000
Green Trails MUD	1,800,000	8/31/2016	100.00	1,800,000
Harris Co.	2,421,235,464	8/31/2016	4.23	102,418,260
Harris Co. Dept. of Education	7,000,000	8/31/2016	4.23	296,100
Harris Co. Flood Contr. Dist.	83,075,000	8/31/2016	4.23	3,514,073
Harris Co. MUD #61	11,480,000	8/31/2016	100.00	11,480,000
Harris Co. MUD #62	5,160,000	8/31/2016	100.00	5,160,000
Harris Co. MUD #63	11,245,000	8/31/2016	100.00	11,245,000
Harris Co. MUD #64	15,680,000	8/31/2016	100.00	15,680,000
Harris Co. MUD #65	21,395,000	8/31/2016	100.00	21,395,000

# Exhibit XI

Taxing Authority	Gross Debt Outstanding		Percent Overlapping (1)	Amount Overlapping Gross Debt
	Amount	As Of		
<u>Overlapping:</u>				
Harris Co. MUD #71	\$ 52,905,000	8/31/2016	100.00%	\$ 52,905,000
Harris Co. MUD #81	9,435,000	8/31/2016	100.00	9,435,000
Harris Co. MUD #105	37,060,000	8/31/2016	4.06	1,504,636
Harris Co. MUD #216	7,015,000	8/31/2016	100.00	7,015,000
Harris Co. MUD #238	18,665,000	8/31/2016	100.00	18,665,000
Harris Co. MUD #287	19,660,000	8/31/2016	100.00	19,660,000
Harris Co. MUD #432	16,010,000	8/31/2016	100.00	16,010,000
Harris Co. MUD #449	8,130,000	8/31/2016	100.00	8,130,000
Harris Co. UD #6	2,710,000	8/31/2016	100.00	2,710,000
Harris-Fort Bend Cos. MUD #1	13,265,000	8/31/2016	100.00	13,265,000
Harris-Fort Bend Cos. MUD #3	37,985,000	8/31/2016	100.00	37,985,000
Harris-Fort Bend Cos. MUD #5	20,945,000	8/31/2016	100.00	20,945,000
Harris-Waller Counties MUD #2	5,300,000	8/31/2016	100.00	5,300,000
Houston, City of	2,924,340,000	8/31/2016	1.47	42,987,798
Interstate MUD	11,630,000	8/31/2016	100.00	11,630,000
Katy Management District	9,370,000	8/31/2016	100.00	9,370,000
Katy, City of	18,540,000	8/31/2016	100.00	18,540,000
Longhorn Town UD	2,840,000	8/31/2016	100.00	2,840,000
Mason Creek UD	1,895,000	8/31/2016	100.00	1,895,000
Mayde Creek MUD	10,885,000	8/31/2016	100.00	10,885,000
Memorial MUD	9,075,000	8/31/2016	100.00	9,075,000
Morton Road MUD	5,910,000	8/31/2016	100.00	5,910,000
Northwest Harris Co. MUD #12	6,880,000	8/31/2016	0.10	6,880
Nottingham Country MUD	6,635,000	8/31/2016	100.00	6,635,000
Port of Houston Authority	674,269,397	8/31/2016	4.23	28,521,595
Ricewood MUD	7,640,000	8/31/2016	100.00	7,640,000
Rolling Creek UD	12,920,000	8/31/2016	13.97	1,804,924
Waller County	4,093,000	8/31/2016	14.95	611,904
West Harris Co. MUD #2	3,585,000	8/31/2016	100.00	3,585,000
West Harris Co. MUD #5	9,740,000	8/31/2016	100.00	9,740,000
West Harris Co. MUD #7	17,445,000	8/31/2016	100.00	17,445,000
West Harris Co. MUD #17	7,795,000	8/31/2016	100.00	7,795,000
Westlake MUD #1	4,085,000	8/31/2016	100.00	4,085,000
West Memorial MUD	7,770,000	8/31/2016	100.00	7,770,000
West Park MUD	28,600,000	8/31/2016	100.00	28,600,000
Weston MUD	24,950,000	8/31/2016	100.00	24,950,000
Willow Creek Farms MUD	24,085,000	8/31/2016	99.25	23,904,363
Willow Fork DD	38,330,000	8/31/2016	100.00	38,330,000
Willow Point MUD	5,520,000	8/31/2016	100.00	5,520,000
Woodcreek Reserve MUD	15,320,000	8/31/2016	100.00	15,320,000
Subtotal, Overlapping Debt				1,756,665,778
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>				<b>\$ 3,353,057,234</b>

UD - Utility District

MUD - Municipal Utility District

PUD - Public Utility District

LID - Land Improvement District

DD - Development District

WC & ID - Water Control & Improvement District

(1) The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining the portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

Source: Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas

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## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

These schedules contain information to assist users in understanding the socioeconomic environment in which the District operates and to provide information that facilitates comparisons of financial statement information over time and with other school districts.

**KATY INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

**Exhibit XII**

<b>Fiscal Year Ended 08/31:</b>	<b>Residential Units (1)</b>	<b>Total Assessed Value of Residential Units (1)</b>	<b>Average Assessed Value Per Residential Unit</b>	<b>Average Daily Attendance (2)</b>	<b>Population (3)</b>	<b>Unemployment Rate (4)</b>
2007	63,687	\$ 9,658,273,966	\$ 151,652	48,443	224,144	2.79%
2008	64,307	11,083,214,223	172,348	51,179	236,763	2.86
2009	67,095	11,964,914,716	178,328	53,644	251,758	2.95
2010	71,236	12,981,238,080	182,229	55,508	256,979	2.83
2011	73,679	13,660,293,039	185,403	57,679	266,359	4.80
2012	74,967	14,326,714,983	191,107	59,250	269,769	4.90
2013	76,598	15,145,015,789	197,721	61,427	279,585	3.30
2014	81,052	16,522,082,163	203,845	64,052	302,460	4.90
2015	84,748	19,131,360,204	225,744	67,112	316,913	4.40
2016	88,340	23,019,705,718	260,581	69,709	329,175	4.30

(1) Source: County Appraisal Districts - Includes Single Family Residential Units

(2) Source: District Records

(3) Source: Municipal Advisory Council of Texas

(4) Source: Katy Area Economic Development Council and Katy Area Chamber of Commerce

Due to the District's boundaries falling within three separate counties, total personal income data for geographic area is not available for the ten year period presented.

**KATY INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

**Exhibit XIII**

<b>Employer</b>	<b>2016</b>			<b>2007</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment (1)</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment (2)</b>
Katy ISD	9,186	1	6.55%	6,481	2	6.15%
BP North America	5,000	2	3.09	7,000	1	6.64
Mustang Engineering/ Wood Group	4,000	3	2.47	3,000	4	2.85
Shell Exploration & Production	4,000	4	2.47	2,000	5	1.90
ConocoPhillips	3,000	5	1.85	4,500	3	4.27
Academy Sports and Outdoors	2,900	6	1.79	1,813	7	1.72
Houston Methodist West	1,650	7	1.02			
Walmart	1,400	8	0.86	845	10	0.80
Foster Wheeler	1,000	9	0.62			
Worley Parsons	1,000	10	0.62			
Katy Mills LP				2,000	6	1.90
HEB				1,100	8	1.04
ExxonMobil Corporation				950	9	0.90
<b>TOTALS</b>	<b>33,136</b>		<b>21.34%</b>	<b>29,689</b>		<b>28.17%</b>

(1) Total employment for 2016: 162,084

(2) Total employment for 2007: 105,383

Source: Katy Area Economic Development Council through Info USA and direct interviews.

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## **OPERATING INFORMATION**

These schedules contain information intended to provide contextual information about the District's operations and resources to assist readers in using financial statement information to understand and assess the District's economic condition.



**KATY INDEPENDENT SCHOOL DISTRICT**  
***FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION***  
***LAST TEN FISCAL YEARS***

<b>POSITION:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Instruction	4,117	4,355	4,657	4,927
Instructional Resources and Media Services	87	96	105	108
Curriculum and Instructional Staff Development	62	62	60	65
Instructional Leadership	53	60	59	57
School Leadership	409	428	457	465
Guidance, Counseling, and Evaluation Services	176	234	258	262
Health Services	60	70	80	83
Student Transportation	381	321	321	319
Food Services	335	324	337	362
Cocurricular/Extracurricular Activities	5	7	8	9
General Administration	89	87	91	98
Facilities Maintenance and Operations	539	540	612	644
Security and Monitoring Services	80	81	83	84
Data Processing Services	76	76	85	80
Community Services	7	11	12	13
Facilities Acquisition and Construction	5	6	6	11
<b>Total Employees</b>	<b>6,481</b>	<b>6,758</b>	<b>7,231</b>	<b>7,587</b>

Source: District Records

**Exhibit XIV**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
4,909	4,732	5,004	5,264	5,587	5,960
107	101	107	105	112	113
73	51	64	74	92	95
58	55	56	59	67	69
469	455	484	514	533	552
273	256	283	302	336	359
92	85	96	100	103	105
300	305	297	314	320	334
355	348	380	394	418	436
82	80	80	90	91	94
105	102	91	92	99	106
630	556	601	628	654	705
84	85	90	107	118	125
100	85	87	98	104	113
13	12	14	13	11	13
6	6	6	7	6	7
<u>7,656</u>	<u>7,314</u>	<u>7,740</u>	<u>8,161</u>	<u>8,651</u>	<u>9,186</u>

**KATY INDEPENDENT SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended 8/31:</b>	<b>Average Daily Attendance</b>	<b>Operating Expenditures (1)</b>	<b>Cost Per ADA</b>	<b>Percentage Change</b>
2007	48,443	\$ 371,051,530	\$ 7,660	1.78%
2008	51,179	420,202,565	8,210	7.19
2009	53,644	444,724,134	8,290	0.97
2010	55,508	476,076,599	8,577	3.46
2011	57,679	492,798,842	8,544	(0.38)
2012	59,250	468,707,490	7,911	(7.41)
2013	61,427	501,533,523	8,165	3.21
2014	64,052	567,342,557	8,858	8.49
2015	67,112	631,898,203	9,416	6.30
2016	69,709	670,205,927	9,614	2.11

(1) Operating expenditures are total expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditures categories.

Source: Academic Excellence Indicator System of Texas (AEIS), Texas Academic Performance Reports (TAPR) and District records

**Exhibit XV**

<b>Government Wide Expenses</b>	<b>Cost Per ADA</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Student to Teacher Ratio</b>	<b>Percentage of Students in Free/Reduced Lunch Program</b>
\$ 439,376,255	\$ 9,070	0.76%	3,423	14.15	24.10%
494,172,616	9,656	6.46	3,670	13.95	25.00
525,252,099	9,791	1.41	3,914	13.71	27.90
571,604,661	10,298	5.17	4,120	13.47	29.10
573,716,141	9,947	(3.41)	4,125	13.98	30.20
565,873,877	9,551	(3.98)	3,860	15.35	31.30
604,302,988	9,838	3.01	4,068	15.10	30.10
673,076,641	10,508	6.82	4,304	14.88	29.00
732,849,025	10,920	3.92	4,537	14.79	28.60
809,342,745	11,610	6.32	4,803	14.51	28.30

**KATY INDEPENDENT SCHOOL DISTRICT**  
**TEACHER BASE SALARIES**  
**LAST TEN FISCAL YEARS**

**Exhibit XVI**

<b>Fiscal Year Ended 08/31:</b>	<b>Minimum Salary (1)</b>	<b>Maximum Salary (1)</b>	<b>KISD Average Salary (2)</b>	<b>Region IV Average Salary (2)</b>	<b>Statewide Average Salary (2)</b>
2007	\$ 41,000	\$ 69,584	\$ 47,646	\$ 46,675	\$ 44,897
2008	42,130	72,517	48,385	48,053	46,179
2009	43,300	71,624	49,263	49,186	47,159
2010	44,000	76,205	50,374	50,129	48,263
2011	45,000	77,073	50,799	50,616	48,638
2012	45,000	77,073	51,145	50,383	48,375
2013	45,500	77,822	51,797	50,968	48,821
2014	47,000	78,901	52,881	52,222	49,692
2015	49,000	80,474	55,182	54,157	50,715
2016	50,100	80,792	55,955	55,580	51,891

(1) Source: District records

(2) Source: Academic Excellence Indicator System of Texas (AEIS) from 2007-2012  
Texas Academic Performance Reports (TAPR) from 2013-2016

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**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

<b>Building:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>HIGH SCHOOLS</b>				
Cinco Ranch (1999)				
Square Footage	581,934	581,934	581,934	581,934
Capacity	3,000	3,000	3,000	3,000
Enrollment	3,016	2,748	2,765	2,819
Katy (1947)				
Square Footage	589,196	589,196	589,196	589,196
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,542	2,521	2,569	2,574
Mayde Creek (1984)				
Square Footage	581,821	581,821	603,141	603,141
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,417	2,518	2,528	2,627
Morton Ranch (2004)				
Square Footage	482,996	482,996	583,628	583,628
Capacity	2,400	2,400	3,000	3,000
Enrollment	2,576	2,753	2,817	2,864
Raines (2008)				
Square Footage			21,916	21,916
Capacity			331	331
Enrollment			160	185
Seven Lakes (2005)				
Square Footage	599,005	599,005	599,005	599,005
Capacity	3,000	3,000	3,000	3,000
Enrollment	1,515	2,346	2,787	3,128
Taylor (1979)				
Square Footage	542,192	542,192	542,192	542,192
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,673	2,627	2,544	2,465
Tompkins (2013)				
Square Footage				
Capacity				
Enrollment				
<b>JUNIOR HIGH SCHOOLS</b>				
Beck (1996)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,232	1,232	1,232	1,232
Enrollment	1,141	1,160	1,179	1,153
Beckendorff (2004)				
Square Footage	184,398	184,398	184,398	184,398
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,296	1,765	1,382	1,514

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
581,934	581,934	581,934	581,934	581,934	581,934
3,000	3,000	3,000	3,000	3,000	3,000
2,905	2,970	3,030	3,196	3,168	3,143
589,196	589,196	589,196	589,196	589,196	589,196
3,000	3,000	3,000	3,000	3,000	3,000
2,632	2,697	2,750	2,953	3,033	3,200
603,141	603,141	603,141	603,141	603,141	603,141
3,000	3,000	3,000	3,000	3,000	3,000
2,569	2,560	2,635	2,713	2,685	2,737
583,628	583,628	583,628	583,628	583,628	583,628
3,000	3,000	3,000	3,000	3,000	3,000
2,919	3,043	3,193	3,307	3,331	3,402
21,916	21,916	21,916	21,916	21,916	21,916
331	331	331	331	331	331
214	203	236	235	163	200
599,005	599,005	599,005	599,005	599,005	599,005
3,000	3,000	3,000	3,000	3,000	3,000
3,374	3,635	3,888	3,585	3,438	3,225
542,192	542,192	542,192	542,192	542,192	542,192
3,000	3,000	3,000	3,000	3,000	3,000
2,629	2,689	2,744	2,918	2,903	2,909
			610,134	610,134	610,134
			3,000	3,000	3,000
			834	1,641	2,478
137,569	137,569	137,569	137,569	137,569	137,569
1,232	1,232	1,232	1,232	1,232	1,232
1,151	1,149	1,154	1,100	1,078	1,040
184,398	184,398	184,398	184,398	184,398	184,398
1,403	1,403	1,403	1,403	1,403	1,403
1,531	1,632	1,635	1,675	1,698	1,770



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

<b>Building:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>JUNIOR HIGH SCHOOLS (cont.)</b>				
Cardiff (2008)				
Square Footage			188,602	188,602
Capacity			1,403	1,403
Enrollment			1,015	1,076
Cinco Ranch (2001)				
Square Footage	154,637	154,637	154,637	154,637
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,163	1,248	1,082	1,089
Katy (1995)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,231	1,231	1,231	1,231
Enrollment	1,228	1,224	1,243	1,218
Mayde Creek (1980)				
Square Footage	169,172	169,172	169,172	169,172
Capacity	1,414	1,414	1,414	1,414
Enrollment	1,387	1,386	1,078	1,118
McDonald (1991)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,220	1,220	1,220	1,220
Enrollment	1,299	1,275	871	906
McMeans (2000)				
Square Footage	154,637	154,637	154,637	154,637
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,209	1,218	1,212	1,220
Memorial Parkway (1982)				
Square Footage	148,627	148,627	148,627	148,627
Capacity	1,133	1,133	1,133	1,133
Enrollment	1,022	963	975	965
Morton Ranch (2003)				
Square Footage	180,290	180,290	180,290	180,290
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,248	1,316	1,296	1,245
Seven Lakes (2012)				
Square Footage				
Capacity				
Enrollment				
West Memorial (1976)				
Square Footage	163,906	163,906	163,906	163,906
Capacity	998	998	998	998
Enrollment	775	794	777	800
WoodCreek (2008)				
Square Footage			188,602	188,602
Capacity			1,403	1,403
Enrollment			987	1,303

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
188,602	188,602	188,602	188,602	188,602	188,602
1,403	1,403	1,403	1,403	1,403	1,403
1,063	1,042	1,008	1,027	955	965
154,637	154,637	154,637	154,637	154,637	154,637
1,400	1,400	1,400	1,400	1,400	1,400
1,112	1,168	1,200	1,209	1,259	1,260
137,569	137,569	137,569	137,569	137,569	137,569
1,231	1,231	1,231	1,231	1,231	1,231
1,231	1,315	1,333	1,354	1,332	1,341
169,172	169,172	172,386	172,386	172,386	172,386
1,414	1,414	1,414	1,414	1,414	1,414
1,164	1,158	1,095	1,141	1,146	1,121
137,569	137,569	137,569	137,569	137,569	137,569
1,220	1,220	1,220	1,220	1,220	1,220
958	943	916	973	1,053	1,076
154,637	154,637	154,637	154,637	154,637	154,637
1,400	1,400	1,400	1,400	1,400	1,400
1,168	1,177	1,150	1,085	1,085	1,163
148,627	148,627	148,627	148,627	148,627	148,627
1,133	1,133	1,133	1,133	1,133	1,133
936	925	900	894	876	853
180,290	180,290	180,290	180,290	180,290	180,290
1,403	1,403	1,403	1,403	1,403	1,403
1,254	1,215	1,285	1,268	1,202	1,177
		187,748	187,748	187,748	187,748
		1,400	1,400	1,400	1,400
		1,208	1,550	1,748	2,006
163,906	163,906	169,920	169,920	169,920	169,920
998	998	998	998	998	998
788	780	760	718	748	763
188,602	188,602	188,602	188,602	188,602	188,602
1,403	1,403	1,403	1,403	1,403	1,403
1,604	1,957	1,357	1,585	1,946	2,156

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

<b>Building:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>ELEMENTARY SCHOOLS (cont.)</b>				
Alexander (1998)				
Square Footage	106,134	106,134	106,134	106,134
Capacity	935	935	935	935
Enrollment	1,092	1,184	1,227	1,202
Bear Creek (1978)				
Square Footage	101,269	101,269	101,269	101,269
Capacity	799	799	799	799
Enrollment	620	784	784	753
Cimarron (1980)				
Square Footage	93,823	93,823	93,823	93,823
Capacity	861	861	861	861
Enrollment	798	747	740	733
Creech (2000)				
Square Footage	111,734	111,734	111,734	111,734
Capacity	935	935	935	935
Enrollment	951	942	911	892
Davidson (2014)				
Square Footage				
Capacity				
Enrollment				
Exley (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,012	1,055	1,115	1,111
Fielder (1993)				
Square Footage	106,117	106,117	106,117	106,117
Capacity	907	907	907	907
Enrollment	915	940	1,001	1,000
Franz (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,268	1,159	937	936
Golbow (1989)				
Square Footage	95,709	95,709	95,709	95,709
Capacity	867	867	867	867
Enrollment	859	828	847	769
Griffin (2006)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	959	1,387	1,014	856
Hayes (1995)				
Square Footage	106,117	106,117	106,117	106,117
Capacity	907	907	907	907
Enrollment	881	823	837	803

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
106,134	106,134	106,134	106,134	106,134	106,134
935	935	935	935	935	935
1,169	1,110	1,132	1,077	1,061	1,102
101,269	101,269	101,269	101,269	101,269	101,269
799	799	799	799	799	799
793	774	776	762	747	754
93,823	93,823	98,823	98,823	98,823	98,823
861	861	861	861	861	861
693	686	670	646	697	679
111,734	111,734	111,734	111,734	111,734	111,734
935	935	935	935	935	935
930	857	833	827	843	874
				124,938	124,938
				1,030	1,030
				1,168	1,434
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,080	989	989	977	1,020	1,000
106,117	106,117	106,117	106,117	106,117	106,117
907	907	907	907	907	907
1,034	1,090	1,081	1,066	1,145	1,243
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
961	901	978	956	978	1,061
95,709	95,709	95,709	95,709	95,709	95,709
867	867	867	867	867	867
790	775	770	807	811	806
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,191	1,339	923	933	958	950
106,117	106,117	106,117	106,117	106,117	106,117
907	907	907	907	907	907
749	708	717	682	717	697

**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

<b>Building:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>ELEMENTARY SCHOOLS (cont.)</b>				
Holland (2008)				
Square Footage			123,843	123,843
Capacity			1,030	1,030
Enrollment			881	981
Hutsell (1978)				
Square Footage	115,086	115,086	115,086	115,086
Capacity	983	983	983	983
Enrollment	839	811	775	759
Katy (1965)				
Square Footage	86,825	86,825	86,825	86,825
Capacity	643	643	643	643
Enrollment	640	638	601	576
Kilpatrick (2003)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,199	1,078	1,146	1,240
King (2001)				
Square Footage	121,164	121,164	121,164	121,164
Capacity	1,030	1,030	1,030	1,030
Enrollment	914	980	866	885
Mayde Creek (1983)				
Square Footage	95,709	95,709	112,913	112,913
Capacity	868	868	968	968
Enrollment	1,036	769	784	865
McRoberts (1997)				
Square Footage	106,134	106,134	106,134	106,134
Capacity	935	935	935	935
Enrollment	1,248	951	975	844
Memorial Parkway (1978)				
Square Footage	103,658	103,658	103,658	103,658
Capacity	742	742	742	742
Enrollment	701	756	749	751
Morton Ranch (2008)				
Square Footage			123,843	123,843
Capacity			1,030	1,030
Enrollment			528	614
Nottingham Country (1981)				
Square Footage	101,427	101,427	101,427	101,427
Capacity	1,053	1,053	1,053	1,053
Enrollment	748	734	667	681
Pattison (1989)				
Square Footage	112,156	112,156	112,156	112,156
Capacity	1,052	1,052	1,052	1,052
Enrollment	863	822	813	826

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
123,843	123,843	123,843	123,843	123,843	123,843
1,030	1,030	1,030	1,030	1,030	1,030
1,021	1,051	1,039	989	982	1,035
115,086	115,086	115,086	115,086	115,086	115,086
983	983	983	983	983	983
781	790	814	825	832	793
86,825	86,825	86,825	86,825	86,825	86,825
643	643	643	643	643	643
563	571	556	541	603	633
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,301	1,334	1,087	1,091	1,131	1,166
121,164	121,164	121,164	121,164	121,164	121,164
1,030	1,030	1,030	1,030	1,030	1,030
943	1,087	1,162	1,192	1,301	1,411
112,913	112,913	112,913	112,913	112,913	112,913
968	968	968	968	968	968
843	820	749	765	779	869
106,134	106,134	106,134	106,134	106,134	106,134
935	935	935	935	935	935
887	859	871	802	840	810
103,658	103,658	103,658	103,658	103,658	103,658
742	742	742	742	742	742
773	804	839	860	864	815
123,843	123,843	123,843	123,843	123,843	123,843
1,030	1,030	1,030	1,030	1,030	1,030
669	711	763	805	924	1,022
101,427	101,427	101,427	101,427	101,427	101,427
1,053	1,053	1,053	1,053	1,053	1,053
645	628	621	588	613	650
112,156	112,156	112,156	112,156	112,156	112,156
1,052	1,052	1,052	1,052	1,052	1,052
871	831	821	801	854	972

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<b>Building:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>ELEMENTARY SCHOOLS (cont.)</b>				
Randolph (2014)				
Square Footage				
Capacity				
Enrollment				
Rhoads (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	899	873	933	1,194
Rylander (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,079	1,139	1,182	1,224
Schmalz (2001)				
Square Footage	121,164	121,164	121,164	121,164
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,195	1,194	1,221	1,068
Shafer (2012)				
Square Footage				
Capacity				
Enrollment				
Stanley (2009)				
Square Footage				126,897
Capacity				1,030
Enrollment				897
Stephens (2007)				
Square Footage		123,249	123,249	123,249
Capacity		1,030	1,030	1,030
Enrollment		872	817	827
Sundown (1982)				
Square Footage	95,608	95,608	112,913	112,913
Capacity	868	868	968	968
Enrollment	790	783	904	886
West Memorial (1974)				
Square Footage	89,742	89,742	89,742	89,742
Capacity	683	683	683	683
Enrollment	641	667	705	757
Williams (2000)				
Square Footage	111,734	111,734	111,734	111,734
Capacity	935	935	935	935
Enrollment	987	978	954	912
Wilson (2012)				
Square Footage				
Capacity				
Enrollment				

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
				124,938	124,938
				1,030	1,030
				853	1,030
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,147	1,117	1,130	1,109	1,135	1,122
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,230	1,273	1,391	1,339	1,356	1,323
121,164	121,164	121,164	121,164	121,164	121,164
1,030	1,030	1,030	1,030	1,030	1,030
1,146	1,173	1,111	1,149	1,175	1,168
		123,966	123,966	123,966	123,966
		1,030	1,030	1,030	1,030
		865	1,267	1,113	1,148
126,897	126,897	126,897	126,897	126,897	126,897
1,030	1,030	1,030	1,030	1,030	1,030
1,191	1,539	1,240	1,316	1,127	1,098
123,249	123,249	123,249	123,249	123,249	123,249
1,030	1,030	1,030	1,030	1,030	1,030
801	770	770	756	763	765
112,913	112,913	112,913	112,913	112,913	112,913
968	968	968	968	968	968
876	891	833	853	879	851
89,742	89,742	89,742	89,742	89,742	89,742
683	683	683	683	683	683
758	778	754	756	821	891
111,734	111,734	111,734	111,734	111,734	111,734
935	935	935	935	935	935
832	801	778	723	709	728
		123,966	123,966	123,966	123,966
		1,030	1,030	1,030	1,030
		892	958	1,040	1,073



**KATY INDEPENDENT SCHOOL DISTRICT**  
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<b>Building:</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>ELEMENTARY SCHOOLS (cont.)</b>				
Winborn (1981)				
Square Footage	94,596	94,596	94,596	94,596
Capacity	848	848	848	848
Enrollment	906	890	843	818
Wolfe (1968, 2012)				
Square Footage	73,219	73,219	73,219	73,219
Capacity	405	405	405	405
Enrollment	411	407	436	402
Wolman (2012)				
Square Footage				
Capacity				
Enrollment				
WoodCreek (2007)				
Square Footage		123,249	123,249	123,249
Capacity		1,030	1,030	1,030
Enrollment		741	1,053	1,082
<b>OTHER INSTRUCTIONAL FACILITIES</b>				
Miller Career & Technology Center (1982)				
Square Footage	23,147	23,147	132,951	132,951
Capacity	160	160	907	907
Enrollment (1)				
Opportunity Awareness Center (1981)				
Square Footage	30,712	30,712	87,015	87,015
Capacity	150	150	677	677
Enrollment (1)				
Portable Buildings (2)				
Number Utilized	208	219	219	227
Classrooms Provided	416	349	360	396

Source: District Records

(1) Enrollment numbers included in home campus totals

(2) Used at schools where enrollment exceeded building capacity

2011	2012	2013	2014	2015	2016
94,596	94,596	94,596	94,596	94,596	94,596
848	848	848	848	848	848
831	795	793	742	777	814
73,219	73,219	98,761	98,761	98,761	98,761
405	405	500	500	500	500
410	399	440	446	460	437
		123,966	123,966	123,966	123,966
		1,030	1,030	1,030	1,030
		757	1,075	1,239	1,411
123,249	123,249	123,249	123,249	123,249	123,249
1,030	1,030	1,030	1,030	1,030	1,030
1,373	1,601	1,255	1,412	1,014	1,156
132,951	132,951	132,951	132,951	132,951	132,951
907	907	907	907	907	907
87,015	87,015	87,015	87,015	87,015	87,015
677	677	677	677	677	677
241	270	269	274	315	354
404	459	453	420	504	584







Katy Independent School District  
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