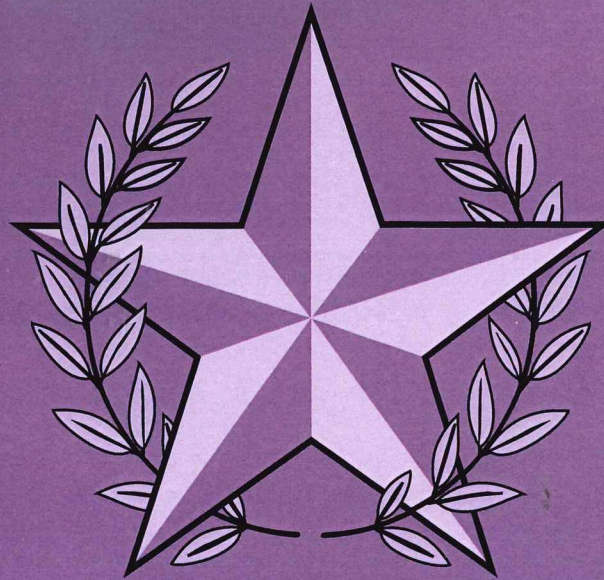


Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2019



KATY

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, 2019

**PREPARED BY
THE FINANCE SERVICES 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**

KATY INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION



January 20, 2020

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, 2019 is presented herein. The CAFR is management's report of the financial operations of the District for the Board of Trustees (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 Financial Services 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 359,447 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. Any charter school within the District's boundaries is funded separately by the State's Foundation School Program based on their student attendance as well as their program participation. Katy ISD has an enrollment of more than 79,913 students and is comprised of 67 campuses including 41 elementary schools, 15 junior high schools, 8 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 72 years with an average age of 22.3 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 a number of initiatives encouraging our campuses and community to forge long-term relationships beneficial to all involved. In 2018-2019, this volunteer force contributed more than one million documented volunteer hours District-wide.

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 strategies 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 is consistently ranked as one of the best school districts in the Greater Houston Area by Niche, a review site providing rankings and insight into more than 120,000 K-12 schools. Three of the District's high schools were named to the organization's Best Public High Schools in the Houston Area, while eight of the District's junior high campuses were included in Niche's top 25 Best Public Middle School rankings. The elementary campuses represented the District well, garnering nineteen out of the top 25 Best Elementary School spots ranked by Niche in the Greater Houston Area.

The District is a leader among Texas public school districts in the integration of technology and education and maintains more than 35,000 centrally managed computers. Katy's mobile device management system, Jamf, is in place to handle the setup and deployment of applications for the 34,500 iPad tablet devices utilized by the District. The District also uses more than 4,700 interactive white boards and is in its third year of implementing the use of Chromebooks, with close to 17,000 of these devices in the hands of students.

Information on the District website provides parents and community members with resources used in instruction. The District's website, learning management system, and Katy on the Go app offer pertinent communication to assist with the parent-teacher-student connection and with on-going communication.

A strong infrastructure allows the District to support a wide variety of technologies. A few of the technologies that set the District apart is our IP based phone system and access points in each classroom. With the addition of public-filtered Wi-Fi, the District continues to support well over 50,000 devices on this external Wi-Fi each day. The safety of our campuses also relies on the strong technology infrastructure, and to that end, installation of door-access controls and video cameras throughout each campus supports this robust security.

Microsoft Office 365 continues to allow our staff and students the anytime, anywhere access to online applications such as Excel, Word, PowerPoint, OneNote, and many other creation tools. Katy ISD staff and students can also download these applications to use on their personal computers and smart devices as well as take advantage of unlimited file storage. Ensuring our students can access resources easily at home and school is a key to success; therefore, the single sign-on platform, MyKaty Cloud, offers the resources pertinent to the role of the student or staff that is logging in. Katy ISD continues to utilize the learning management system, Canvas. Canvas offers students interactivity, access to content, calendars, and assignments inside and outside the classroom.

The implementation of data-warehouses that aggregate large amounts of data into a rich display of easy to read visualizations has been a big win for our stakeholders. The development of numerous dashboards has aided decision-making for campuses and departments and is also used to display information to the public on the District's website.

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.

Katy ISD's reputation of strong educational programs is reflected by its academic achievements and 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 continue to draw people to the District including several master planned residential developments, healthcare facilities for Texas Medical Center staples like Texas Children's, Methodist, MD Anderson, and Memorial Hermann Hospitals, as well as numerous commercial projects including business parks, hotels, restaurants, entertainment venues, and shopping centers. In addition, residents have more mobility options with access to I-10 and the Grand Parkway, which stretches across the northwest part of the District from I-10 to I-59, as well as the continued expansion of the Westpark Tollway through the west side of the District.

Growth and Long Range Planning

According to American Schools and Universities Magazine, Katy ISD is the 44th largest school district in the nation and is one of the fastest growing school districts. With a 2018-2019 enrollment of 79,913 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 102,400 students will attend Katy ISD schools by the year 2029. There are many reasons for the District's growth but a community survey revealed that the primary reason new residents move to the Katy area is because of its schools.

In November of 2017, a \$609.2 million bond referendum was passed by voters to address anticipated growth. The District's 42nd elementary campus and 16th junior high campus opened in the fall of 2019. Elementary 43 and high school 9 are currently under construction and are scheduled to open in the fall of 2020, while junior high 17 is scheduled to open in 2021. Work at existing facilities including renovations, component replacements, technology, school buses, safety and security projects, and property acquisitions are scheduled for completion over the next one to three years.

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 five to ten years. This plan, which includes both new and existing facilities serves as a tool to assist bond planning committees. The plan was updated for the 2017 bond referendum and continues to be revised in anticipation of the formation of a bond committee in the next year. 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, 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 require Board approval.

Significant Financial Activities

Funding facets related to Hurricane Harvey disaster assistance continued into the 2018-2019 fiscal year. These included elevated state funding due to increased General Fund tax effort under Section 26.08 of the Texas Tax Code, increased state compensatory funding impacted by the ability to offer free meals to all students for the months following the disaster, and tax revenue estimate reductions realized as property disaster reappraisals were processed for the 2017 tax year and other adjustments to values were processed. In addition, Senate Bill 500 passed by the State Legislature provided a one-time payment of \$40.0 million to the District in supplemental state funding. Although the District's tax base continued to grow throughout the disaster, the growth rate was substantially less than prior years. This funding provided by Senate Bill 500 was provided to hold districts harmless for the reduced property value growth rate.

The District's 2018-2019 tax base grew \$1.0 billion, an increase of 2.5%. Residential properties, including multi-family residences, comprised 68.4% of the total tax base, commercial property 26.8%, vacant land 4.8%, 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.

State legislation compressed the District's M&O tax rate to \$1.0866 in 2007-08 with local discretion to increase the rate by four cents without holding an election, resulting in a District M&O tax rate of \$1.1266 that was held steady until 2017-18. At that time the M&O tax rate was raised two cents to \$1.1466 as allowed by the Tax Code Section 26.08 and maintained in 2018-19. The District was able to decrease the District's I&S tax rate to \$0.39 for both 2015-16 and 2016-17 due to increases in property values and strategic debt management. The 2017-18 and 2018-19 debt rate was set at \$0.37, holding the total tax rate steady.

The tax rates per \$100 of assessed value for the last five years are as follows:

	2018-19	2017-18	2016-17	2015-16	2014-15
General Fund	\$ 1.1466	\$ 1.1466	\$ 1.1266	\$ 1.1266	\$ 1.1266
Debt Service Fund	0.3700	0.3700	0.3900	0.3900	0.4000
Total	<u>\$ 1.5166</u>	<u>\$ 1.5166</u>	<u>\$ 1.5166</u>	<u>\$ 1.5166</u>	<u>\$ 1.5266</u>

AWARDS AND ACKNOWLEDGEMENTS

Financial Reporting Awards

For the seventeenth consecutive year, the District scored the highest possible rating of "Superior Achievement" for the Schools FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas School Districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools FIRST is to ensure quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended August 31, 2018 the thirty-sixth 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.

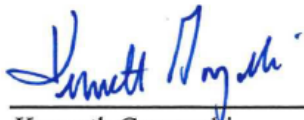
Additionally, the District was awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International (ASBO) for its Comprehensive Annual Financial Report for the year ended August 31, 2018. This award has also been received for thirty-six consecutive years. We believe the Comprehensive Annual Financial Report for the year ended August 31, 2019 continues to conform to the standards for which this award was granted.

Acknowledgements

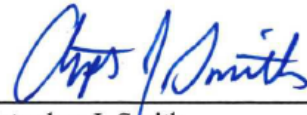
We appreciate the support of the Board, the residents of the District, and the business community, all of whom work cooperatively to ensure the best education for its students and the prudent development of the District. This cooperation is indicative of the strong support for the attainment of excellence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

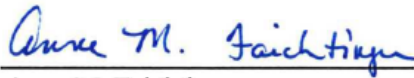
Finally, a special thanks to the Financial Services Department for its diligence and dedicated service in helping prepare this report on a timely basis.



Kenneth Gregorski
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, 2018.

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, 2018

Christopher P. Morill

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, 2018.

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
is presented to**

Katy Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



Tom Wohlleber, CSR
President

David J. Lewis
Executive Director

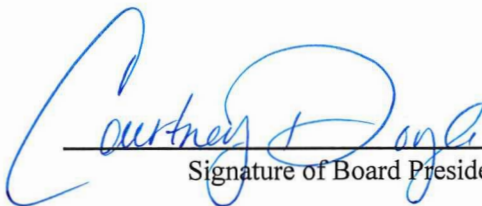
Certificate of Board


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, 2019 at a meeting of the Board of Trustees of such school district on the 20th day of January 2020.


Signature of Board President


Signature of Board Vice President

KATY INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2019

PRINCIPAL OFFICIALS AND ADVISORS

Board of Trustees

Courtney Doyle.....	President
Realtor	
Bill Lacy.....	Vice President
Senior Loan Officer	
Ashley Vann.....	Secretary
Volunteer	
Dawn Champagne.....	Member
Volunteer	
Susan Gesoff.....	Member
Engineer	
Donald T. (Duke) Keller, Jr.	Member
Attorney	
Lance Redmon	Member
Construction Material Sales	

Administrative Staff

Kenneth Gregorski, EdD.....	Superintendent
Leslie Haack.....	Deputy Superintendent
Christopher J. Smith.....	Chief Financial Officer
Brian Schuss.....	Chief Human Resources Officer
Christine Caskey, EdD.....	Chief Academic Officer
John Alawneh, PhD.....	Chief Information Officer
Andrea Grooms, PhD.....	Chief Communications Officer
Justin Graham	General Counsel

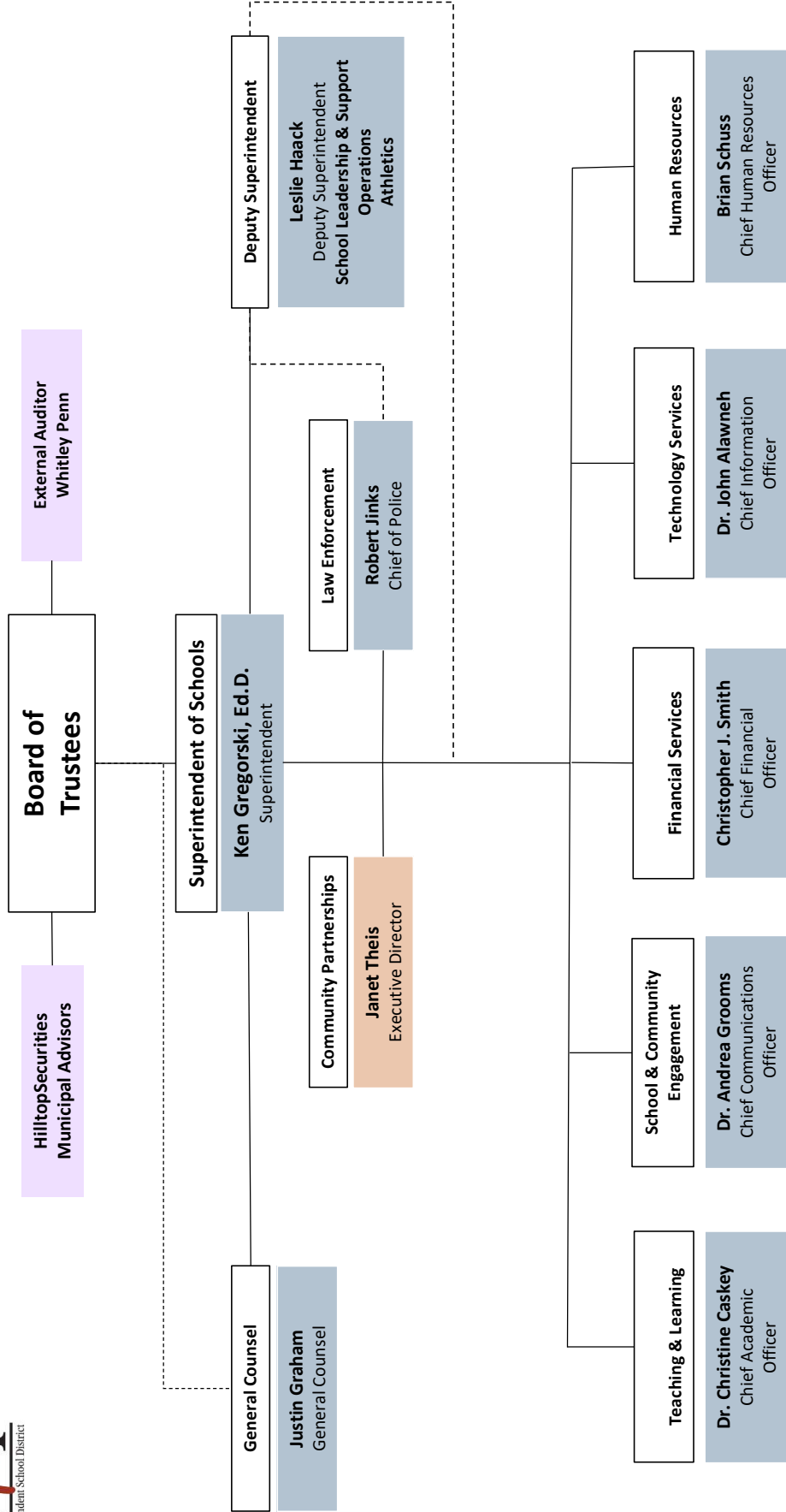
Accountants and Advisors

Whitley Penn, L.L.P.....	Auditors
Houston, Texas	
Orrick, Herrington & Sutcliffe, L.L.P.....	Bond Counsel
Houston, Texas	
Hilltop Securities Inc.	Financial Advisors
Houston, Texas	



Organizational Chart: Superintendent of Schools

8/8/2019



FINANCIAL SECTION

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, 2019, 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 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, 2019, 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 86 through 88, pension information on pages 89 through 92, and other post-employment benefit information on pages 93 through 96 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 combining and individual fund statements and schedules, other supplementary information 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.

The combining and individual fund statements and schedules and other supplementary information 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 combining and individual fund financial statements and schedules and other supplementary information 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.

To the Board of Trustees
Katy Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2020, 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 solely 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 effectiveness of the District's 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
January 20, 2020

KATY INDEPENDENT SCHOOL DISTRICT 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, 2019. It should be read in conjunction with the information in the letter of transmittal and the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows exceeded liabilities and deferred inflows at August 31, 2019, resulting in a net position of \$55.5 million. Of this amount, unrestricted net position represents a deficit net position of \$191.1 million. This deficit position is a result of prior year adjustments required by Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which required the District to reflect its proportionate share of the post-employment benefit liability in the financials. The inclusion of this financial data does not affect the financial stability of the District, nor does it influence financial decisions for the District. The GASB No. 75 financial data represents the District's portion of the liability for post-employment benefits administered by the State of Texas.

The District's Governmental Fund Financial Statements reported a combined ending fund balance in fiscal year 2019 of \$448.2 million. The total fund balance for the General Fund was \$258.1 million or 36.3% of the total General Fund expenditures of \$711.3 million. The Debt Service Fund ended its year with a fund balance of \$58.5 million which is to be used for the retirement of debt. The Capital Projects Fund ended the year with a fund balance of \$111.3 million which is restricted for school district construction projects. The Special Revenue Fund had a balance totaling \$20.3 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, although the effects of accounting pronouncements such as GASB No. 75 will require consideration as net position is analyzed.

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).

KATY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 16-19.

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 a non-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 20-27 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 28-30 of this report.

KATY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 31 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 32-81 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 is the only fund presented as required supplementary information. The required supplementary information also provides data related to the District's participation in pension and other post-employment benefit plans as required by GASB Statements No. 68 and 75. Required Supplementary Information can be found on pages 83-93 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 96-132 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.

KATY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

Type of Statements	Government-wide	Funds Statements		
		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 cash flows	Statement of changes in fiduciary assets and liabilities
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

Net position may serve over time as a useful indicator of a District's financial position. At August 31, 2019, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55.5 million, an increase of \$62.8 million, including a \$38.0 million prior period adjustment related to capital assets and depreciation.

KATY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Net Position Summary			
Table I			
	Governmental Activities		
	2019	2018	Change
Current and Other Assets	\$ 582,620,888	\$ 573,000,092	\$ 9,620,796
Capital Assets	2,092,663,063	1,894,080,914	198,582,149
Total Assets	2,675,283,951	2,467,081,006	208,202,945
Total Deferred Outflows of Resources	227,783,310	122,323,835	105,459,475
Long-Term Liabilities	2,632,907,331	2,348,478,895	284,428,436
Other Liabilities	109,056,112	103,950,931	5,105,181
Total Liabilities	2,741,963,443	2,452,429,826	289,533,617
Total Deferred Inflows of Resources	105,575,587	144,277,923	(38,702,336)
Net Position:			
Net Investment in Capital Assets	174,206,102	124,413,226	49,792,876
Restricted	72,409,538	68,233,054	4,176,484
Unrestricted	(191,087,409)	(199,949,188)	8,861,779
Total Net Position	\$ 55,528,231	\$ (7,302,908)	\$ 62,831,139

Table I represents a summary of the District's net position based on information from the Statement of Net Position in Exhibit A-1 for the years ending August 31, 2019 and 2018. The fiscal year 2018 data has not been restated to reflect the prior period adjustment related to capital assets.

Net investment in capital assets of \$174.2 million reflects the District's investment of \$2.1 billion 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.

Restricted net position of \$72.4 million is an additional portion of the District's net position which represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position reflects a deficit of \$191.1 million, resulting from prior year adjustments required by GASB Statement No. 75 for other post-employment benefits (OPEB). Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability. The total District liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information, and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

KATY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities

Changes in Net Position				
Table II				
	Governmental Activities			
	2019	2018	Change	Change %
Revenues:				
Program Revenues:				
Charges for Services	\$ 25,250,428	\$ 21,605,189	\$ 3,645,239	16.87%
Operating Grants and Contributions	140,185,794	(29,607,127)	169,792,921	(573.49)
General Revenues:				
Property Taxes	575,476,244	562,317,828	13,158,416	2.34
State Revenues	256,991,049	217,776,729	39,214,320	18.01
Extraordinary Item - Insurance Proceeds	10,000,000	15,000,000	(5,000,000)	100.00
Other	14,266,904	9,897,123	4,369,781	44.15
Total Revenues	<u>1,022,170,419</u>	<u>796,989,742</u>	<u>225,180,677</u>	<u>28.25</u>
Expenses:				
Instruction	573,349,689	332,524,107	240,825,582	72.42
Instructional Resources and Media Services	12,518,443	9,471,060	3,047,383	32.18
Curriculum and Instructional Staff Development	14,427,816	8,688,155	5,739,661	66.06
Instructional Leadership	7,222,391	3,850,220	3,372,171	87.58
School Leadership	47,260,431	28,413,536	18,846,895	66.33
Guidance, Counseling and Evaluation Services	39,008,524	21,589,973	17,418,551	80.68
Health Services	8,454,378	5,684,111	2,770,267	48.74
Student Transportation	24,784,241	20,470,400	4,313,841	21.07
Food Services	37,436,358	31,430,840	6,005,518	19.11
Extracurricular Activities	32,278,464	20,168,678	12,109,786	60.04
General Administration	14,159,655	10,705,270	3,454,385	32.27
Facilities Maintenance and Operations	79,395,627	71,530,944	7,864,683	10.99
Security and Monitoring Services	9,111,360	6,799,265	2,312,095	34.01
Data Processing Services	13,664,335	12,486,010	1,178,325	9.44
Community Services	926,063	576,779	349,284	60.56
Interest and Issuance Costs on Long-Term Debt	74,956,508	71,117,461	3,839,047	5.40
Facilities Planning	901,061	657,421	243,640	37.06
Payments to Shared Services Arrangements	630,385	428,982	201,403	46.95
Payments to Juvenile Justice Alternative				
Education Programs (JJAEP)	5,500	26,124	(20,624)	(78.95)
Payments to Tax Increment Reinvestment Zone	2,538,535	1,951,121	587,414	30.11
Other Intergovernmental Charges	4,272,945	4,377,773	(104,828)	(2.39)
Total Expenses	<u>997,302,709</u>	<u>662,948,230</u>	<u>334,354,479</u>	<u>50.43</u>
Increase (Decrease) in Net Position	24,867,710	134,041,512	(109,173,802)	(81.45)
Beginning Net Position	(7,302,908)	271,150,917	(278,453,825)	(102.69)
Prior Period Adjustment - Implement GASB 75		(412,495,337)		
Prior Period adjustment - Capital Assets	37,963,429			
Ending Net Position	<u>\$ 55,528,231</u>	<u>\$ (7,302,908)</u>	<u>\$ 62,831,139</u>	<u>(860.36%)</u>

As shown in Table II, the net position of the District's governmental activities increased by \$24.9 million for the year ended August 31, 2019, before the prior period adjustment. The total cost of all governmental activities this year was \$997.3 million, an increase of \$334.4 million from the previous year. The amount that the District's taxpayers paid for governmental activities through property taxes was \$575.5 million or 56.3%, with state funding of \$257.0 million or 25.1%, and operating grants and contributions of \$140.2 million or 13.7% as the next most significant sources of revenue. Other sources of revenue for governmental activities were \$25.3 million in charges for services, \$10.0 million in insurance proceeds related to Hurricane Harvey, and \$14.3 million in other revenues.

KATY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Figure A-2
Revenues by Source – Governmental Activities
In Millions

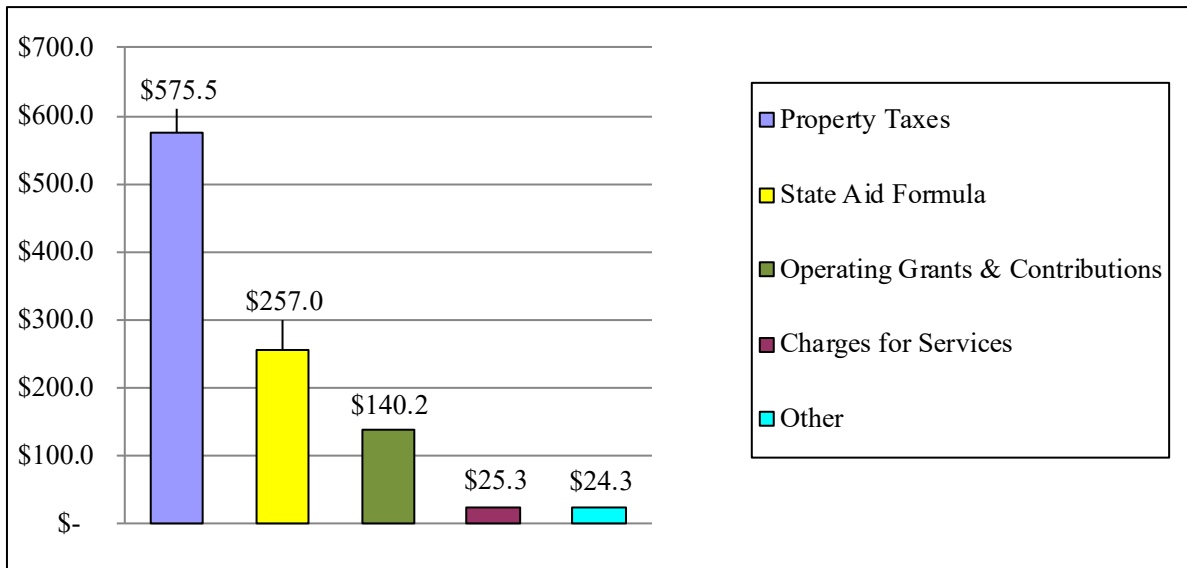
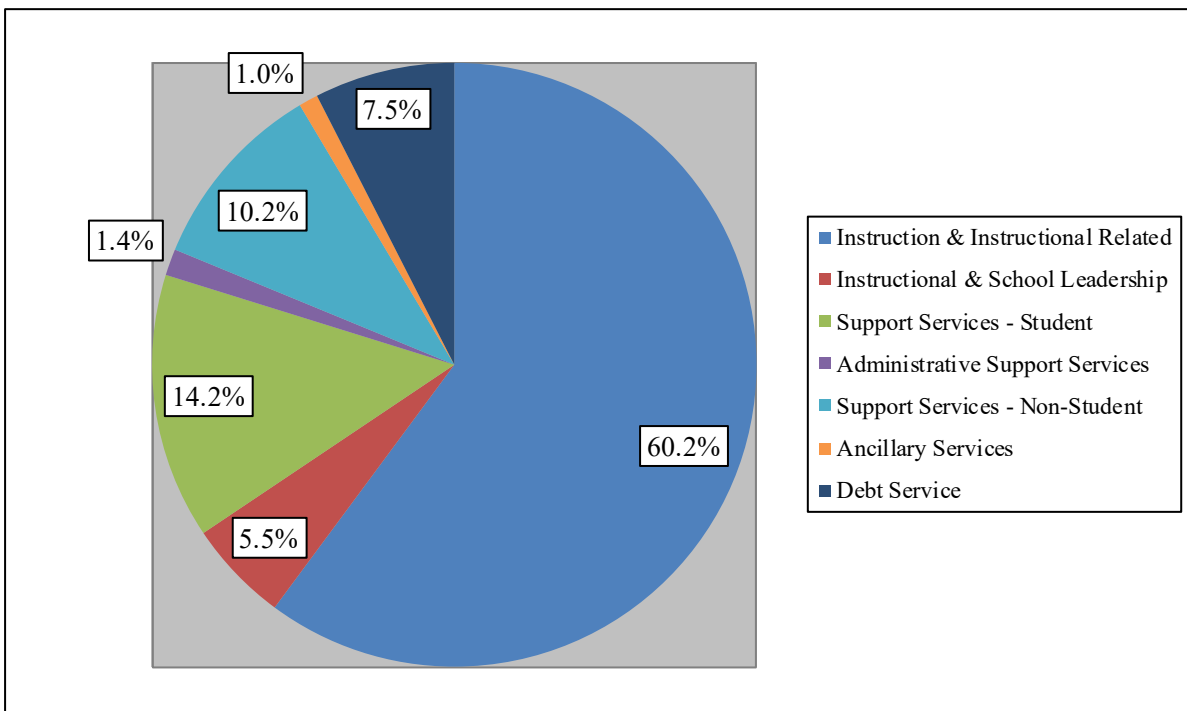


Figure A-3
Program Expenses by Major Function – Governmental Activities



KATY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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, and Capital Projects.

Revenues from all Governmental Funds totaled \$994.0 million for the fiscal year ended August 31, 2019, an increase of 7.7% from the prior fiscal year. Local revenues, including property taxes, continued to be the largest source of revenue received by the District and increased \$21.2 million over fiscal year 2018, fueled by a 2.5% increase in property values. State revenues increased \$43.6 million or 16.7% from fiscal year 2018 due to increased enrollment which produces additional revenue per student and additional funding provided by the State through Senate Bill 500 to hold districts harmless for reduced property tax value growth rates experienced after Hurricane Harvey. Federal revenues increased \$6.2 million or 10.6% which is primarily attributable to a one-time recognition of two years of School Health and Related Services settle-up funding, realized due to acceleration of the timing of the processing of these payments to districts.

Expenditures for governmental operations totaled \$1.2 billion during fiscal year 2019, an increase of 5.0% from fiscal year 2018. This net increase in expenditures is attributable to all funds except the Special Revenue Fund, which decreased \$0.8 million. The remaining funds experienced expenditure increases of \$57.6 million due to growth in students served, the purchase of school buses, facility construction costs, and debt payments related to those new facilities and improvements.

The Governmental Funds reported a combined fund balance of \$448.2 million, an increase of \$17.7 million from the combined fund balances for 2018. Changes to the combined fund balances include a \$44.6 million increase in the General Fund, an increase in the Debt Service Fund of \$1.1 million, a decrease in the Capital Projects fund of \$30.5 million and an increase of \$2.5 million in the Special Revenue Fund. Out of the combined fund balances, \$198.2 million constitutes unassigned fund balances. Of the remainder of the fund balance, \$2.4 million is nonspendable, \$184.1 million is restricted for items such as debt service, food services, and capital projects, \$10.8 million is committed to self-funded insurance and campus activity funds, and \$52.7 million is assigned for the opening/construction of new schools, capital purchases, encumbered amounts, insurance, maintaining the debt service tax rate, the technology retrofit schedule, and the compensation plan.

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 state revenues due to a State hold harmless adjustment for reduced taxable value growth (Senate Bill 500). At the end of the current fiscal year, the General Fund's fund balance was \$258.1 million. Unassigned fund balance represents 27.9% of the total General Fund expenditures, and total fund balance represents 36.3% of General Fund expenditures.

The Debt Service Fund ended the year with a fund balance of \$58.5 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, 2019 were \$166.1 million.

The Capital Projects Fund ended the year with a fund balance of \$111.3 million which is a decrease of \$30.5 million over 2018. This decrease in fund balance was due to additional bond sales during the year, reduced by the District's ongoing construction project costs.

KATY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Special Revenue Fund ended the year with a fund balance of \$20.3 million which is an increase of \$2.5 million from 2018. This increase was primarily attributable to an increase in the Tax Increment Reinvestment Zone Program, where no major improvements in the zone were charged during the year, and positive results realized in the Food Service 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, 2019 was \$17.7 million. Of this amount, \$15.9 million was for Health Insurance, \$0.2 million was for Workers' Compensation and \$1.7 million was attributable to the Print Shop. Net position for the fiscal year decreased \$1.3 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, state disaster assistance, and rental income. Revisions to the expenditure budget were made to reflect actual expenditures associated with staffing, fluctuation in spending needs, repairs, capital 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 \$51.0 million.
- The local revenue budget decreased by \$5.5 million, primarily due to reductions in property tax revenues realized, offset by increased interest earnings and rental revenues.
- The state revenue budget increased \$45.5 million. Additional disaster aid approved through Senate Bill 500 of \$40.0 million and increased revenues through the state funding formula due to higher than anticipated enrollment accounted for the majority of the increase.
- Federal revenue budget increased by \$11.0 million primarily due to the acceleration of payments to districts for School Health and Related Services. This resulted in the recognition of two years of revenue in the 2018-2019 fiscal year. The increase was also due to the receipt of \$4.3 million of Federal Emergency Management Agency revenue related to Hurricane Harvey.
- The District increased the expenditure budget by \$16.0 million throughout the year. Significant increases included:
 - The payroll budget increased \$6.6 million due to Board approval of a one-time one percent lump sum payment to employees and approval of additional growth units.
 - Contracted services budget increased \$2.6 million primarily for costs related to relocating portable buildings, foundation repairs, and repairs and renovations to recently purchased properties.
 - Capital outlay budget increased \$10.0 million primarily for the purchase of school buses, lighting and server retrofits, artificial turf replacement, and the purchase of white fleet and police vehicles.
 - The supplies and materials budget decreased \$2.0 million and other operating budget decreased \$1.2 million mainly due to underspending and reclassification of supply and other operating budgets to other areas as needed.

KATY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 83-84 of this report. This difference is primarily due to the following factors:

- Final revenues realized were over budgeted levels by \$2.2 million. Revenues from local sources were over the budgeted amount by \$0.9 million due to tax revenue collection volume increasing at the end of the year. State revenues exceeded the budget by \$1.1 million, predominantly due to an increase in TRS On-Behalf Revenue recorded, while federal sources were \$0.2 million more than budgeted.
- Expenditures were \$6.5 million less than final budgeted amounts. Remaining unspent funds were payroll and related costs of \$3.3 million primarily due to vacancies and turnover. Contracted services and capital outlay budget unspent totaled \$1.8 million and is mainly due to renovation, repair and building commitments completed after the fiscal year end of August 31. Supplies and other operating expenditure budgets remaining of \$1.4 million are comprised largely of amounts unspent for fuel, insurance costs and other timing differences for items not received prior to fiscal year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District has invested \$2.1 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 \$160.6 million from the prior year as restated.

Capital Assets (net of depreciation)				
Table III				
	Governmental Activities			
	2019	2018 as Restated	Change	Percentage
Land	\$ 90,675,236	\$ 85,916,603	\$ 4,758,633	5.54%
Buildings and Improvements	1,669,881,290	1,505,305,703	164,575,587	10.93
Furniture and Equipment	105,096,644	97,823,425	7,273,219	7.44
Vehicles	40,399,989	39,146,925	1,253,064	3.20
Library Books and Media	2,099,478	2,561,640	(462,162)	(18.04)
Construction in Progress	166,849,246	183,110,516	(16,261,270)	(8.88)
Assets Under Capital Lease	17,661,180	18,179,531	(518,351)	(2.85)
Total Capital Assets, Net of Depreciation	<u>\$ 2,092,663,063</u>	<u>\$ 1,932,044,343</u>	<u>\$ 160,618,720</u>	<u>8.31%</u>

The increase in capital assets net of depreciation was due mainly to an increase in buildings and improvements, with Elementary 42 and Junior High 16 opening in the fall of 2019, while construction in progress remains elevated as Elementary 43, High School 9, and numerous renovations are under construction. These and other projects are part of the District's building program, which is funded primarily by the 2017 bond authorization, and remaining funds from the 2014 bond authorization and/or the General Fund. More detailed information about the District's capital assets is presented in Note 8 and Note 23 to the financial statements.

Debt Administration

At the end of the fiscal year, the District had total debt outstanding of \$2.1 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. 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 \$8.8 million capital lease will be paid from property taxes collected through the TIRZ.

KATY INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

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.

Outstanding Debt			
Table IV			
	Governmental Activities		
	2019	2018	Change
General Obligation Bonds	\$ 1,843,845,000	\$ 1,737,385,000	\$ 106,460,000
Capital Leases	8,820,000	10,145,000	(1,325,000)
Compensated Absences	29,594,543	27,520,365	2,074,178
Imputed Borrowing	23,169,615	26,601,944	(3,432,329)
Premium on Bonds Issued	193,051,387	182,091,664	10,959,723
Total Outstanding Debt	\$ 2,098,480,545	\$ 1,983,743,973	\$ 114,736,572

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.

The District prepared the 2019-2020 budget considering new school finance rules and property tax relief imposed by House Bill 3 of the 86th Legislative Session, a 5.0% increase in the District’s taxable values, continued growth related needs, and safety and security priorities. The Board adopted a \$2.9 million surplus budget which provided more than the required salary increase under House Bill 3, full day pre-kindergarten, additional roving police officers, and staffing for the opening of the District’s 42nd elementary campus and 16th junior high campus.

Under House Bill 3, the District’s tax rate was reduced to \$1.4431 per \$100 of assessed valuation, a decrease of 7.35 cents. The total rate is made up of a \$1.0531 maintenance and operations rate and a \$0.39 debt service rate. Under House Bill 3, the reduction in M&O tax revenues is to be offset by increased state funding generated in the new state funding formulas.

Katy ISD continues to be one of the fastest growing school districts in the Houston metropolitan area, growing at an average of 3.5% from 2010 to 2019 with the 2019-20 enrollment projected to be 83,423 students. The District has also experienced significant growth in property values over that same time period with assessed values increasing at an average of 8.11% annually. Unemployment continues to remain low in all geographical areas of the District.

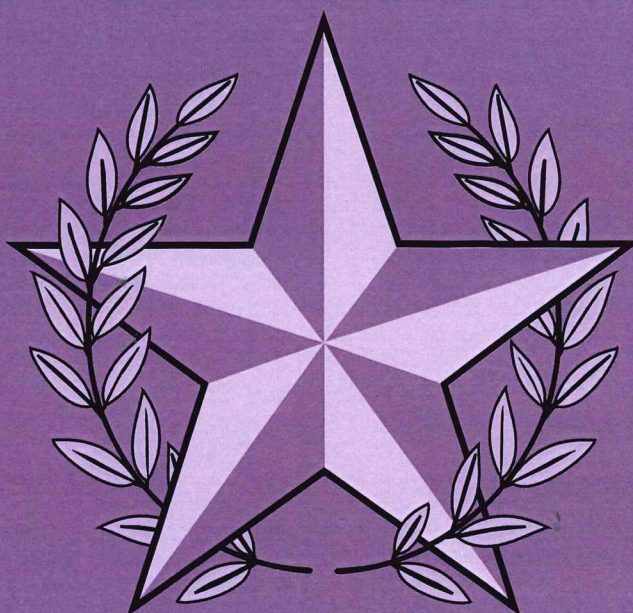
All of these factors were considered when adopting the 2019-2020 budgets. The District will continue to monitor economic data, refine budget estimates, and provide effective and efficient financial management to maximize the educational opportunities for students.

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, 2019

Exhibit A-1

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	\$ 522,197,487
1120	Current Investments	19,230,810
1225	Property Taxes Receivable (net)	10,927,904
1240	Due from Other Governments	12,408,694
1290	Other Receivables (net)	3,934,510
1300	Inventories, at cost	1,499,613
1410	Prepaid Items	1,048,343
	Capital Assets not Being Depreciated:	
1510	Land	90,675,236
1580	Construction in Progress	166,849,246
	Capital Assets, net of Accumulated Depreciation:	
1520	Buildings and Improvements, net of Accumulated Depreciation	1,669,881,290
1531	Vehicles, net of Accumulated Depreciation	40,399,989
1530	Furniture and Equipment, net of Accumulated Depreciation	105,096,644
1550	Assets Under Capital Lease, net of Accumulated Depreciation	17,661,180
1560	Library Books and Media, net of Accumulated Depreciation	2,099,478
1910	Long-Term Investments	11,373,527
1000	Total Assets	2,675,283,951
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred Outflows: Interest Rate Swap Refunding	23,169,615
1700	Deferred Outflows: Interest Rate Swap	4,716,160
1700	Deferred Outflows: Net Loss on Refunding	15,923,627
1700	Deferred Outflows: Related to TRS	134,349,131
1700	Deferred Outflows: Related to TRS Care	49,624,777
1700	Total Deferred Outflows of Resources	227,783,310

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2019

Exhibit A-1

Data Control Codes		Primary Government Governmental Activities
	LIABILITIES	
2110	Accounts Payable	\$ 55,611,845
2140	Interest Payable	3,307,451
2150	Payroll Deductions and Withholdings	5,831,473
2160	Accrued Wages Payable	28,649,339
2180	Due to Other Governments	8,836,574
2200	Accrued Expenses	6,248,501
2300	Unearned Revenue	570,929
	Noncurrent Liabilities:	
2501	Compensated Absences Due within One Year	831,350
2501	Bonds and Debt Due within One Year	73,025,000
2501	Capital Lease Due within One Year	1,365,000
2501	Imputed Borrowing Due within One Year	2,408,385
2502	Bonds and Debt Due in More than One Year	1,963,871,387
2502	Capital Lease Due in More than One Year	7,455,000
2502	Compensated Absences Due in More than One Year	28,763,193
2502	Imputed Borrowing Due in More than One Year	20,761,230
2502	Interest Rate Swaps	4,716,160
2540	Net Pension Liability (District's Share)	236,900,889
2545	Net OPEB Liability (District's Share)	292,809,737
2000	Total Liabilities	2,741,963,443
	DEFERRED INFLOWS OF RESOURCES	
2600	Deferred Inflows: Related to TRS	12,982,094
2600	Deferred Inflows: Related to TRS Care	92,593,493
2600	Total Deferred Inflows of Resources	105,575,587
	NET POSITION	
3200	Net Investment in Capital Assets	174,206,102
	Restricted for:	
3820	Food Service	6,594,991
3850	Debt Service	57,944,031
3890	Tax Increment Reinvestment Zone	7,263,282
3890	Other Grant Programs	607,234
3900	Unrestricted	(191,087,409)
3000	Total Net Position	\$ 55,528,231

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Functions/Programs	Expenses	Program Revenues	
			Charges for Services	Operating Grants and Contributions
	Governmental Activities:			
0011	Instruction	\$ 573,349,689	\$ 1,507,303	\$ 69,647,814
0012	Instructional Resources and Media Services	12,518,443		1,576,347
0013	Curriculum and Instructional Staff Development	14,427,816		4,788,510
0021	Instructional Leadership	7,222,391		1,145,645
0023	School Leadership	47,260,431		4,618,268
0031	Guidance, Counseling, and Evaluation Services	39,008,524		6,722,722
0033	Health Services	8,454,378		8,565,817
0034	Student Transportation	24,784,241	35,283	1,552,016
0035	Food Services	37,436,358	15,517,404	18,140,861
0036	Extracurricular Activities	32,278,464	3,653,829	5,165,831
0041	General Administration	14,159,655	861,314	6,010,882
0051	Facilities Maintenance and Operations	79,395,627	3,548,280	2,951,929
0052	Security and Monitoring Services	9,111,360	11,088	643,313
0053	Data Processing Services	13,664,335	4,254	2,520,087
0061	Community Services	926,063	111,673	593,491
0072	Interest and Issuance Costs on Long-Term Debt	74,956,508		4,976,700
0081	Facilities Planning	901,061		565,561
0093	Payments to Shared Services Arrangements	630,385		
0095	Payments to JJAEP	5,500		
0097	Payments to Tax Increment Reinvestment Zone	2,538,535		
0099	Payments to Appraisal Districts	4,272,945		
TG	Total Governmental Activities	<u>997,302,709</u>	<u>25,250,428</u>	<u>140,185,794</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 997,302,709</u>	<u>\$ 25,250,428</u>	<u>\$ 140,185,794</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
EI	Extraordinary Item - Insurance Proceeds
TR	Total General Revenues and Special Items
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment - Capital Assets (see Note 23)
NE	Net Position - Ending

See Notes to Financial Statements.

**Net (Expense)
Revenue and Changes
in Net Position**

**Governmental
Activities**

\$	(502,194,572)
	(10,942,096)
	(9,639,306)
	(6,076,746)
	(42,642,163)
	(32,285,802)
	111,439
	(23,196,942)
	(3,778,093)
	(23,458,804)
	(7,287,459)
	(72,895,418)
	(8,456,959)
	(11,139,994)
	(220,899)
	(69,979,808)
	(335,500)
	(630,385)
	(5,500)
	(2,538,535)
	(4,272,945)
	<hr/> (831,866,487)
	<hr/> (831,866,487)
	<hr/> (831,866,487)

	435,057,208
	140,419,036
	256,991,049
	12,055,061
	2,211,843
	10,000,000
	<hr/> 856,734,197
	<hr/> 24,867,710
	(7,302,908)
	37,963,429
	<hr/> \$ 55,528,231
	<hr/> \$ 55,528,231

KATY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2019

Data Control Codes		General	Debt Service Fund
	ASSETS		
1110	Cash and Cash Equivalents	\$ 285,024,654	\$ 58,505,570
1120	Current Investments	19,230,810	
	Receivables:		
1225	Property Taxes Receivable (net)	8,186,402	2,741,502
1240	Due from Other Governments	742,123	
1260	Due from Other Funds		
1290	Other Receivables	317,900	67,496
1300	Inventories, at cost	1,131,442	
1410	Prepaid Items	1,047,673	
1910	Long-Term Investments	11,373,527	
1000	Total Assets	\$ 327,054,531	\$ 61,314,568
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	\$ 12,757,957	\$
2150	Payroll Withholding Payable	5,831,473	
2160	Accrued Wages Payable	27,556,844	
2170	Due to Other Funds	5,013,373	63,086
2180	Due to Other Governments	8,836,181	
2200	Accrued Expenditures	596,191	
2300	Unearned Revenues	158,270	
2000	Total Liabilities	60,750,289	63,086
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable Revenue - Property Taxes	8,186,402	2,741,502
2600	Total Deferred Inflows of Resources	8,186,402	2,741,502
	FUND BALANCES		
	Fund Balances:		
3410/30	Nonspendable	2,179,115	
3450-90	Restricted		58,509,980
3510-45	Committed	5,000,000	
3550-90	Assigned	52,716,009	
3600	Unassigned	198,222,716	
3000	Total Fund Balances	258,117,840	58,509,980
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 327,054,531	\$ 61,314,568

See Notes to Financial Statements.

Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
\$ 142,365,199	\$ 13,924,284	\$ 499,819,707
		19,230,810
		10,927,904
1,434,858	10,231,713	12,408,694
5,258,214	6,714,991	11,973,205
3,032	179,504	567,932
	260,091	1,391,533
	670	1,048,343
		11,373,527
<u>\$ 149,061,303</u>	<u>\$ 31,311,253</u>	<u>\$ 568,741,655</u>
\$ 37,725,504	\$ 2,417,055	\$ 52,900,516
		5,831,473
	1,092,495	28,649,339
	7,110,445	12,186,904
	393	8,836,574
		596,191
	412,659	570,929
<u>37,725,504</u>	<u>11,033,047</u>	<u>109,571,926</u>
		10,927,904
		10,927,904
	260,761	2,439,876
111,335,799	14,204,746	184,050,525
	5,812,699	10,812,699
		52,716,009
		198,222,716
<u>111,335,799</u>	<u>20,278,206</u>	<u>448,241,825</u>
<u>\$ 149,061,303</u>	<u>\$ 31,311,253</u>	<u>\$ 568,741,655</u>

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KATY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2019

Exhibit C-2

Total Fund Balances - Governmental Funds (from Exhibit C-1)	\$ 448,241,825
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.	2,092,042,629
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.	10,927,904
Deferred loss on refundings are not reported in the fund financial statements.	15,923,627
Addition of Internal Service fund net position	17,726,741
Deferred inflows relating to TRS Pension	(12,982,094)
Deferred inflows relating to TRS Care	(92,593,493)
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	(2,036,896,387)
Capital Lease	(8,820,000)
Compensated Absences - Long-term Portion	(28,998,352)
Interest Payable	(3,307,451)
Net pension liability	(236,900,889)
Net OPEB liability	(292,809,737)
Deferred outflows relating to TRS	134,349,131
Deferred outflows relating to TRS Care	49,624,777
Net Position of Governmental Activities	\$ 55,528,231

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2019

Data Control Codes		General	Debt Service Fund
	REVENUES		
5700	Local, Intermediate, and Out-of-State	\$ 452,020,019	\$ 142,185,153
5800	State Program Revenues	292,379,255	1,892,985
5900	Federal Program Revenues	23,937,282	
5020	Total Revenues	<u>768,336,556</u>	<u>144,078,138</u>
	EXPENDITURES		
	Current:		
0011	Instruction	452,758,768	
0012	Instructional Resources and Media Services	8,284,336	
0013	Curriculum and Instructional Staff Development	9,421,981	
0021	Instructional Leadership	5,969,633	
0023	School Leadership	40,705,308	
0031	Guidance, Counseling, and Evaluation Services	31,364,974	
0033	Health Services	7,293,402	
0034	Student Transportation	22,491,858	
0035	Food Services		
0036	Extracurricular Activities	15,521,883	
0041	General Administration	13,558,104	
0051	Facilities Maintenance and Operations	67,044,502	
0052	Security and Monitoring Services	9,000,306	
0053	Data Processing Services	14,183,673	
0061	Community Services	287,593	
	Debt Service:		
0071	Principal on Long-Term Debt		84,235,000
0072	Interest on Long-Term Debt		81,419,061
0073	Bond Issuance Costs and Fees		467,399
0081	Capital Outlay: Facilities Acquisition and Construction	4,339,232	
	Intergovernmental Charges:		
0093	Payments to Fiscal Agents SSA	630,385	
0095	Payments to JJAEP	5,500	
0097	Payments to Tax Increment Reinvestment Zone	4,155,711	
0099	Other Intergovernmental Charges	4,272,945	
6030	Total Expenditures	<u>711,290,094</u>	<u>166,121,460</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>57,046,462</u>	<u>(22,043,322)</u>
	OTHER FINANCING SOURCES/(USES)		
7911	Capital-Related Debt Issued		
7912	Sale of Real and Personal Property	53,539	
7915	Transfers In	500,000	23,106,508
7916	Premium on Issuance of Bonds		
8911	Transfers Out	(22,977,873)	
7080	Total Other Financing Sources/(Uses)	<u>(22,424,334)</u>	<u>23,106,508</u>
7919	Extraordinary Item - Insurance Recovery	10,000,000	
1200	Net Change in Fund Balances	44,622,128	1,063,186
0100	Fund Balance - September 1 (Beginning)	213,495,712	57,446,794
3000	Fund Balance - August 31 (Ending)	<u>\$ 258,117,840</u>	<u>\$ 58,509,980</u>

See Notes to Financial Statements.

Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
\$ 2,128,635	\$ 28,428,248	\$ 624,762,055
	10,016,298	304,288,538
1,434,858	39,550,015	64,922,155
<u>3,563,493</u>	<u>77,994,561</u>	<u>993,972,748</u>
	27,170,229	479,928,997
	845,449	9,129,785
	4,056,453	13,478,434
	597,921	6,567,554
	788,051	41,493,359
	3,948,607	35,313,581
	264,914	7,558,316
	132,471	22,624,329
	31,562,559	31,562,559
	4,318,793	19,840,676
	103,684	13,661,788
	72,973	67,117,475
	28,876	9,029,182
	1,860	14,185,533
	572,007	859,600
		84,235,000
		81,419,061
1,532,017		1,999,416
241,131,313	556,115	246,026,660
		630,385
		5,500
		4,155,711
		<u>4,272,945</u>
<u>242,663,330</u>	<u>75,020,962</u>	<u>1,195,095,846</u>
<u>(239,099,837)</u>	<u>2,973,599</u>	<u>(201,123,098)</u>
190,695,000		190,695,000
	54,913	108,452
		23,606,508
20,037,017		20,037,017
(2,128,635)	(500,000)	(25,606,508)
<u>208,603,382</u>	<u>(445,087)</u>	<u>208,840,469</u>
		10,000,000
(30,496,455)	2,528,512	17,717,371
141,832,254	17,749,694	430,524,454
<u>\$ 111,335,799</u>	<u>\$ 20,278,206</u>	<u>\$ 448,241,825</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, 2019**

Exhibit C-4

Net Change in Fund Balances - Total Governmental Funds (from Exhibit C-3)	\$ 17,717,371
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.	(1,329,110)
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.	251,744,339
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.	(84,232,124)
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.	85,560,000
Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities.	(190,695,000)
Premium received from issuance of long-term debt.	(20,037,017)
Interest accruals through year end on bonds are not recorded in the fund financial statements but are accrued in the government-wide statements.	311,595
Net loss on disposal of assets is not recorded in the fund financial statements but is included in the government-wide statements.	(7,059,790)
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.	1,034,449
Amortization of deferred loss on refunding issues, and bond premiums are recorded in the Statement of Activities.	8,442,549

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, 2019**

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.	\$ (6,918,078)
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 and TRS contribution adjustments.	15,055,195
OPEB contributions made after the net OPEB liability date are reported as expenditures in the fund financial statements and are reported as deferred outflows in the government-wide statements and TRS contribution adjustments.	4,214,262
Pension expense for the pension plan measurement year is not recorded in the fund financial statements but are expensed in the government-wide statements.	(36,456,317)
OPEB expense for the OPEB plan measurement year is not recorded in the fund financial statements but are expensed in the government-wide statements.	(10,432,033)
Increase in long-term compensated absence liability is included in the government-wide statements.	<u>(2,052,581)</u>
Change in Net Position of Governmental Activities (see Exhibit B-1)	<u><u>\$ 24,867,710</u></u>

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
INTERNAL SERVICE FUNDS
AUGUST 31, 2019

Exhibit D-1

Data Control Codes		Governmental Activities
	ASSETS	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 22,377,780
1260	Due from Other Funds	213,714
1290	Other Receivables	3,366,578
1300	Inventories	108,080
	Total Current Assets	26,066,152
	Noncurrent Assets:	
	Capital Assets:	
1540	Furniture and Equipment	1,501,499
1573	Accumulated Depreciation	(881,065)
	Total Noncurrent	620,434
1000	Total Assets	26,686,586
	LIABILITIES	
	Current Liabilities:	
2110	Accounts Payable	2,711,329
2170	Due to Other Funds	15
2200	Accrued Expenses	6,248,501
2000	Total Liabilities	8,959,845
	NET POSITION	
3200	Investment in Capital Assets	620,434
3900	Unrestricted	17,106,307
3000	Total Net Position	\$ 17,726,741

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, 2019

Exhibit D-2

Data Control Codes		Governmental Activities
	OPERATING REVENUES	
5754	Charges for Services	\$ 63,165,441
5020	Total Operating Revenues	<u>63,165,441</u>
	OPERATING EXPENSES	
6100	Salary and Benefits	107,200
6200	Administrator Fees	4,768,031
6200	Claims Expense	57,768,734
6200	Repair and Maintenance Expense	13,086
6200	Equipment Rental	114,048
6200	Contracted Services	2,207,194
6300	Supplies	1,644,259
6400	Miscellaneous Operating Expenses	128,694
6400	Depreciation	197,445
6030	Total Operating Expenses	<u>66,948,691</u>
1300	Operating Income (Loss)	<u>(3,783,250)</u>
	NONOPERATING REVENUES (EXPENSES)	
5742	Investment Income	446,348
8900	Net Loss on Sale of Capital Assets	3,559
	Total Net Nonoperating Revenue	<u>449,907</u>
	Income (Loss) before Contributions and Transfers	(3,333,343)
7900	Transfers In	2,000,000
7900	Capital Contributions	<u>4,233</u>
1300	Change in Net Position	(1,329,110)
0100	Total Net Position - September 1 (Beginning)	19,055,851
3000	Total Net Position - August 31 (Ending)	<u><u>\$ 17,726,741</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, 2019

Exhibit D-3

	Governmental Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Receipts from Internal Services Provided	\$ 64,402,564
Cash Payments to Suppliers	(1,695,189)
Cash Payments to Pay Claims	(54,209,584)
Cash Payments for Contracted Services	(7,197,469)
Cash Payments to Employees	(107,200)
Net Cash Provided by Operating Activities	1,193,122
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(420,494)
Proceeds from Sale of Capital Assets	3,695
Net Cash (Used) by Capital and Related Financing Activities	(416,799)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	2,000,000
Net Cash Provided by Noncapital Financing Activities	2,000,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	446,348
Net Cash Provided by Investing Activities	446,348
Net Increase in Cash and Cash Equivalents	3,222,671
Cash and Cash Equivalents at Beginning of Year	19,155,109
Cash and Cash Equivalents at End of Year	\$ 22,377,780
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (3,783,250)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities	
Depreciation	197,445
Change in Assets and Liabilities:	
(Increase) Decrease in Receivables	(473,675)
(Increase) Decrease in Inventories	10,952
Increase (Decrease) in Accounts Payable	(287,818)
Increase (Decrease) in Interfund Payables	1,710,813
Increase (Decrease) in Accrued Expenses	3,818,655
Net Cash Provided by Operating Activities	\$ 1,193,122
Noncash Investing, Capital, and Financing Activities	
Contributions of Capital Assets from Government	\$ 4,233
Capital Assets Retired	\$ 136

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
AUGUST 31, 2019

Exhibit E-1

Data Control Codes		Agency Funds
	ASSETS	
1110	Cash and Cash Equivalents	\$ 2,677,273
1000	Total Assets	<u>\$ 2,677,273</u>
	LIABILITIES	
2110	Accounts Payable	\$ 76,620
2190	Due to Student Groups	<u>2,600,653</u>
2000	Total Liabilities	<u>\$ 2,677,273</u>

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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 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.

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.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. 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.

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.

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).

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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.

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.

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 significant funds because of the size and activity of the funds in relation to all of the funds.

The District reports the following 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.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

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.

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.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

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 the 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.

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*.

2. Investments

Investments consist of municipal bonds and federal agency coupon securities. The District's investments in municipal bonds and federal agency coupon securities are carried at fair value based on quoted market prices at year-end, in accordance with U.S. generally accepted accounting principles. 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. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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.

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.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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)

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 Agriculture 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 acquisition 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.

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 & Improvements	10-50
Furniture & Equipment	1-25
Vehicles	15
Library Books & Media	7

Land and construction in progress are not depreciated.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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

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 five items that qualify for reporting in this category:

- Deferred outflows interest rate swap refunding - This amount is related to the hedging derivative instruments associated with the Series 2015-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. The Series 2015-C Bonds refunded the Series 2012-C Bonds, which had previously refunded the Series 2004-C Bonds.
- 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 shorter of the life of the refunded or refunding debt.
- 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 expected and actual actuarial experiences; 2) changes in actuarial assumptions; and 3) 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 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.
- Deferred outflows related to TRS Care - Reported in the government wide financial statement of net position, this deferred outflow results from other post-employment benefit (OPEB) plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between expected and actual actuarial experiences; 2) changes in actuarial assumptions; 3) net difference between projected and actual earnings on OPEB plan investments; and 4) changes in the District's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over the closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the plan.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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)

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 two items that qualify 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) differences between expected and actual actuarial experiences; 2) changes in actuarial assumptions; 3) net difference between projected and actual earnings on pension plan investments, and 4) changes in the proportional share of pension liabilities. The deferred inflows 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 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.
- Deferred inflows related to TRS Care - Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) differences between expected and actual actuarial experiences; and 2) changes in actuarial assumptions. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEBs through the OPEB plan.

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 one items that qualify for reporting in this category. The unavailable revenue - property taxes is 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.

8. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (“TRS”) TRS Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to TRS Care, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care’s fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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)

9. 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.

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.

10. 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.

11. 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, 2019 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
NOTES TO FINANCIAL STATEMENTS (continued)

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. Fund Balance Classifications

The fund balance in governmental funds has been classified as follows to describe the relative strength of the spending constraints:

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).

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, Capital Project Fund, and Child Nutrition Program and other grants are classified as restricted.

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.

Assigned fund balances are 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 \$52,716,009 which is detailed in Note 12.

Unassigned fund balances are the 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.

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, however, minimum fund balances and targeted percentages are addressed in Administrative Regulations.

13. 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.

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

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)

14. 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.

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 unavailable 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 unavailable revenues are adjusted based on prior year levies and current year uncollectible amounts.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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 budget report appears 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 and Nutrition and Food Services Fund are required to be reported with the original budget, amended budget and actual expenditures. These schedules are included in the Other Supplementary Information section of this report.

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 reviewed 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, 2019 the District did not have any expenditures over appropriations in major funds.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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

A. Budgetary Data (continued)

6. A reconciliation of fund balances for both appropriated budget and non-appropriated budget Special Revenue Programs is as follows:

	Special Revenue Fund	Unbudgeted Programs	Budgeted Programs
Revenues	\$ 77,994,561	\$ 45,490,000	\$ 32,504,561
Expenditures	75,020,962	43,465,175	31,555,787
Revenues Over (Under) Expenditures	2,973,599	2,024,825	948,774
Other Sources (Uses)	(445,087)	(500,000)	54,913
Fund Balance Beginning	17,749,694	12,158,390	5,591,304
Fund Balance Ending	<u>\$ 20,278,206</u>	<u>\$ 13,683,215</u>	<u>\$ 6,594,991</u>

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:

Fund	Appropriations as of September 1, 2018 (Original Budget)	Supplemental Appropriations and Revisions	Appropriations as of August 31, 2019 (Amended Budget)
General Fund	\$ 701,822,498	\$ 15,979,178	\$ 717,801,676
Special Revenue Fund	32,000,111	892,654	32,892,765
Debt Service Fund	157,350,000	9,178,026	166,528,026
Total all Budgeted Funds	<u>\$ 891,172,609</u>	<u>\$ 26,049,858</u>	<u>\$ 917,222,467</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, \$693,952 of fund balance has been assigned for these outstanding encumbrances.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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.

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.

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, 2019 the carrying amount on the District's books of combined deposits was \$137,006,442. The difference between the District's carrying amount and the cash in bank is a result of normal operating timing differences. As of August 31, 2019 the deposits and amount of pledged collateral and FDIC coverage was as follows:

Financial Institution	Cash in the Bank	Pledged Collateral and Surety Bond	Available FDIC Coverage	Month
Prosperity Bank	\$ 145,071,932	\$ 529,144,118	\$ 500,000	August 31, 2019

KATY INDEPENDENT SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS (continued)****NOTE 4 – DEPOSITS (CASH) AND INVESTMENTS (continued)****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. The results 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 Policy.

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.
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, 2019 is shown below.

	Cash on Hand	Bank Deposits	Money Market	Investment Pools	Securities	Total
General	\$ 70,141	\$ 99,447,194	\$ 228,594	\$ 185,278,725	\$ 30,604,337	\$ 315,628,991
Debt Service		14,258,588		44,246,982		58,505,570
Capital Projects		13,911,036		128,454,163		142,365,199
Special Revenue Fund	100	2,892,837		11,031,347		13,924,284
Total Governmental Funds	<u>70,241</u>	<u>130,509,655</u>	<u>228,594</u>	<u>369,011,217</u>	<u>30,604,337</u>	<u>530,424,044</u>
Internal Service Fund		3,819,514		18,558,266		22,377,780
Total Governmental Activities	<u>70,241</u>	<u>134,329,169</u>	<u>228,594</u>	<u>387,569,483</u>	<u>30,604,337</u>	<u>552,801,824</u>
Fiduciary Funds						
Trust and Agency		2,677,273				2,677,273
Total	<u>\$ 70,241</u>	<u>\$ 137,006,442</u>	<u>\$ 228,594</u>	<u>\$ 387,569,483</u>	<u>\$ 30,604,337</u>	<u>\$ 555,479,097</u>

For reporting purposes cash and deposits, along with money market, and investment pools are all considered by the District as cash equivalents.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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

B. Investments (continued)

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 2019.

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, 2019:

Investment Type	Fair Value	Percent of Investments	Weighted Avg. Maturity
Money Market	\$ 228,594	0.1%	1 day
Local Government Investment Pools: *			
Lone Star - Public Funds Investment Pool	6,331,070	1.5%	27 days
TexPool - Public Funds Investment Pool	342,083,700	81.8%	36 days
Texas CLASS - Public Funds Investment Pool	39,154,713	9.4%	52 days
Total Local Government Investment Pools	387,569,483		
Federal Agency Coupon Securities	1,470,300	0.4%	470 days
Municipal Bonds	29,134,037	7.0%	343 days
Total Investments	\$ 418,402,414	100.0%	

* Per GASB 79, valued at amortized cost.

The value of District portions in TexPool, Texas CLASS, and Lone Star are the same as the value of the Shares. 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.

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 AAAM or at an equivalent rating by at least one nationally recognized rating service. As of August 31, 2019, the District's investments, TexPool, Texas CLASS, and Lone Star Public Funds Investment Pools were all rated AAAM.

The District's investment in municipal securities that conform as follows: obligations of state, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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

B. Investments (continued)

The District's investment in federal agency coupon securities that conform as follows: obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks.

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. The District's municipal bonds are reported at fair value using Level 2 inputs, which are based on quoted prices for similar assets or liabilities in active markets: quoted prices for identical or similar assets in markets that are not active: and inputs other than quoted prices e.g. interest rates and yield curves. The District's money market and federal agency coupon securities are reported at fair value using Level 1 inputs, which are based on observable, quoted prices for identical assets or liabilities in active markets. There has been no change in valuation technique for the current year.

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, 2019, 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.

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 the 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.

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5 – PROPERTY TAXES (continued)

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 2018-19 school year were \$1.1466 and \$0.37 respectively per \$100 of assessed valuation. The 2018-19 assessed valuation was \$38,946,447,913 and resulted in a final adjusted tax levy of \$579,335,903.

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, 2019 consisted of the following:

	General Fund	Debt Service Fund	Total
Property Taxes Receivable-Current Year Levy	\$ 3,303,015	\$ 1,065,860	\$ 4,368,875
Property Taxes Receivable-Prior Years' Levies	4,433,548	1,510,328	5,943,876
Total Property Taxes Receivable	<u>7,736,563</u>	<u>2,576,188</u>	<u>10,312,751</u>
Penalty and Interest on Delinquent Property Taxes	3,695,888	1,245,857	4,941,745
Total Property Taxes and Penalty and Interest	<u>11,432,451</u>	<u>3,822,045</u>	<u>15,254,496</u>
Less Allowance for Uncollectible Taxes	3,246,049	1,080,543	4,326,592
Net Property Taxes Receivable	<u><u>\$ 8,186,402</u></u>	<u><u>\$ 2,741,502</u></u>	<u><u>\$ 10,927,904</u></u>

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 \$2,481,984, \$1,508,597 and \$282,364 respectively in fiscal 2019 for appraising property.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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

Amounts Due To/From Other Funds at August 31, 2019 include the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$	\$ 5,013,373
Debt Service Fund		63,086
Capital Projects Fund	5,258,214	
Special Revenue Fund	6,714,991	7,110,445
Total - Governmental Funds	11,973,205	12,186,904
Internal Service Fund	213,714	15
Total - All Funds	<u>\$ 12,186,919</u>	<u>\$ 12,186,919</u>

The District uses the General Fund cash account for accounts payable and payroll, creating interfund balances. The interfund balances are cleared monthly. Most of the amounts represent short-term borrowings between funds for payroll and operating expense payments made from the General Fund cash accounts. At the end of the 2018-2019 fiscal year the District made a large reclassification from the Capital Projects Fund to the General Fund creating an interfund balance which was cleared shortly after year end.

Transfers between funds in fiscal year 2019 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 500,000	\$ 22,977,873
Debt Service Fund	23,106,508	
Capital Projects Fund		2,128,635
Special Revenue Fund:		
Tax Increment Reinvestment Zone		500,000
Total - Governmental Funds	23,606,508	25,606,508
Internal Service Fund	2,000,000	
Total - All Funds	<u>\$ 25,606,508</u>	<u>\$ 25,606,508</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, 3) provide supplemental funding from the General Fund to the Health Insurance Internal Service Fund, 4) to move funds from the Tax Increment Reinvestment Fund program to General Fund, and 5) transfer of fund balance from general fund to debt service fund to hold it harmless for \$.02 tax rate reduction.

KATY INDEPENDENT SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS (continued)****NOTE 7 – AMOUNTS DUE FROM AND TO OTHER GOVERNMENTS**

Receivables Due from Other Governments at August 31, 2019 consisted of the following:

	General Fund	Capital Projects Fund	Special Revenue Fund	Total
Due from State Agencies:				
State Grant Expenditure				
Reimbursement	\$ 612,121	\$	\$ 1,821,530	\$ 2,433,651
School Health and Related Services	130,002			130,002
Due from Federal Agencies:				
Federal Grant Expenditure				
Reimbursement		1,434,858	8,283,323	9,718,181
Due from Local Agencies:				
Local Grant Expenditure				
Reimbursement			126,860	126,860
Total Due from Other Governments	<u>\$ 742,123</u>	<u>\$ 1,434,858</u>	<u>\$ 10,231,713</u>	<u>\$ 12,408,694</u>

Payables Due to Other Governments at August 31, 2019 consisted of the following:

	General Fund	Special Revenue Fund	Total
Due to State Agencies:			
State Summary of Finances	\$ 1,254,672	\$	\$ 1,254,672
State Comptroller		393	393
Due to Federal Agencies:			
Federal Emergency Management Agency	3,425,797		3,425,797
Due to Local Agencies:			
Katy Development Authority	4,155,712		4,155,712
	<u>\$ 8,836,181</u>	<u>\$ 393</u>	<u>\$ 8,836,574</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the governmental activities of the District for the year ended August 31, 2019 is as follows:

	Balance September 1, 2018 As Restated	Additions	Retirements and Transfers	Balance August 31, 2019
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$ 85,916,603	\$ 6,515,179	\$ (1,756,546)	\$ 90,675,236
Construction in Progress	183,110,516	181,708,041	(197,969,311)	166,849,246
Total Capital Assets, not being Depreciated	269,027,119	188,223,220	(199,725,857)	257,524,482
Capital Assets being Depreciated:				
Buildings and Improvements	2,001,231,435	31,554,043	182,130,312	2,214,915,790
Furniture and Equipment	181,486,727	26,272,378	(17,037,861)	190,721,244
Vehicles	63,057,455	5,883,732	(922,993)	68,018,194
Library Books and Media	4,386,268	174,840	(16,841)	4,544,267
Total Capital Assets, being Depreciated at Historical Cost	2,250,161,885	63,884,993	164,152,617	2,478,199,495
Total Capital Assets	2,519,189,004	252,108,213	(35,573,240)	2,735,723,977
Less: Accumulated Depreciation for:				
Buildings and Improvements	(477,831,857)	(61,265,060)	11,650,439	(527,446,478)
Furniture and Equipment	(83,577,646)	(17,990,860)	16,017,064	(85,551,442)
Vehicles	(23,910,530)	(4,537,836)	830,161	(27,618,205)
Library Books and Media	(1,824,628)	(635,813)	15,652	(2,444,789)
Total Accumulated Depreciation	(587,144,661)	(84,429,569)	28,513,316	(643,060,914)
Governmental Activities Capital Assets, Net	\$ 1,932,044,343	\$ 167,678,644	\$ (7,059,924)	\$ 2,092,663,063

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

	Balance September 1, 2018 As Restated	Additions	Retirements and Transfers	Balance August 31, 2019
Capital Lease Assets				
Buildings and Improvements	\$ 24,625,372			\$ 24,625,372
Furniture and Equipment	355,247			355,247
Total Capital Lease Assets	24,980,619			24,980,619
Less: Accumulated Depreciation for:				
Buildings and Improvements	(6,531,497)	(505,853)		(7,037,350)
Furniture and Equipment	(269,591)	(12,498)		(282,089)
Total Accumulated Depreciation	(6,801,088)	(518,351)		(7,319,439)
Capital Leases, Net	\$ 18,179,531	\$ (518,351)	\$	\$ 17,661,180

KATY INDEPENDENT SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS (continued)****NOTE 8 – CAPITAL ASSETS (continued)**

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

Governmental Activities Depreciation Expense:

Instruction	\$ 47,945,135
Instructional Resources and Media Services	2,649,016
Curriculum and Instructional Staff Development	(130,278)
Instructional Leadership	(4,443)
School Leadership	2,429,038
Guidance, Counseling, and Evaluation Services	475,153
Health Services	290,387
Student Transportation	4,542,173
Food Service	4,380,627
Extracurricular Activities	10,738,485
General Administration	(473,269)
Facilities Maintenance and Operations	11,550,532
Security and Monitoring Services	222,088
Data Processing Services	(185,075)
Total Depreciation Expense Governmental Activities	<u>\$ 84,429,569</u>

Depreciation expense was adjusted to reflect changes in estimated useful lives, resulting in some functions recording negative depreciation expense for the year ended August 31, 2019.

Construction in progress and remaining commitments under related construction contracts at August 31, 2019 are as follows:

Construction in Progress:

Project	Contract Expenditures	Other Project Costs	Construction in Progress
Elementary #43	\$ 9,355,930	\$ 732,609	\$ 10,088,539
Junior High #17	624,000	101,288	725,288
Jordan High School	117,330,052	2,573,116	119,903,168
Jordan High School Ag Barn	1,353,802	15,305	1,369,107
Fielder Elementary Renovation	18,567,322	202,740	18,770,062
Katy High CTE Expansion	5,059,328	166,194	5,225,522
Katy High Athletic Renovation	7,226,993	122,212	7,349,205
Outdoor Learning Center Renovation	38,238	42,335	80,573
Transportation Fuel Tank Replacement		54,403	54,403
Leonard Merrell Center Renovation		66,205	66,205
Kitchen Renovations	2,565,771	214,154	2,779,925
CTE Renovations-Floral Design	317,717	14,082	331,799
Vehicle Stacking		105,450	105,450
	<u>\$ 162,439,153</u>	<u>\$ 4,410,093</u>	<u>\$ 166,849,246</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 8 – CAPITAL ASSETS (continued)

Contract and related commitments:

Project	Authorized Contract	Contract Expenditures	Remaining Commitment
Elementary #43	\$ 26,216,201	\$ 9,355,930	\$ 16,860,271
Junior High #17	1,560,000	624,000	936,000
Jordan High School	144,588,592	117,330,052	27,258,540
Jordan High School Ag Barn	1,539,773	1,353,802	185,971
Fielder Elementary Renovation	19,957,940	18,567,322	1,390,618
Katy High CTE Expansion	10,793,813	5,059,328	5,734,485
Katy High Athletic Renovation	7,696,186	7,226,993	469,193
Outdoor Learning Center Renovation	402,500	38,238	364,262
Kitchen Renovations	2,698,687	2,565,771	132,916
CTE Renovations-Floral Design	337,313	317,717	19,596
	<u>\$ 215,791,005</u>	<u>\$ 162,439,153</u>	<u>\$ 53,351,852</u>

As explained in Note 3, encumbrance accounting is utilized to assure effective budgetary control. As of August 31, 2019 the General Fund had \$693,952, the Capital Projects Fund had \$84,790,819 and Special Revenue Fund had \$581,132 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, to purchase necessary sites for school buildings, and to purchase school buses. 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 2017 voters authorized \$609,200,000 of General Obligation Bonds and in June 2019, the District issued \$209,200,000 of Unlimited Tax School Building Bonds, Series 2019. The bonds have interest rates ranging from three to five percent and are the second sale of the 2017 authorization. The District has \$200,000,000 of authorized but unissued bonds remaining at August 31, 2019.

General long-term debt consists of bonds payable. 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
NOTES TO FINANCIAL STATEMENTS (continued)

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, 2019 is as follows:

	Balance at September 1, 2018	Additions	Retirements	Balance at August 31, 2019	Due Within One Year
General Obligation Bonds	\$ 1,737,385,000	\$ 190,695,000	\$ 84,235,000	\$ 1,843,845,000	\$ 73,025,000
Imputed Borrowing	26,601,944		3,432,329	23,169,615	2,408,385
Bond Issuance Premiums	182,091,664	20,037,017	9,077,294	193,051,387	
Total Bonds Payable	1,946,078,608	210,732,017	96,744,623	2,060,066,002	75,433,385
Capital Leases	10,145,000		1,325,000	8,820,000	1,365,000
Compensated Absences	27,520,365	2,838,218	764,040	29,594,543	831,350
Total	<u>\$ 1,983,743,973</u>	<u>\$ 213,570,235</u>	<u>\$ 98,833,663</u>	<u>\$ 2,098,480,545</u>	<u>\$ 77,629,735</u>

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

Outstanding bonded debt at August 31, 2019 consisted of the following:

Issue	Series Description	Interest Rate	Matures	Debt Outstanding
\$ 68,910,000	2010-A Unlimited Tax Refunding Bonds	2.00-5.00	2022	\$ 8,700,000
41,470,000	2010-C Unlimited Tax School Building Bonds	4.00-5.00	2021	5,855,000
155,000,000	2010-D Unlimited Tax School Building Bonds	4.50-5.30	2041	155,000,000
147,680,000	2012-A Unlimited Tax School Building & Refunding Bonds	4.00-5.00	2042	128,300,000
103,000,000	2013 Unlimited Tax School Building Bonds	2.00-5.00	2043	81,100,000
133,970,000	2014-A Unlimited Tax Refunding Bonds	1.00-5.00	2036	123,780,000
18,150,000	2014-B Limited Tax Refunding Bonds	3.00-5.00	2028	15,370,000
155,310,000	2015-A Unlimited Tax School Building Bonds	2.00-5.00	2045	139,370,000
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	112,500,000
245,095,000	2016-A Unlimited Tax School Building Bonds	4.00-5.00	2046	233,160,000
23,515,000	2016-B Unlimited Tax Refunding Bonds	3.00-5.00	2038	23,515,000
11,510,000	2016-C Limited Tax Refunding Bonds	5.00	2024	4,970,000
152,315,000	2016-D Unlimited Tax Refunding Bonds	3.00-5.00	2032	138,650,000
261,640,000	2017 Unlimited Tax School Building Bonds	4.00-5.00	2047	250,725,000
186,225,000	2018 Unlimited Tax School Building Bonds	3.00-5.00	2048	179,200,000
190,695,000	2019 Unlimited Tax School Building Bonds	4.00-5.00	2049	190,695,000
Total Bonded Debt				1,843,845,000
Plus Unamortized Imputed Borrowing				23,169,615
Plus Unamortized Premiums				193,051,387
Total Bonds Payable				2,060,066,002
Less Amounts Due Within One Year				(75,433,385)
Total Bonded Debt Long-Term				<u>\$ 1,984,632,617</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 9 – LONG-TERM DEBT (continued)

Annual requirements to amortize all bonded long-term debt outstanding (including accretion) as of August 31, 2019 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 73,025,000	\$ 84,524,310	\$ 157,549,310
2021	60,875,000	81,263,533	142,138,533
2022	51,685,000	79,215,147	130,900,147
2023	66,745,000	76,373,567	143,118,567
2024	68,625,000	73,059,557	141,684,557
2025	65,285,000	69,739,001	135,024,001
2026	66,405,000	66,464,114	132,869,114
2027	67,025,000	63,094,953	130,119,953
2028	70,500,000	59,623,808	130,123,808
2029	69,655,000	56,259,551	125,914,551
2030	70,320,000	52,960,418	123,280,418
2031	69,760,000	49,576,262	119,336,262
2032	69,630,000	46,287,530	115,917,530
2033	66,225,000	43,114,814	109,339,814
2034	69,330,000	40,013,060	109,343,060
2035	72,490,000	36,848,205	109,338,205
2036	75,855,000	33,479,528	109,334,528
2037	66,535,000	29,906,976	96,441,976
2038	64,440,000	26,741,984	91,181,984
2039	62,350,000	23,573,285	85,923,285
2040	65,575,000	20,343,152	85,918,152
2041	68,920,000	17,006,046	85,926,046
2042	59,890,000	13,926,125	73,816,125
2043	57,295,000	11,262,150	68,557,150
2044	56,275,000	8,827,250	65,102,250
2045	58,295,000	6,445,575	64,740,575
2046	51,700,000	4,199,400	55,899,400
2047	41,185,000	2,341,700	43,526,700
2048	26,495,000	988,100	27,483,100
2049	11,455,000	229,100	11,684,100
	1,843,845,000	1,177,688,201	3,021,533,201
Less: Current Portion	73,025,000	84,524,310	157,549,310
Long Term Debt	<u>\$ 1,770,820,000</u>	<u>\$ 1,093,163,891</u>	<u>\$ 2,863,983,891</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

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.

In July 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"). The 2012-C Bonds were then refunded in March 2015 with the \$115,000,000 Variable Rate Unlimited Tax Refunding Bonds, Series 2015-C ("2015-C Bonds"). In August 2019, the District converted the \$112,500,000 outstanding balance of the 2015-C Bonds from the Initial Rate Period to a LIBOR Index Rate Period for a period from August 15, 2019, through August 15, 2021, to continue to mitigate bank risk, maintain the effectiveness of the hedging instrument, and lower borrowing costs.

Objective

The objective of the swaps is to hedge against the potential of rising interest rates in conjunction with the District's \$112,500,000 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, 2019 and the changes in fair values for the year then ended are as follows:

Governmental Activities	Fair Value at August 31, 2019	
	Classification	Amount
Cash Flow Hedge:		
Pay fixed interest rate swap	Liability: Interest Rate Swaps	\$ 4,716,160
	Liability: Imputed Borrowing	23,169,615
	Negative Fair Value	<u>\$ 27,885,775</u>
Governmental Activities	Changes in Fair Value	
	Classification	Amount
Cash Flow Hedge:		
Pay fixed interest rate swap	Deferred Outflows: Interest Rate Swap	\$ 10,872,075

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 9 – LONG-TERM DEBT (continued)

Interest Rate Swap Agreements (continued)

Terms

The swaps notional amounts total \$112,500,000, 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 2020 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, 2019 the effective rate of the bonds associated with the swaps is as follows:

	<u>Terms</u>	<u>Rate Paid (Received)</u>
Fixed rate paid for swaps		3.92%
Average variable rate payment received from counterparties	LIBOR x 67%	(1.59)
Net rate paid/(received) for swaps		2.33
Average variable rate paid on bonds associated with swaps		2.12
Effective rate of bonds associated with swaps		4.45%

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%.

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 \$27,885,775 on August 31, 2019 (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, 2019, 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
NOTES TO FINANCIAL STATEMENTS (continued)

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 was indexed to 67% of one-month LIBOR with monthly rate resets plus a constant of 55 basis points. After the conversion on August 15, 2019, the interest rate is indexed to 67% of one-month LIBOR with monthly rate resets plus a constant of 28 basis points. This rate will remain in effect until the last day of the LIBOR Index Rate Period which is August 15, 2021. 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, 2019, the credit rating assigned to JP Morgan Chase Bank, N.A. is A+ by S&P and Aa2 by Moody's, while the credit rating assigned to Bank of America, N.A. is A+ by S&P and Aa2 by Moody's.

Remarketing and Rollover Risk

The initial interest rate on the 2015-C Bonds was 67% of one-month LIBOR plus 55 basis points from March 18, 2015 through and including August 14, 2019. During the LIBOR Index Rate Period from August 15, 2019, through August 15, 2021, the bonds will bear interest at a rate of 67% of one-month LIBOR plus 28 basis points. The bonds do not require a liquidity agent or a remarketing agent for these time periods and therefore the District is not exposed to remarketing risk.

KATY INDEPENDENT SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS (continued)****NOTE 9 – LONG-TERM DEBT (continued)****Interest Rate Swap Agreements (continued)**

Thereafter, the bonds will bear interest at a rate determined by a remarketing agent to be selected by the District before the end of the LIBOR 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.

Swap Payments and Associated Debt

As of August 31, 2019 the following are debt service requirements assuming current interest rates during the initial rate period, and rates returning to pre-refunding rates thereafter.

Fiscal Year Ending	Principal	Interest*	Total
2020	\$ 4,550,000	\$ 4,731,508	\$ 9,281,508
2021	4,750,000	4,527,655	9,277,655
2022	4,960,000	4,948,440	9,908,440
2023	5,190,000	4,710,608	9,900,608
2024	5,430,000	4,467,893	9,897,893
2025-2029	31,010,000	18,158,580	49,168,580
2030-2034	38,630,000	10,031,170	48,661,170
2035-2036	17,980,000	1,302,928	19,282,928
Total	<u>\$ 112,500,000</u>	<u>\$ 52,878,782</u>	<u>\$ 165,378,782</u>

*LIBOR rate period (through August 15, 2021) budgeted at 4.20%. Assumes 3.92% synthetic fixed rate and .28% constant. Variable rate payments and receipts negate as they are based on the same index and percentage.

Thereafter (August 16, 2021 through August 15, 2036) budgeted at 4.795%. Assumes 3.92% synthetic fixed rate, .40% liquidity fees, .35% budgeted reserve, and .125% remarketing fees.

Current Year Redemption of General Long-Term Debt

In 2019, the District paid off \$14,265,000 of outstanding bonds as follows:

Series Description	Scheduled Maturity	Principal
2010-A Unlimited Tax Refunding Bonds	2021 - 2022	\$ 11,595,000
2010-B Limited Tax Refunding Bonds	2020 - 2027	2,670,000
		<u>\$ 14,265,000</u>

The payment of these bonds in 2019 resulted in gross interest savings of \$1,898,000.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 9 – LONG-TERM DEBT (continued)

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, 2019 the District received \$3,037,227 in such subsidies. This includes a reduction of the 2018-19 subsidy payments by 6.2% 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 2020 has been set at 5.9%.

**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, 2019 were \$24,980,619. Of that amount \$24,625,372 is classified as Buildings and Improvements and \$355,247 as Furniture and Equipment.

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.

KATY INDEPENDENT SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS (continued)****NOTE 10 – COMMITMENT TO FINANCE MULTI-PURPOSE COMPLEX THROUGH
PARTICIPATION IN TAX INCREMENT REINVESTMENT ZONE AGREEMENTS
(continued)****Capital Lease Arrangement (continued)**

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.

Significant aspects of the bonds/capital lease obligation of the District as of August 31, 2019 are shown below:

Series	Amount Outstanding	Interest Rates	Maturity Date Serially, Beginning/Ending	Interest Payment Dates	Callable Dates
2012	\$ 8,820,000	2.88%	5/15/20 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
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	8,820,000	910,800	9,730,800
Less: Current Portion	1,365,000	254,016	1,619,016
Long Term Lease	<u>\$ 7,455,000</u>	<u>\$ 656,784</u>	<u>\$ 8,111,784</u>

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

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

Capital Lease Arrangement (continued)

The average annual debt service on the bonds is \$1,621,800 through maturity. The maximum annual debt service on the bonds is \$1,625,504 through maturity.

Through the fiscal year ended August 31, 2019, the District has paid \$50,063,890 in collected tax increments and state revenues to the KDA. The District will pay additional tax increments of \$2,923,275 collected in fiscal 2018-19 and state revenues of \$1,232,436 to the KDA in fiscal 2019-20, and these amounts have been included as a liability in these financial statements. The District estimates that it will collect an additional \$4,140,507 in tax increments and state revenues in fiscal 2019-20 to be paid to the KDA in the 2020-21 fiscal year. The tax increment base value is \$4,397,510 and the certified taxable value before the increment in the Zone for the 2019 tax year is \$258,416,370. The District has received \$16,639,407 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.

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.

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 11 – UNEARNED REVENUES AND DEFERRED INFLOWS OF RESOURCES

Governmental funds report unavailable 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, 2019 reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Deferred Inflows of Resources		
Net Property Taxes Receivable (General Fund)	\$ 8,186,402	\$
Net Property Taxes Receivable (Debt Service Fund)	2,741,502	
Unearned Revenue		
Proceeds-Expenditure Driven State Grants (Special Revenue Fund)		412,659
Revenues Received Prior to Meeting all		
Expenditure Requirements (General Fund)		158,270
Total	<u>\$ 10,927,904</u>	<u>\$ 570,929</u>

NOTE 12 – FUND EQUITY

Nonspendable, Restricted, Committed and Assigned Fund Balance

A summary of nonspendable, restricted, committed and assigned fund balance at August 31, 2019 is as follows:

Fund Balances:	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>
Nonspendable:				
Inventory	\$ 1,131,442	\$	\$	\$ 260,091
Prepaid Items	1,047,673			670
Total Nonspendable	<u>\$ 2,179,115</u>	<u>\$</u>	<u>\$</u>	<u>\$ 260,761</u>
Restricted for:				
Long-Term Debt	\$	\$ 58,509,980	\$	\$
Capital Acquisitions and Contracts			111,335,799	
Food Services				6,334,230
Tax Increment Reinvestment Zone				7,263,282
Other Grant Programs				607,234
Total Restricted	<u>\$</u>	<u>\$ 58,509,980</u>	<u>\$ 111,335,799</u>	<u>\$ 14,204,746</u>
Committed to:				
Self Funded Insurance	\$ 5,000,000	\$	\$	\$
Campus Activity Funds				5,812,699
Total Committed	<u>\$ 5,000,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,812,699</u>
Assigned to:				
Maintain Debt Service Rate	\$ 4,150,000	\$	\$	\$
Maintain Compensation Plan	15,000,000			
Opening Additional Schools	10,272,057			
Self Funded Insurance-Stop Loss	2,600,000			
Maintain Technology Retrofit Schedule	15,000,000			
Capital Expenditures for Equipment	5,000,000			
Other Assignments-Encumbrances	693,952			
Total Assigned	<u>\$ 52,716,009</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 13 – REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Property Taxes	\$ 431,993,120	\$ 139,434,942	\$	\$	\$ 571,428,062
Penalties, Interest, and					
Other Tax Related Income	2,273,260	740,474			3,013,734
Summer School, Tuition and Fees	2,401,303				2,401,303
Investment Income	7,217,641	1,963,249	2,128,635	299,188	11,608,713
Food Sales				15,441,633	15,441,633
Cocurricular Student Activities	2,215,566				2,215,566
Facility Rental	3,169,283				3,169,283
Other	2,749,846	46,488		12,687,427	15,483,761
Total	<u>\$ 452,020,019</u>	<u>\$ 142,185,153</u>	<u>\$ 2,128,635</u>	<u>\$ 28,428,248</u>	<u>\$ 624,762,055</u>

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, 2019 follows:

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>
Naval Junior Reserve Officers Training Program	n/a	\$ 74,256
SHARS	93.778	14,552,277
E-Rate School and Libraries Universal Support	n/a	46,662
Build America Bonds Subsidy	n/a	3,037,227
Disaster Relief and Emergency Assistance	97.036	4,259,910
Indirect Costs		
National School Breakfast Program	10.553	215,085
National School Lunch Program	10.555	1,079,649
ESEA Title I, Part A - Improving Basic Programs	84.010A	208,573
ESEA Title I 1003 School Improvement	84.010A	562
IDEA Part B - Formula	84.027A	354,905
IDEA Part B - Preschool	84.173A	8,838
Texas Education for Homeless Children & Youth	84.196A	695
Carl D. Perkins Basic Grant	84.048A	12,876
ESEA Title II, Part A - Supporting Effective Instruction	84.367A	26,670
ESEA Title III, Part A	84.365A	44,537
Title IV, Part A, Subpart 1, Student Support	84.424A	2,642
Early Childhood Intervention	Various	8,737
IDEA Part B - Deaf	84.027A	3,181
Total		<u>\$ 23,937,282</u>

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 15 – 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.

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

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.

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 15 – RETIREMENT PLAN (continued)

Contributions (continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

Contribution Rates

	<u>2018</u>	<u>2019</u>
Member (Employee)	7.7%	7.7%
Non-employer contributing agency (State)	6.8%	6.8%
District (Employer)	6.8%	6.8%

	Measurement Year (2018)		Fiscal Year (2019)
	Contributions Required and Made	Pension Expense	TRS Contributions
Member (Employee)	\$ 38,828,713	\$	\$ 40,529,548
Non-employer contributing agency (State)	25,394,996	41,092,827	27,110,355
District (Employer)	14,500,023	36,456,317	15,056,236

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.
- When the district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 15 – RETIREMENT PLANS (continued)

Contributions (continued)

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, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	3.69% *
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.3%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

* As of August 2018, the source of this rate is the Fixed Income Market data/yield curve/data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's 20-Year Municipal GO AA Index

The actuarial methods and assumptions are based primarily on a study of actual experience for the three-year period ending August 31, 2017 and adopted in July 2018.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 15 – RETIREMENT PLAN (continued)

Discount Rate

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 sufficient to finance the benefit payments until the year 2069. As a result, 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 inflation) are developed for each major 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation *	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns ***
Global Equity			
U.S.	18.00 %	5.70 %	1.04 %
Non-U.S. Developed	13.00	6.90	0.90
Emerging Markets	9.00	8.95	0.80
Directional Hedge Funds	4.00	3.53	0.14
Private Equity	13.00	10.18	1.32
Stable Value			
U.S. Treasuries	11.00	1.11	0.12
Absolute Return	-	-	-
Stable Value Hedge Funds	4.00	3.09	0.12
Cash	1.00	(0.30)	-
Real Return			
Global Inflation Linked Bonds	3.00	0.70	0.02
Real Assets	14.00	5.21	0.73
Energy and Natural Resources	5.00	7.48	0.37
Commodities	-	-	-
Risk Parity			
Risk Parity	5.00	3.70	0.18
Inflation Expectation			2.30
Volatility Drag **			(0.79)
Total	<u>100.00 %</u>		<u>7.25 %</u>

* Target allocations are based on the FY2016 policy model.

** Capital market assumptions come from Aon Hewitt (2017 Q4)

*** The volatility drag results from the conversion between arithmetic and geometric mean returns.

KATY INDEPENDENT SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS (continued)****NOTE 15 – RETIREMENT PLAN (continued)****Retiree Pension 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 (6.907%) in measuring the Net Pension Liability.

	Discount Rate		
	1% Decrease 5.907%	Current Rate 6.907%	1% Increase 7.907%
District's proportional share of the net pension liability	\$ 357,540,247	\$ 236,900,889	\$ 139,236,172

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

At August 31, 2019, the District reported a liability of \$236,900,889 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	\$ 236,900,889
State's proportionate share that is associated with the District	415,190,842
Total	<u>\$ 652,091,731</u>

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 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, 2017 thru August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.4304% which was an increase of 0.0254% from its proportion measured as of August 31, 2017.

Changes since the Prior Actuarial Valuation –The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirements mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 15 – RETIREMENT PLAN (continued)

Retiree Pension Plan (continued)

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

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, 2019, the District recognized pension expense of \$36,456,317 and revenue of \$41,092,827 for support provided by the State.

At August 31, 2019, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,476,646	\$ (5,812,612)
Changes of assumptions	85,414,180	(2,669,195)
Net difference between projected and actual earnings on pension plan investments		(4,495,025)
Changes in proportion and differences between District contributions and proportionate share of contributions	32,402,069	(5,262)
District contributions subsequent to the measurement date	15,056,236	
Total	<u>\$ 134,349,131</u>	<u>\$ (12,982,094)</u>

The \$15,056,236 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, 2020. 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:

Year ended August 31	Amount
2020	\$ 28,182,161
2021	18,722,675
2022	15,998,876
2023	17,182,646
2024	15,988,251
Thereafter	10,236,192
	<u>\$ 106,310,801</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 16 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Retiree Health Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS 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.

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Plan Monthly Premium Rates		
Effective January 1, 2018 - December 31, 2018		
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

** or surviving spouse*

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 16 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Retiree Health Plan (continued)

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	<u>2018</u>	<u>2019</u>
Active Employee	0.65%	0.65%
Non-employer contributing agency (State)	1.25%	1.25%
District (Employer)	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%

	<u>Measurement Year (2018)</u>	<u>Fiscal Year (2019)</u>
	<u>Contributions Required and Made</u>	<u>OPEB Expense</u>
Active Employee	\$ 3,277,708	\$ 3,421,358
Non-employer contributing agency (State)	6,060,649	6,325,674
District (Employer)	4,027,872	4,217,204

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When employers hire a TRS retiree, they are required to pay to TRS-Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018, The 85th Texas Legislature, House Bill 30 provided an additional \$212.0 million in one-time supplemental funding for the fiscal year 2019 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

Actuarial Assumptions

A change was made in the measurement date of the total OPEB liability (TOL) for this fiscal year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the TOL to August 31, 2018.

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 16 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Retiree Health Plan (continued)

Actuarial Assumptions (continued)

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	
Valuation Date	August 31, 2017, rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate*	3.69% *
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases **	3.05% to 9.05% **
Healthcare Trend Rates ***	6.75% to 107.74% ***
Ad hoc post-employment benefit changes	None

* Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.

** Includes Inflation at 2.50%

*** Initial trend rates are 107.74% and 9.00% for Medicare retirees; 6.75% for non-Medicare retirees and 11.00% for prescriptions for all retirees.

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 16 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Retiree Health Plan (continued)

Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability:

	Discount Rate		
	1% Decrease	Current Rate	1% Increase
	2.69%	3.69%	4.69%
District's proportional share of the net OPEB liability	\$ 348,544,189	\$ 292,809,737	\$ 248,720,192

Healthcare Cost Trend Rate - The following presents the District’s proportional share of the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

	Discount Rate		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 243,183,255	\$ 292,809,737	\$ 358,168,886

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2019, the District reported a liability of \$292,809,737 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 292,809,737
State's proportionate share that is associated with the District	439,287,541
Total	<u>\$ 732,097,278</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 16 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Retiree Health Plan (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

The Net OPEB Liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was 0.5864% which was an increase of 0.0455% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation - The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

There was a significant plan change adopted in fiscal year ending August 31, 2018:

- The Total OPEB Liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

For the year ended August 31, 2019, the District recognized OPEB expense of \$10,432,032 and revenue of \$15,978,644 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,538,324	\$ (4,620,968)
Changes of assumptions	4,886,201	(87,972,525)
Net difference between projected and actual earnings on OPEB investments	51,209	
Changes in proportion and differences between District contributions and proportionate share of contributions	24,931,839	
District contributions subsequent to the measurement date	4,217,204	
Total	<u>\$ 49,624,777</u>	<u>\$ (92,593,493)</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 16 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Retiree Health Plan (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

The \$4,217,204 reported as deferred outflows of resources related to TRS-Care resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2020. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31	Amount
2020	\$ (8,422,803)
2021	(8,422,803)
2022	(8,422,803)
2023	(8,432,487)
2024	(8,438,026)
Thereafter	(5,046,998)
	<u>\$ (47,185,920)</u>

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, 2019, 2018, and 2017, the subsidy payments received by TRS-Care on-behalf of the District were \$1,952,177, \$1,487,987, and \$1,419,158, 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 and state 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 2019, \$742,443 was disbursed to 85 members. No assets are being held or accumulated for future distribution. The District has accrued \$28,998,353 in the Government-wide Financial Statements to pay for compensated absences.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 17 – 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. Except as described in Note 22, 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 and \$50 million for named windstorms. The policy covers up to \$50 million per year for flood losses. In addition, the policy covers \$5 million for the one property currently in a flood plain. 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 \$0.5 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.

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 \$5.1 million has been recorded in the fund as of August 31, 2019. 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, 2019, the fund had net position of \$15,867,821. 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, 2019 and 2018 are as follows:

	Health Insurance	
	2019	2018
Beginning Accrual	\$ 2,383,500	\$ 1,882,987
Current Estimates	55,564,890	53,401,889
Payments for Claims	(52,898,390)	(52,901,376)
Ending Accrual	<u>\$ 5,050,000</u>	<u>\$ 2,383,500</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 17 – RISK MANAGEMENT (continued)

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, 2019. 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 2019 compared to 2018 are as follows:

	Workers' Compensation	
	2019	2018
Beginning Accrual	\$ 46,346	\$ 27,960
Current Estimates	2,463,349	1,148,586
Payments for Claims	(1,311,194)	(1,130,200)
Ending Accrual	<u>\$ 1,198,501</u>	<u>\$ 46,346</u>

At August 31, 2019, the District had \$2.0 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 18 – 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, 2019. Based on arbitrage calculations as of August 31, 2019 there was no arbitrage liability.

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 19 – 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, 2019 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	\$ 89,106	\$ 2,814	\$ 938	\$ 3,752	\$ 4,689
IDEA-C Early Intervention	2,133	68	22	90	112
Regional Day School For the Deaf	532,492	16,815	5,605	22,421	28,026
Local Share, Deaf	635,201	19,907	6,636	26,542	33,178
	<u>\$ 1,258,932</u>	<u>\$ 39,604</u>	<u>\$ 13,201</u>	<u>\$ 52,805</u>	<u>\$ 66,005</u>

NOTE 20 – 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 21 – TAX ABATEMENTS

The District has one active Foreign Trade Zone Agreement with Kobelco Construction Machinery Co. Ltd. Foreign Trade Zones in the State of Texas can access an ad valorem property tax exemption under Federal Law at 19 USC 81 O (e). The exempted value in the zone for 2018-2019 year is \$12,564,186, resulting in the applicant's taxes being reduced by \$190,548. State funding formulas will hold the District harmless for \$1.00 of the District's \$1.5166 tax rate and Kobelco reimbursed the District for lost tax revenues on the remaining \$0.5166 tax rate in the amount of \$64,907.

KATY INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 22 – HURRICANE HARVEY

On August 25, 2017, Hurricane Harvey made landfall on the Texas coast before stalling over the Houston-Galveston area and producing significant flooding. As a result, District officials cancelled classes from August 25 through September 8, 2017. Many residences and commercial properties sustained damage due to flooding. The Texas Education Agency notified districts in the disaster declared areas that they are eligible to apply for missed school day waivers for the time period that the District cancelled classes. The district applied for and received the waiver.

The District did experience damage to some facilities which did not have a substantial negative effect on the operation of the District. However, damages to the Education Support Center/Leonard Merrell Center (ESC/LMC) and Creech Elementary School were more extensive due to flooding. The remediation and restoration of the ESC/LMC facility is complete, and Creech Elementary re-opened for the 2018-2019 school year.

On August 25, 2017, the President of the United States issued a major disaster declaration, which was later amended and includes all three counties in which the District is located; Harris, Fort Bend, and Waller Counties. This declaration made federal assistance available including direct federal assistance under the Public Assistance Program. The District utilized its general fund balance to initially cover Hurricane Harvey related expenses and is in the process of seeking reimbursement from the Federal Emergency Management Agency (FEMA) for eligible disaster-related expenses. The District recognized federal revenue of \$352,002 in funds received from FEMA during the 2017-2018 fiscal year and recognized a final \$4,259,910 in the 2018-2019 fiscal year. The District received \$15,000,000 of insurance proceeds during the 2017-2018 fiscal year and recognized the final insurance payment of \$10,000,000 in the 2018-2019 fiscal year.

The District was overpaid by FEMA as claims were processed before all insurance proceeds were received. The District has recorded a liability of \$3,425,797 to reflect the payable to FEMA.

NOTE 23 – PRIOR PERIOD ADJUSTMENT

During the 2018-2019 fiscal year, the District performed a review of capital asset processes including classifications, estimates, and calculation of depreciation. Procedural issues were identified that caused over depreciation on constructed assets and improvements based on how they were entered into the accounting system. In addition, asset classifications were restructured to eliminate inconsistencies and lives were adjusted based on replacement cycles.

The changes in estimated useful lives included in the current year operations resulted in an increase in depreciation of \$2,889,069.

The adjustment not related to a change in estimate netted to a prior period adjustment of \$37,963,429.

NOTE 24 – SUBSEQUENT EVENTS

In November 2019 the District issued \$169,169,942 in Unlimited Tax Refunding Bonds, Taxable Series 2019-A. The refunding bonds have an average coupon interest rate of 3.10% and were issued to refund portions of outstanding Series 2012-A and Series 2013 bonds with an average interest rate of 5.00%. The District contributed \$6,000,000 from the Debt Service Fund to the transaction which was deposited, with the proceeds, in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunding bonds.

Also in November 2019 the District issued \$135,490,000 in Unlimited Tax Refunding Bonds, Series 2019-B. The refunding bonds have an average coupon interest rate of 4.44% and were issued to refund \$155,000,000 of the Series 2019-D Unlimited Tax School Building Bonds. These bonds were issued under the Build America Bonds program with an average interest rate of 6.18%. Under the program, the District received semi-annual subsidies equal to 35% of the interest paid on the bonds.

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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, 2019
With comparative actual balances for the Year Ended August 31, 2018

Data Control Codes		2019	
		Budgeted Amounts	
		Original	Final
	REVENUES		
5700	Local, Intermediate, and Out-of-State	\$ 456,623,088	\$ 451,113,389
5800	State Program Revenues	245,827,189	291,296,115
5900	Federal Program Revenues	12,699,189	23,747,420
5020	Total Revenues	<u>715,149,466</u>	<u>766,156,924</u>
	EXPENDITURES		
	Current:		
0011	Instruction	450,618,780	453,824,091
0012	Instructional Resources and Media Services	8,321,968	8,341,245
0013	Curriculum and Instructional Staff Development	9,674,450	9,546,691
0021	Instructional Leadership	5,867,887	6,142,815
0023	School Leadership	40,054,526	40,880,097
0031	Guidance, Counseling, and Evaluation Services	30,729,373	31,607,129
0033	Health Services	7,403,791	7,411,000
0034	Student Transportation	19,476,047	23,198,738
0036	Extracurricular Activities	14,714,812	16,026,283
0041	General Administration	15,298,628	13,840,073
0051	Facilities Maintenance and Operations	65,831,319	68,989,882
0052	Security and Monitoring Services	8,930,721	9,211,529
0053	Data Processing Services	13,512,883	14,401,324
0061	Community Services	323,260	321,571
0081	Facilities Acquisition and Construction	896,687	4,685,177
0093	Payments to Fiscal Agents SSA	658,000	769,850
0095	Payments to JJAEP	123,577	63,577
0097	Payments to Tax Increment Reinvestment Zone	4,797,789	4,222,604
0099	Other Intergovernmental Charges	4,588,000	4,318,000
6030	Total Expenditures	<u>701,822,498</u>	<u>717,801,676</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>13,326,968</u>	<u>48,355,248</u>
	OTHER FINANCING SOURCES/(USES)		
7912	Sales of Real and Personal Property		53,539
7915	Transfers In	500,000	500,000
8911	Transfers Out	(13,768,893)	(22,977,873)
7080	Total Other Financing Sources/(Uses)	<u>(13,268,893)</u>	<u>(22,424,334)</u>
	EXTRAORDINARY ITEMS		
7919	Insurance Recovery		10,000,000
1200	Net Change in Fund Balances	58,075	35,930,914
0100	Fund Balances - Beginning	213,495,712	213,495,712
3000	Fund Balances - Ending	<u>\$ 213,553,787</u>	<u>\$ 249,426,626</u>

See accompanying notes to the Required Supplementary Information

		2018
Actual	Variance with Final Budget Positive (Negative)	Actual
\$ 452,020,019	\$ 906,630	\$ 438,561,055
292,379,255	1,083,140	252,351,261
23,937,282	189,862	13,415,669
768,336,556	2,179,632	704,327,985
452,758,768	1,065,323	422,507,663
8,284,336	56,909	8,263,093
9,421,981	124,710	8,905,232
5,969,633	173,182	5,572,139
40,705,308	174,789	38,778,632
31,364,974	242,155	28,636,801
7,293,402	117,598	6,725,189
22,491,858	706,880	18,616,994
15,521,883	504,400	14,877,088
13,558,104	281,969	12,994,744
67,044,502	1,945,380	82,740,896
9,000,306	211,223	8,406,323
14,183,673	217,651	13,403,723
287,593	33,978	361,615
4,339,232	345,945	14,837,534
630,385	139,465	428,982
5,500	58,077	26,124
4,155,711	66,893	3,570,449
4,272,945	45,055	4,377,773
711,290,094	6,511,582	694,030,994
57,046,462	8,691,214	10,296,991
53,539		97,859
500,000		500,000
(22,977,873)		(15,224,275)
(22,424,334)		(14,626,416)
10,000,000		15,000,000
44,622,128	8,691,214	10,670,575
213,495,712		202,825,137
\$ 258,117,840	\$ 8,691,214	\$ 213,495,712

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2019

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 20th and adopted by August 31st 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 20th, 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 1st, the budget is legally adopted 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, 2019 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 FIVE MEASUREMENT YEARS ENDED AUGUST 31

Exhibit F-2

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's Proportion of the Net Pension Liability	0.23%	0.40%	0.39%	0.40%	0.43%
District's Proportionate Share of Net Pension Liability	\$ 61,442,566	\$ 141,271,770	\$ 148,128,053	\$ 129,492,973	\$ 236,900,889
State's Proportionate Share of the Net Pension Liability associated with the District	<u>217,114,716</u>	<u>267,896,675</u>	<u>287,808,897</u>	<u>243,448,882</u>	<u>415,190,842</u>
Total	<u>\$ 278,557,282</u>	<u>\$ 409,168,445</u>	<u>\$ 435,936,950</u>	<u>\$ 372,941,855</u>	<u>\$ 652,091,731</u>
District's Covered Payroll	\$ 384,948,688	\$ 426,358,194	\$ 452,806,263	\$ 475,674,264	\$ 504,268,992
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	15.96%	33.13%	32.71%	27.22%	46.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability *	83.25%	78.43%	78.00%	82.17%	73.74%
Plan's Net Pension Liability as a Percentage of Covered Payroll *	72.89%	91.94%	92.75%	75.93%	126.11%

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.

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Contractually Required Contribution	\$ 4,397,046	\$ 4,731,099	\$ 3,783,874	\$ 4,751,427
Contribution in Relation to the Contractually Required Contribution	<u>4,397,046</u>	<u>4,731,099</u>	<u>3,783,874</u>	<u>4,751,427</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered Payroll	\$ 331,937,388	\$ 355,508,558	\$ 328,345,312	\$ 352,558,343
Contributions as a Percentage of Covered Payroll	1.32%	1.33%	1.15%	1.35%

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 5,831,753	\$ 11,839,803	\$ 12,454,547	\$ 13,273,105	\$ 14,500,023	\$ 15,056,236
<u>5,831,753</u>	<u>11,839,803</u>	<u>12,454,547</u>	<u>13,273,105</u>	<u>14,500,023</u>	<u>15,056,236</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 384,948,688	\$ 426,358,194	\$ 452,806,263	\$ 475,674,264	\$ 504,268,992	\$ 526,358,404
1.51%	2.78%	2.75%	2.79%	2.88%	2.86%

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2019

Effective September 1, 2014, employers who did not contribute Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

Changes in Assumptions

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirements mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

Changes in Benefit Terms

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

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM - CARE
FOR THE LAST TWO MEASUREMENTS YEAR ENDED AUGUST 31

Exhibit F-4

	<u>2017</u>	<u>2018</u>
District's Proportion of the Net OPEB Liability	0.54%	0.59%
District's Proportionate Share of Net OPEB Liability	\$ 235,241,949	\$ 292,809,737
State's Proportionate Share of the Net OPEB Liability associated with the District	<u>380,851,640</u>	<u>439,287,541</u>
Total	<u>\$ 616,093,589</u>	<u>\$ 732,097,278</u>
District's Covered Payroll	\$ 475,674,264	\$ 504,268,992
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	49.45%	58.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability *	0.91%	1.57%
Plan's Net OPEB Liability as a Percentage of Covered Payroll *	132.55%	146.64%

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 2017. Net OPEB liability and related ratios will be presented prospectively as data becomes available.

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Contractually Required Contribution	\$ 1,945,170	\$ 2,090,397	\$ 1,920,613	\$ 2,000,191
Contribution in Relation to the Contractually Required Contribution	<u>1,945,170</u>	<u>2,090,397</u>	<u>1,920,613</u>	<u>2,000,191</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered Payroll	\$ 331,937,388	\$ 355,508,558	\$ 328,345,312	\$ 352,558,343
Contributions as a Percentage of Covered Payroll	0.59%	0.59%	0.58%	0.57%

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 2,242,087	\$ 2,493,897	\$ 2,648,206	\$ 2,812,442	\$ 4,046,597	\$ 4,217,204
<u>2,242,087</u>	<u>2,493,897</u>	<u>2,648,206</u>	<u>2,812,442</u>	<u>4,046,597</u>	<u>4,217,204</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 384,948,688	\$ 426,358,194	\$ 452,806,263	\$ 475,674,264	\$ 504,268,992	\$ 526,358,404
0.58%	0.58%	0.58%	0.59%	0.80%	0.80%

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY OTHER POST-EMPLOYMENT
BENEFIT INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2019

Changes Since Prior Actuarial Valuation

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The Total OPEB Liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

Changes in Benefit Terms

Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities. The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

Other Supplementary Information



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

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, 2019 and 2018

Exhibit G-1

Data Control Codes		August 31, 2019	August 31, 2018
	ASSETS		
1110	Cash and Cash Equivalents	\$ 285,024,654	\$ 220,560,581
1120	Current Investments	19,230,810	12,189,314
	Receivables:		
1225	Property Taxes Receivable (net)	8,186,402	7,395,574
1240	Due from Other Governments	742,123	10,234,471
1260	Due from Other Funds		3,691,756
1290	Other Receivables	317,900	613,004
1300	Inventories, at Cost	1,131,442	1,177,112
1410	Prepaid Items	1,047,673	671,521
1910	Long-Term Investments	11,373,527	21,276,983
1000	Total Assets	<u>\$ 327,054,531</u>	<u>\$ 277,810,316</u>
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	\$ 12,757,957	\$ 15,202,119
2150	Payroll Withholding Payable	5,831,473	5,021,400
2160	Accrued Wages Payable	27,556,844	25,570,958
2170	Due to Other Funds	5,013,373	
2180	Due to Other Governments	8,836,181	3,570,449
2200	Accrued Expenditures	596,191	574,594
2300	Unearned Revenue	158,270	61,432
2000	Total Liabilities	<u>60,750,289</u>	<u>50,000,952</u>
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable Revenue - Property Taxes	8,186,402	7,395,574
2600	Unavailable Revenue - SHARS		6,918,078
2600	Total Deferred Inflows or Resources	<u>8,186,402</u>	<u>14,313,652</u>
	FUND BALANCE		
	Fund Balances:		
3410/30	Nonspendable	2,179,115	1,848,633
3540	Committed	5,000,000	5,000,000
3580	Assigned	52,716,009	62,918,089
3600	Unassigned	198,222,716	143,728,990
3000	Total Fund Balance	<u>258,117,840</u>	<u>213,495,712</u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 327,054,531</u>	<u>\$ 277,810,316</u>

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
GENERAL FUND

Exhibit G-2

YEAR ENDED AUGUST 31, 2019

with comparative actual balances for the year ended August 31, 2018

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Local Sources				
Real and Personal Property Taxes	\$ 430,712,065	\$ 431,343,104	\$ 631,039	\$ 422,351,294
Taxes Collected on Tax Increment Zone	2,923,275	2,923,275		2,511,581
Tuition and Fees from Patrons	2,394,972	2,401,303	6,331	2,087,517
Investment Income	6,735,046	7,217,641	482,595	3,921,585
Rental Income	3,436,143	3,169,284	(266,859)	3,047,087
Athletics	2,180,825	2,215,566	34,741	2,185,543
Other	2,731,063	2,749,846	18,783	2,456,448
Revenues - Local Sources	<u>451,113,389</u>	<u>452,020,019</u>	<u>906,630</u>	<u>438,561,055</u>
State Sources				
Per Capita and Foundation	215,914,462	216,020,465	106,003	217,774,533
TRS On-Behalf Benefit	34,459,830	35,388,206	928,376	34,574,532
Other State Revenue	<u>40,921,823</u>	<u>40,970,584</u>	<u>48,761</u>	<u>2,196</u>
Revenues - State Sources	<u>291,296,115</u>	<u>292,379,255</u>	<u>1,083,140</u>	<u>252,351,261</u>
Federal Sources				
Indirect Costs - Federal Grants	1,719,556	1,966,950	247,394	1,647,416
Federal Grants	4,362,513	4,380,828	18,315	486,314
SHARS	14,628,124	14,552,277	(75,847)	8,257,664
Build America Bonds Subsidy	<u>3,037,227</u>	<u>3,037,227</u>		<u>3,024,275</u>
Revenues - Federal Sources	<u>23,747,420</u>	<u>23,937,282</u>	<u>189,862</u>	<u>13,415,669</u>
Total Revenues	<u>\$ 766,156,924</u>	<u>\$ 768,336,556</u>	<u>\$ 2,179,632</u>	<u>\$ 704,327,985</u>

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED AUGUST 31, 2019
with comparative actual balances for the year ended August 31, 2018

Exhibit G-3
Page 1 of 4

Function	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Instruction and Instruction-Related Services				
Instruction				
6100 Payroll Costs	\$ 436,522,264	\$ 435,402,648	\$ 1,119,616	\$ 405,009,534
6200 Purchased and Contracted Services	3,033,693	2,940,936	92,757	2,987,783
6300 Supplies and Materials	13,721,952	13,893,013	(171,061)	13,769,087
6400 Other Operating Expenditures	418,690	400,783	17,907	543,459
6600 Capital Outlay	127,492	121,388	6,104	197,800
Total Instruction	453,824,091	452,758,768	1,065,323	422,507,663
Instructional Resources and Media Services				
6100 Payroll Costs	7,462,334	7,416,068	46,266	7,191,493
6200 Purchased and Contracted Services	5,625	4,045	1,580	1,700
6300 Supplies and Materials	862,733	855,736	6,997	1,063,356
6400 Other Operating Expenditures	10,553	8,487	2,066	6,544
Total Instructional Resources/Media Svc.	8,341,245	8,284,336	56,909	8,263,093
Curriculum and Instructional Staff Development				
6100 Payroll Costs	7,819,163	7,785,716	33,447	7,288,474
6200 Purchased and Contracted Services	361,383	285,257	76,126	193,767
6300 Supplies and Materials	377,302	384,431	(7,129)	582,833
6400 Other Operating Expenditures	988,843	966,577	22,266	824,235
6600 Capital Outlay				15,923
Total Curriculum/Instr. Staff Development	9,546,691	9,421,981	124,710	8,905,232
Total Instruction and Instruction-Related Services	471,712,027	470,465,085	1,246,942	439,675,988
Instruction and School Leadership				
Instructional Leadership				
6100 Payroll Costs	5,802,984	5,677,905	125,079	5,142,972
6200 Purchased and Contracted Services	96,478	81,518	14,960	143,852
6300 Supplies and Materials	102,131	91,041	11,090	127,412
6400 Other Operating Expenditures	141,222	119,169	22,053	117,084
6600 Capital Outlay				40,819
Total Instructional Leadership	6,142,815	5,969,633	173,182	5,572,139
School Leadership				
6100 Payroll Costs	40,031,863	39,899,551	132,312	37,979,852
6200 Purchased and Contracted Services	21,097	13,763	7,334	30,215
6300 Supplies and Materials	372,462	365,205	7,257	390,420
6400 Other Operating Expenditures	454,675	426,789	27,886	371,520
6600 Capital Outlay				6,625
Total School Leadership	40,880,097	40,705,308	174,789	38,778,632
Total Instruction and School Leadership	47,022,912	46,674,941	347,971	44,350,771

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED AUGUST 31, 2019
with comparative actual balances for the year ended August 31, 2018

Exhibit G-3
Page 2 of 4

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Support Services - Student				
Guidance, Counseling and Evaluation Services				
6100 Payroll Costs	\$ 29,178,797	\$ 29,086,577	\$ 92,220	\$ 26,418,164
6200 Purchased and Contracted Services	768,924	692,823	76,101	718,344
6300 Supplies and Materials	1,403,632	1,338,678	64,954	1,261,216
6400 Other Operating Expenditures	255,776	246,896	8,880	206,172
6600 Capital Outlay				32,905
Total Guidance, Counsel. and Eval. Services	31,607,129	31,364,974	242,155	28,636,801
Health Services				
6100 Payroll Costs	6,912,969	6,885,521	27,448	6,453,011
6200 Purchased and Contracted Services	333,550	261,939	71,611	122,882
6300 Supplies and Materials	143,214	132,657	10,557	131,689
6400 Other Operating Expenditures	21,267	13,285	7,982	17,607
Total Health Services	7,411,000	7,293,402	117,598	6,725,189
Student Transportation				
6100 Payroll Costs	16,012,979	15,422,637	590,342	15,285,076
6200 Purchased and Contracted Services	866,604	905,072	(38,468)	885,125
6300 Supplies and Materials	2,448,524	2,308,146	140,378	2,173,730
6400 Other Operating Expenditures	370,631	356,003	14,628	243,111
6600 Capital Outlay	3,500,000	3,500,000		29,952
Total Student Transportation	23,198,738	22,491,858	706,880	18,616,994
Extracurricular Activities				
6100 Payroll Costs	10,170,173	10,001,099	169,074	9,473,171
6200 Purchased and Contracted Services	1,239,084	1,249,522	(10,438)	920,756
6300 Supplies and Materials	2,261,659	2,098,664	162,995	2,556,684
6400 Other Operating Expenditures	2,131,131	2,049,649	81,482	1,718,704
6600 Capital Outlay	224,236	122,949	101,287	207,773
Total Extracurricular Activities	16,026,283	15,521,883	504,400	14,877,088
Total Support Services - Student	78,243,150	76,672,117	1,571,033	68,856,072
Administrative Support Services				
General Administration				
6100 Payroll Costs	11,254,999	11,162,633	92,366	9,436,668
6200 Purchased and Contracted Services	1,315,882	1,225,273	90,609	1,571,103
6300 Supplies and Materials	367,118	312,875	54,243	927,358
6400 Other Operating Expenditures	902,074	857,323	44,751	952,293
6600 Capital Outlay				107,322
Total Administrative Support Services	13,840,073	13,558,104	281,969	12,994,744

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED AUGUST 31, 2019
with comparative actual balances for the year ended August 31, 2018

Exhibit G-3
Page 3 of 4

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Support Services - Nonstudent Based				
Facilities Maintenance and Operations				
6100 Payroll Costs	\$ 33,757,224	\$ 33,016,268	\$ 740,956	\$ 32,018,969
6200 Purchased and Contracted Services	25,952,754	25,315,556	637,198	36,809,178
6300 Supplies and Materials	4,794,106	4,573,097	221,009	4,496,955
6400 Other Operating Expenditures	3,159,257	2,835,914	323,343	1,634,737
6600 Capital Outlay	1,326,541	1,303,667	22,874	7,781,057
Total Facilities Maintenance and Operations	68,989,882	67,044,502	1,945,380	82,740,896
Security and Monitoring Services				
6100 Payroll Costs	8,049,843	7,974,661	75,182	7,562,109
6200 Purchased and Contracted Services	237,050	173,733	63,317	196,570
6300 Supplies and Materials	386,766	398,404	(11,638)	263,886
6400 Other Operating Expenditures	35,178	26,466	8,712	27,938
6600 Capital Outlay	502,692	427,042	75,650	355,820
Total Security and Monitoring Services	9,211,529	9,000,306	211,223	8,406,323
Data Processing Services				
6100 Payroll Costs	9,035,968	9,015,458	20,510	8,541,403
6200 Purchased and Contracted Services	599,880	536,008	63,872	488,987
6300 Supplies and Materials	3,893,126	3,782,698	110,428	3,673,670
6400 Other Operating Expenditures	124,095	101,520	22,575	119,651
6600 Capital Outlay	748,255	747,989	266	580,012
Total Data Processing Services	14,401,324	14,183,673	217,651	13,403,723
Total Support Services - Nonstudent Based	92,602,735	90,228,481	2,374,254	104,550,942
Ancillary Services				
Community Services				
6100 Payroll Costs	190,816	167,355	23,461	225,999
6200 Purchased and Contracted Services	65,675	63,327	2,348	48,518
6300 Supplies and Materials	54,905	48,592	6,313	76,673
6400 Other Operating Expenditures	10,175	8,319	1,856	10,425
Total Ancillary Services	321,571	287,593	33,978	361,615

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED AUGUST 31, 2019
with comparative actual balances for the year ended August 31, 2018

Exhibit G-3
Page 4 of 4

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
Capital Outlay				
Facilities Acquisition and Construction				
6100 Payroll Costs	\$ 844,821	\$ 819,558	\$ 25,263	\$ 783,777
6200 Purchased and Contracted Services	4,854	4,854		
6300 Supplies and Materials	27,267	26,502	765	12,826
6400 Other Operating Expenditures	7,890	6,946	944	5,077
6600 Capital Outlay	3,800,345	3,481,372	318,973	14,035,854
Total Capital Outlay	4,685,177	4,339,232	345,945	14,837,534
Intergovernmental Charges				
Payments to Fiscal Agents				
6400 Other Operating Expenditures	769,850	630,385	139,465	428,982
Payments to JJAEP				
6200 Purchased and Contracted Services	63,577	5,500	58,077	26,124
Payments to Tax Increment Reinvestment Zone				
6400 Other Operating Expenditures	4,222,604	4,155,711	66,893	3,570,449
Other Intergovernmental Charges				
6200 Purchased and Contracted Services	4,318,000	4,272,945	45,055	4,377,773
Total Intergovernmental Charges	9,374,031	9,064,541	309,490	8,403,328
6030 Total Expenditures	\$ 717,801,676	\$ 711,290,094	\$ 6,511,582	\$ 694,030,994

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.

KATY INDEPENDENT SCHOOL DISTRICT
COMPARATIVE BALANCE SHEET
DEBT SERVICE FUND
AUGUST 31, 2019 and 2018

Exhibit H-1

Data Control Codes		August 31, 2019	August 31, 2018
	ASSETS		
1110	Cash and Cash Equivalents	\$ 58,505,570	\$ 56,741,546
	Receivables:		
1225	Property Taxes Receivable (net)	2,741,502	2,497,882
1240	Due from Other Governments		53,169
1260	Due from Other Funds		675,274
1290	Other Receivables (Net)	67,496	
1000	Total Assets	<u><u>\$ 61,314,568</u></u>	<u><u>\$ 59,967,871</u></u>
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	\$	\$ 23,195
2170	Due to Other Funds	63,086	
2000	Total Liabilities	<u><u>63,086</u></u>	<u><u>23,195</u></u>
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable Revenue - Property Taxes	<u>2,741,502</u>	<u>2,497,882</u>
	FUND BALANCE		
	Restricted For:		
3480	Retirement of Long-term Debt	<u>58,509,980</u>	<u>57,446,794</u>
3000	Total Fund Balance	<u><u>58,509,980</u></u>	<u><u>57,446,794</u></u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u><u>\$ 61,314,568</u></u>	<u><u>\$ 59,967,871</u></u>

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, 2019
with comparative actual balances for the year ended August 31, 2018

Data Control Codes		2019	
		Budgeted Amounts	
		Original	Final
	REVENUES		
5700	Local, Intermediate, and Out-of-State	\$ 144,160,814	\$ 141,881,920
5800	State Program Revenues	1,881,841	1,892,985
5020	Total Revenues	<u>146,042,655</u>	<u>143,774,905</u>
	EXPENDITURES		
	Debt Service:		
0071	Principal on Long-Term Debt	75,970,000	84,235,000
0072	Interest on Long-Term Debt	81,058,234	81,589,825
0073	Bond Issuance Costs and Fees	321,766	703,201
6030	Total Expenditures	<u>157,350,000</u>	<u>166,528,026</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,307,345)</u>	<u>(22,753,121)</u>
	OTHER FINANCING SOURCES/(USES)		
7915	Transfers In	12,048,893	22,809,827
7080	Total Other Financing Sources/(Uses)	<u>12,048,893</u>	<u>22,809,827</u>
1200	Net Change in Fund Balance	741,548	56,706
0100	Fund Balances - Beginning	57,446,794	57,446,794
3000	Fund Balances - Ending	<u>\$ 58,188,342</u>	<u>\$ 57,503,500</u>

		2018
Actual	Variance with Final Budget Positive (Negative)	Actual
\$ 142,185,153	\$ 303,233	\$ 138,324,185
1,892,985		1,956,567
144,078,138	303,233	140,280,752
84,235,000		70,416,790
81,419,061	170,764	80,326,526
467,399	235,802	34,845
166,121,460	406,566	150,778,161
(22,043,322)	709,799	(10,497,409)
23,106,508	296,681	13,602,249
23,106,508	296,681	13,602,249
1,063,186	1,006,480	3,104,840
57,446,794		54,341,954
\$ 58,509,980	\$ 1,006,480	\$ 57,446,794

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, 2019 and 2018

Exhibit I-1

Data Control Codes		August 31, 2019	August 31, 2018
	ASSETS		
1110	Cash and Cash Equivalents	\$ 142,365,199	\$ 184,563,519
	Receivables:		
1240	Due from Other Governments	1,434,858	
1260	Due from Other Funds	5,258,214	
1290	Other Receivables	3,032	
1000	Total Assets	<u>\$ 149,061,303</u>	<u>\$ 184,563,519</u>
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	\$ 37,725,504	\$ 42,140,588
2170	Due to Other Funds		590,677
2000	Total Liabilities	<u>37,725,504</u>	<u>42,731,265</u>
	FUND BALANCE		
	Restricted For:		
3470	Capital Acquisitions and Contracts	<u>111,335,799</u>	<u>141,832,254</u>
3000	Total Fund Balance	<u>111,335,799</u>	<u>141,832,254</u>
4000	Total Liabilities and Fund Balance	<u>\$ 149,061,303</u>	<u>\$ 184,563,519</u>

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
YEAR ENDED AUGUST 31, 2019 and 2018

Exhibit I-2

Data Control Codes		August 31, 2019	August 31, 2018
	REVENUES		
5700	Local, Intermediate, and Out-of-State	\$ 2,128,635	\$ 2,377,974
5900	Federal Program Revenues	1,434,858	60,684
5020	Total Revenues	<u>3,563,493</u>	<u>2,438,658</u>
	EXPENDITURES		
0081	Facilities Acquisition and Construction:		
	Land and Improvements	6,780,490	10,035,643
	Building and Improvements	208,699,635	173,539,317
	Furniture & Equip, Vehicles, and Library & Media	25,651,188	32,638,065
	Total Facilities Acquisition and Construction	<u>241,131,313</u>	<u>216,213,025</u>
0073	Bond Issuance Cost and Fees	<u>1,532,017</u>	<u>1,458,976</u>
6030	Total Expenditures	<u>242,663,330</u>	<u>217,672,001</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(239,099,837)</u>	<u>(215,233,343)</u>
	OTHER FINANCING SOURCES/(USES)		
7911	Capital Related Debt Issued	190,695,000	186,225,000
7912	Sale of Property		3,270,763
7916	Premium on Issuance of Bonds	20,037,017	15,233,976
8911	Transfers Out	<u>(2,128,635)</u>	<u>(2,377,974)</u>
7080	Total Other Financing Sources/(Uses)	<u>208,603,382</u>	<u>202,351,765</u>
1200	Net Change in Fund Balance	(30,496,455)	(12,881,578)
0100	Fund Balances - Beginning	<u>141,832,254</u>	<u>154,713,832</u>
3000	Fund Balances - Ending	<u>\$ 111,335,799</u>	<u>\$ 141,832,254</u>

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.

KATY INDEPENDENT SCHOOL DISTRICT

SPECIAL REVENUE PROGRAM DESCRIPTIONS

McKinney Vento/TEHCY - 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 - 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.

Individuals with Disabilities Education Act (IDEA), Part B - Discretionary - Funds are used to support, on a project basis, Regional Day School Programs for the deaf, priority projects, and other emerging needs.

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 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 – Supporting Effective Instruction – 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 - ELA 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; 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; various education related costs due to disruptions of the learning environment due to Hurricane Harvey; and other federally funded special revenue that has not been specified above.

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 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.

KATY INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE PROGRAM DESCRIPTIONS (continued)

State Supplemental Visually Impaired - Funds are used to provide educational assistance to visually impaired students.

Advanced Placement Incentive - Funds are used for training for eligible teachers who complete TEA-approved workshops.

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

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, 2019

Data Control Codes		206 McKinney Vento TEHCY	211 ESEA Title I Part A	224 IDEA Part B Formula
	REVENUES			
5700	Local, Intermediate, and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	42,945	6,095,161	10,679,306
5020	Total Revenues	<u>42,945</u>	<u>6,095,161</u>	<u>10,679,306</u>
	EXPENDITURES			
0011	Instruction	16,126	4,997,001	6,415,158
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	2,887	721,468	603,683
0021	Instructional Leadership		50,637	
0023	School Leadership		40,542	
0031	Guidance, Counseling, and Evaluation Services		450	3,621,941
0033	Health Services			38,524
0034	Student Transportation	21,225		
0035	Food Services			
0036	Extracurricular Activities			
0041	General Administration			
0051	Facilities Maintenance and Operations	1,706		
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services	1,001	285,063	
0081	Facilities Acquisition and Construction			
6030	Total Expenditures	<u>42,945</u>	<u>6,095,161</u>	<u>10,679,306</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures			
	OTHER FINANCING SOURCES/(USES)			
7912	Sale of Real and Personal Property			
8911	Transfers Out			
7080	Total Other Financing Sources/(Uses)			
1200	Net Change in Fund Balance			
0100	Fund Balance - September 1 (Beginning)			
3000	Fund Balance - August 31 (Ending)	<u>\$</u>	<u>\$</u>	<u>\$</u>

225 IDEA Part B Preschool	226 IDEA Part B Discretionary	240 Nutrition and Food Services	244 Carl D. Perkins Grant	255 ESEA Title II Part A	263 ESEA Title III Part A
\$	\$	\$ 15,665,132	\$	\$	\$
		179,636			
165,786	80,991	16,659,793	498,612	1,047,206	2,006,345
165,786	80,991	32,504,561	498,612	1,047,206	2,006,345
165,261			293,434	84,660	512,777
525	1,000		202,213	934,164	1,138,436
			2,460		
	79,991		505	27,402	
					110,623
		31,555,787			
				980	
					244,509
165,786	80,991	31,555,787	498,612	1,047,206	2,006,345
		948,774			
		54,913			
		54,913			
		1,003,687			
		5,591,304			
\$	\$	\$ 6,594,991	\$	\$	\$

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS
AUGUST 31, 2019

Data Control Codes		272 Medicaid Administrative Claiming	289 Federally Funded Special Rev.	315 SSA IDEA B Discretionary
	REVENUES			
5700	Local, Intermediate, and Out-of-State	\$	\$ 182,222	\$
5800	State Program Revenues		358,771	
5900	Federal Program Revenues	97,970	2,071,101	101,299
5020	Total Revenues	97,970	2,612,094	101,299
	EXPENDITURES			
0011	Instruction		1,877,934	101,299
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development		58,186	
0021	Instructional Leadership		413,079	
0023	School Leadership		199	
0031	Guidance, Counseling, and Evaluation Services		139,997	
0033	Health Services	93,229	17,065	
0034	Student Transportation			
0035	Food Services			
0036	Extracurricular Activities			
0041	General Administration		99,498	
0051	Facilities Maintenance and Operations			
0052	Security and Monitoring Services			
0053	Data Processing Services		1,788	
0061	Community Services		4,348	
0081	Facilities Acquisition and Construction			
6030	Total Expenditures	93,229	2,612,094	101,299
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	4,741		
	OTHER FINANCING SOURCES/(USES)			
7912	Sale of Real and Personal Property			
8911	Transfers Out			
7080	Total Other Financing Sources/(Uses)			
1200	Net Change in Fund Balance	4,741		
0100	Fund Balance - September 1 (Beginning)	526,003		
3000	Fund Balance - August 31 (Ending)	\$ 530,744	\$	\$

340 SSA IDEA C Early Intervention	385 State Visually Impaired	397 Advanced Placement Incentive	410 Instructional Materials Allotment	429 State Funded Special Revenue	435 SSA Regional Deaf CO-OP
\$	\$	\$	\$	\$	\$
	20,000	23,700	14,012 8,783,850	44,982	605,359
2,425					
2,425	20,000	23,700	8,797,862	44,982	605,359
2,425	20,000		8,772,204	24,250	526,748
		23,700	11,646	60 14,000	
					78,611
				2,542	
				4,130	
2,425	20,000	23,700	8,783,850	44,982	605,359
			14,012		
			14,012 62,478		
\$	\$	\$	\$ 76,490	\$	\$

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS
AUGUST 31, 2019

Data Control Codes		455 SSA Deaf Local Share	461 Campus Activity Funds	480 Locally Funded Special Revenue
	REVENUES			
5700	Local, Intermediate, and Out-of-State	\$ 721,464	\$ 9,329,256	\$ 138,331
5800	State Program Revenues			
5900	Federal Program Revenues		1,075	
5020	Total Revenues	<u>721,464</u>	<u>9,330,331</u>	<u>138,331</u>
	EXPENDITURES			
0011	Instruction	517,220	2,555,618	12,175
0012	Instructional Resources and Media Services		845,389	
0013	Curriculum and Instructional Staff Development	2,380	275,801	66,364
0021	Instructional Leadership	111,854	16,405	3,486
0023	School Leadership		719,833	75
0031	Guidance, Counseling, and Evaluation Services	52,418	6,306	46,954
0033	Health Services	36,651	834	
0034	Student Transportation		623	
0035	Food Services			6,772
0036	Extracurricular Activities		4,315,416	835
0041	General Administration		1,671	1,535
0051	Facilities Maintenance and Operations		71,267	
0052	Security and Monitoring Services		24,746	
0053	Data Processing Services		72	
0061	Community Services	941	36,010	135
0081	Facilities Acquisition and Construction		489,910	
6030	Total Expenditures	<u>721,464</u>	<u>9,359,901</u>	<u>138,331</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(29,570)</u>	
	OTHER FINANCING SOURCES/(USES)			
7912	Sale of Real and Personal Property			
8911	Transfers Out			
7080	Total Other Financing Sources/(Uses)			
1200	Net Change in Fund Balance		(29,570)	
0100	Fund Balance - September 1 (Beginning)		5,842,269	
3000	Fund Balance - August 31 (Ending)	<u>\$</u>	<u>\$ 5,812,699</u>	<u>\$</u>

495 Tax Increment Reinvestment Zone	499 Katy ISD Education Found. Grants	Special Revenue Fund August 31, 2019
\$ 2,101,847	\$ 275,984	\$ 28,428,248
		10,016,298
		39,550,015
<u>2,101,847</u>	<u>275,984</u>	<u>77,994,561</u>
	275,939	27,170,229
		845,449
		4,056,453
		597,921
		788,051
	45	3,948,607
		264,914
		132,471
		31,562,559
		4,318,793
		103,684
		72,973
		28,876
		1,860
		572,007
<u>66,205</u>		<u>556,115</u>
<u>66,205</u>	<u>275,984</u>	<u>75,020,962</u>
<u>2,035,642</u>		<u>2,973,599</u>
		54,913
<u>(500,000)</u>		<u>(500,000)</u>
<u>(500,000)</u>		<u>(445,087)</u>
1,535,642		2,528,512
5,727,640		17,749,694
<u>\$ 7,263,282</u>	<u>\$</u>	<u>\$ 20,278,206</u>

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, 2019
with comparative actual balances for the Year Ended August 31, 2018

Data Control Codes		2019	
		NUTRITION AND	
		Budgeted Amounts	
		Original	Final
	REVENUES		
5700	Local, Intermediate, and Out-of-State	\$ 14,635,000	\$ 15,546,990
5800	State Program Revenues	180,000	179,635
5900	Federal Program Revenues	16,445,893	16,396,992
5020	Total Revenues	<u>31,260,893</u>	<u>32,123,617</u>
	EXPENDITURES		
0035	Food Services		
	Payroll Costs	13,679,905	13,317,413
	Professional and Contracted Services	84,000	82,626
	Supplies and Materials	18,192,306	19,402,181
	Other Operating Expenses	43,900	44,761
	Capital Outlay		45,784
	Total Food Service	<u>32,000,111</u>	<u>32,892,765</u>
0081	Facilities Acquisition and Construction		
	Capital Outlay		
	Total Facilities Acquisition and Construction		
6030	Total Expenditures	<u>32,000,111</u>	<u>32,892,765</u>
1100	Excess (Deficiency) of Revenues		
	Over (Under) Expenditures	<u>(739,218)</u>	<u>(769,148)</u>
	OTHER FINANCING SOURCES/(USES)		
7912	Sale of Real and Personal Property		54,913
	Total Other Financing Sources/(Uses)		<u>54,913</u>
1200	Net Change in Fund Balance	(739,218)	(714,235)
0100	Fund Balance - September 1 (Beginning)	5,591,304	5,591,304
3000	Fund Balance - August 31 (Ending)	<u>\$ 4,852,086</u>	<u>\$ 4,877,069</u>

FOOD SERVICE		
Actual Amounts	Variance with Final Budget Positive (Negative)	2018 Actuals
\$ 15,665,132	\$ 118,142	\$ 12,412,520
179,636	1	176,301
16,659,793	262,801	18,218,779
32,504,561	380,944	30,807,600
12,665,120	652,293	12,220,306
85,865	(3,239)	68,165
18,766,206	635,975	17,388,732
38,596	6,165	38,665
	45,784	
31,555,787	1,336,978	29,715,868
		730,000
		730,000
31,555,787	1,336,978	30,445,868
948,774	1,717,922	361,732
54,913		26,475
54,913		26,475
1,003,687	1,717,922	388,207
5,591,304		5,203,097
\$ 6,594,991	\$ 1,717,922	\$ 5,591,304

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, 2019

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	\$ 19,165,090	\$ 1,988,182	\$ 1,224,508	\$ 22,377,780
1260	Due from Other Funds	213,714			213,714
1290	Other Receivables	3,366,578			3,366,578
1300	Inventories			108,080	108,080
	Total Current Assets	22,745,382	1,988,182	1,332,588	26,066,152
Noncurrent Assets:					
Capital Assets:					
1540	Furniture and Equipment			1,501,499	1,501,499
1573	Accumulated Depreciation			(881,065)	(881,065)
	Total Noncurrent Assets			620,434	620,434
1000	Total Assets	22,745,382	1,988,182	1,953,022	26,686,586
LIABILITIES					
Current Liabilities:					
2110	Accounts Payable	1,827,561	604,024	279,744	2,711,329
2170	Due to Other Funds		15		15
2200	Accrued Expenses	5,050,000	1,198,501		6,248,501
2000	Total Liabilities	6,877,561	1,802,540	279,744	8,959,845
NET POSITION					
3200	Investment in Capital Assets			620,434	620,434
3900	Unrestricted	15,867,821	185,642	1,052,844	17,106,307
3000	Total Net Position	\$ 15,867,821	\$ 185,642	\$ 1,673,278	\$ 17,726,741

KATY INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Exhibit K-2

Data Control Codes		Governmental Activities			Total Internal Service Funds
		Health Insurance	Workers' Compensation	Print Shop	
	OPERATING REVENUES				
5754	Charges for Services	\$ 58,231,441	\$ 1,045,214	\$ 3,888,786	\$ 63,165,441
5020	Total Operating Revenues	<u>58,231,441</u>	<u>1,045,214</u>	<u>3,888,786</u>	<u>63,165,441</u>
	OPERATING EXPENSES				
6100	Salary and Benefits	107,200			107,200
6200	Administrator Fees	4,627,318	140,713		4,768,031
6200	Claims Expense	55,366,451	2,402,283		57,768,734
6200	Repair and Maintenance Expense			13,086	13,086
6200	Equipment Rental			114,048	114,048
6200	Contracted Services	56,085		2,151,109	2,207,194
6300	Supplies	5,180	7,349	1,631,730	1,644,259
6400	Miscellaneous Operating Expenses	45,033	83,661		128,694
6400	Depreciation			197,445	197,445
6030	Total Operating Expenses	<u>60,207,267</u>	<u>2,634,006</u>	<u>4,107,418</u>	<u>66,948,691</u>
1300	Operating Income (Loss)	<u>(1,975,826)</u>	<u>(1,588,792)</u>	<u>(218,632)</u>	<u>(3,783,250)</u>
	NONOPERATING REVENUES (EXPENSES)				
5742	Investment Income	390,386	38,469	17,493	446,348
7912	Net Gain on Sale of Capital Assets			3,559	3,559
	Total Net Nonoperating Revenue	<u>390,386</u>	<u>38,469</u>	<u>21,052</u>	<u>449,907</u>
	Income (Loss) before Contributions & Transfers	<u>(1,585,440)</u>	<u>(1,550,323)</u>	<u>(197,580)</u>	<u>(3,333,343)</u>
7900	Transfers In	2,000,000			2,000,000
7900	Capital Contributions			4,233	4,233
1300	Change in Net Position	414,560	(1,550,323)	(193,347)	(1,329,110)
0100	Total Net Position September 1 (Beginning)	<u>15,453,261</u>	<u>1,735,965</u>	<u>1,866,625</u>	<u>19,055,851</u>
3000	Total Net Position August 31 (Ending)	<u>\$ 15,867,821</u>	<u>\$ 185,642</u>	<u>\$ 1,673,278</u>	<u>\$ 17,726,741</u>

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Exhibit K-3

	Governmental Activities			Total
	Health Insurance	Workers' Compensation	Print Shop	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Internal Services Provided	\$ 58,459,866	\$ 1,045,214	\$ 4,897,484	\$ 64,402,564
Cash Payments to Suppliers	(50,213)	(11,082)	(1,633,894)	(1,695,189)
Cash Payments to Pay Claims	(52,898,390)	(1,311,194)		(54,209,584)
Cash Payments for Contracted Services	(4,681,752)	(140,713)	(2,375,004)	(7,197,469)
Cash Payments to Employees	(107,200)			(107,200)
Net Cash Provided (Used) by Operating Activities	722,311	(417,775)	888,586	1,193,122
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets			(420,494)	(420,494)
Proceeds from Sale of Capital Assets			3,695	3,695
Net Cash (Used) by Capital and Related Financing Activities			(416,799)	(416,799)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	2,000,000			2,000,000
Net Cash Provided by Noncapital Financing Activities	2,000,000			2,000,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	390,385	38,470	17,493	446,348
Net Cash Provided by Investing Activities	390,385	38,470	17,493	446,348
Net Increase (Decrease) in Cash and Cash Equivalents	3,112,696	(379,305)	489,280	3,222,671
Cash and Cash Equivalents at Beginning of Year	16,052,394	2,367,487	735,228	19,155,109
Cash and Cash Equivalents at End of Year	\$ 19,165,090	\$ 1,988,182	\$ 1,224,508	\$ 22,377,780
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (1,975,826)	\$ (1,588,792)	\$ (218,632)	\$ (3,783,250)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation			197,445	197,445
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	(473,675)			(473,675)
(Increase) Decrease in Inventories			10,952	10,952
Increase (Decrease) in Accounts Payable	(196,788)	18,847	(109,877)	(287,818)
Increase (Decrease) in Interfund Payables	702,100	15	1,008,698	1,710,813
Increase (Decrease) in Accrued Expenses	2,666,500	1,152,155		3,818,655
Net Cash Provided (Used) by Operating Activities	\$ 722,311	\$ (417,775)	\$ 888,586	\$ 1,193,122
Noncash Investing, Capital, and Financing Activities				
Contributions of Capital Assets from Government			\$ 4,233	\$ 4,233
Capital Assets Retired			\$ 136	\$ 136

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, 2019

Exhibit L-1

	Balance September 1, 2018	Additions	Deductions	Balance August 31, 2019
<u>STUDENT ACTIVITIES</u>				
ASSETS				
Cash and Cash Equivalents	\$ 2,710,261	\$ 10,888,441	\$ 10,921,429	\$ 2,677,273
Total Assets	<u>\$ 2,710,261</u>	<u>\$ 10,888,441</u>	<u>\$ 10,921,429</u>	<u>\$ 2,677,273</u>
LIABILITIES				
Accounts Payable	\$ 137,567	\$ 5,430,261	\$ 5,491,208	\$ 76,620
Accrued Wages	2,988		2,988	
Due to Student Groups	2,569,706	5,419,657	5,388,710	2,600,653
Total Liabilities	<u>\$ 2,710,261</u>	<u>\$ 10,849,918</u>	<u>\$ 10,882,906</u>	<u>\$ 2,677,273</u>

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN DUE TO STUDENT GROUPS
AGENCY FUNDS
YEAR ENDED AUGUST 31, 2019

Exhibit L-2
Page 1 of 2

	Balance September 1, 2018	Additions	Deductions	Balance August 31, 2019
<u>Student Activities</u>				
Due to Student Groups				
High Schools:				
Katy	\$ 167,106	\$ 267,459	\$ 270,600	\$ 163,965
Taylor	177,136	474,316	418,830	232,622
Mayde Creek	120,295	249,069	232,112	137,252
Cinco Ranch	287,374	489,313	526,288	250,399
Morton Ranch	59,853	289,387	280,419	68,821
Seven Lakes	420,115	595,876	588,793	427,198
Tompkins	294,744	402,364	446,221	250,887
Paetow	6,007	155,839	122,963	38,883
Opportunity Awareness Center	145		145	
Miller Career & Technology Center	625	13,096	11,536	2,185
Junior High Schools:				
Katy	42,913	41,702	40,874	43,741
West Memorial	32,794	55,415	56,816	31,393
Mayde Creek	13,851	35,869	31,719	18,001
Memorial Parkway	25,346	42,815	44,883	23,278
McDonald	15,176	21,747	17,759	19,164
Beck	57,070	159,901	153,733	63,238
McMeans	98,780	134,788	169,706	63,862
Cinco Ranch	78,259	157,797	203,987	32,069
Morton Ranch	18,276	29,384	25,068	22,592
Beckendorff	50,051	258,486	263,428	45,109
Cardiff	20,815	42,947	47,259	16,503
Wood Creek	38,565	89,350	87,935	39,980
Seven Lakes	74,780	208,863	216,346	67,297
Tays	66,852	183,990	180,620	70,222
Stockdick	4,271	58,871	54,727	8,415
Adams		19,581	7,523	12,058
Elementary Schools:				
Wolfe	1,262	1,550	1,484	1,328
Katy	3,224	1,688	1,888	3,024
West Memorial	89	700	417	372
Memorial Parkway	21	983	632	372
Hutsell	3,169	5,129	4,169	4,129
Bear Creek	1,779	643	1,249	1,173
Cimarron	3,712	2,933	4,008	2,637
Winborn	10,246	5,842	6,052	10,036
Nottingham Country	271	2,878	2,881	268
Sundown	1,977	3,740	2,981	2,736

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN DUE TO STUDENT GROUPS
AGENCY FUNDS
YEAR ENDED AUGUST 31, 2019

Exhibit L-2
Page 2 of 2

	Balance September 1, 2018	Additions	Deductions	Balance August 31, 2019
Elementary Schools: (continued)				
Mayde Creek	\$ 1,541	\$ 2,558	\$ 2,476	\$ 1,623
Pattison	1,182	1,370	1,458	1,094
Golbow	4,329	11,335	11,618	4,046
Fielder	1,137	3,545	2,667	2,015
Hayes	1,357	685	1,282	760
McRoberts	3,208	1,886	1,365	3,729
Alexander	18			18
Williams	1,778		246	1,532
Creech	3,244	1,979	1,822	3,401
King	1,728	177	650	1,255
Schmalz	6,021	2,820	2,234	6,607
Kilpatrick	2,804	362	520	2,646
Rylander	18			18
Exley	714	46	427	333
Rhoads	3,237	5,338	5,671	2,904
Franz	475	1,740	1,234	981
Griffin	3,572	1,284	1,279	3,577
Stephens	2,164	3,007	4,015	1,156
Woodcreek	891	5,146	4,062	1,975
Morton Ranch	1,477	1,252	585	2,144
Holland	615	1,488	1,603	500
Stanley	1,560	2,041	1,497	2,104
Wilson	1,444	2,978	4,122	300
Wolman	3,807	3,838	1,722	5,923
Shafer	2,181	4,375	3,988	2,568
Davidson	1,455	3,698	2,478	2,675
Randolph	10		10	
Jenks	2,368	3,895	3,913	2,350
Bethke	1,088	3,343	3,148	1,283
Bryant	2,220		1,327	893
Campbell	500	2,176	2,298	378
Leonard		339		339
Total All Schools	<u>2,255,092</u>	<u>4,577,012</u>	<u>4,595,768</u>	<u>2,236,336</u>
Non-School Activities				
Athletics	898		165	733
Central Administration	200,335	61,859	36,658	225,536
Vocational Administration	116,775	776,692	755,419	138,048
Music Department	700		700	
Other	(4,094)	4,094		
Total Non-School Activities	<u>314,614</u>	<u>842,645</u>	<u>792,942</u>	<u>364,317</u>
Total Due to Student Groups	<u>\$ 2,569,706</u>	<u>\$ 5,419,657</u>	<u>\$ 5,388,710</u>	<u>\$ 2,600,653</u>

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COMPLIANCE SCHEDULES

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2019

Fiscal Year	Tax Rates			Assessed/Appraised Value For School Tax Purposes	Beginning Balance September 1
	Maintenance	Debt Service	Total		
2010 and prior	Various	Various	Various	Various	\$ 1,052,732
2011	1.1266	0.4000	1.5266	\$ 19,819,925,666	317,780
2012	1.1266	0.4000	1.5266	20,727,521,751	329,337
2013	1.1266	0.4000	1.5266	22,083,259,111	486,530
2014	1.1266	0.4000	1.5266	24,283,430,990	530,616
2015	1.1266	0.4000	1.5266	28,605,871,081	567,973
2016	1.1266	0.3900	1.5166	32,904,425,128	782,068
2017	1.1266	0.3900	1.5166	36,351,443,912	1,291,963
2018	1.1466	0.3700	1.5166	37,980,513,157	3,876,053
2019	1.1466	0.3700	1.5166	38,946,447,913	
1000 Totals					<u><u>\$ 9,235,052</u></u>

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

\$	257,040,069	\$	115
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Note: Tax rates are per \$100 valuation.

Current Year's Total Levy	Maintenance and Operations Collections	Interest and Sinking Fund Collections	Total Collections	Entire Year's Adjustments	Ending Balance August 31
\$	\$ 33,077	\$ 9,653	\$ 42,730	\$ (238,224)	\$ 771,778
	17,427	6,187	23,614	4,624	298,790
	60,886	21,618	82,504	62,399	309,232
	181,073	64,290	245,363	103,059	344,226
	291,520	103,504	395,024	298,935	434,527
	326,574	115,950	442,524	486,427	611,876
	364,182	126,070	490,252	426,258	718,074
	(94,138)	(32,588)	(126,726)	(469,232)	949,457
	(3,881,664)	(1,252,587)	(5,134,251)	(7,504,388)	1,505,916
<u>579,335,903</u>	<u>434,694,183</u>	<u>140,272,845</u>	<u>574,967,028</u>		<u>4,368,875</u>
<u>\$ 579,335,903</u>	<u>\$ 431,993,120</u>	<u>\$ 139,434,942</u>	<u>\$ 571,428,062</u>	<u>\$ (6,830,142)</u>	<u>10,312,751</u>
Penalty and Interest Receivable on Taxes					4,941,745
Less Allowance					(4,326,592)
Total Property Taxes Receivable (net) per Exhibit C-1					<u>\$ 10,927,904</u>
<u>\$ 2,947,221</u>	<u>\$ 2,923,275</u>	<u>\$</u>	<u>\$ 2,923,275</u>	<u>\$ (115)</u>	<u>\$ 23,946</u>

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED
SCHOOL FIRST INDICATORS
YEAR ENDED AUGUST 31, 2019

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	\$
SF11	Net Pension Assets (1920) at fiscal year-end.	\$
SF12	Net Pension Liability (2540) at fiscal year-end.	\$ 236,900,889
SF13	Pension Expense (6147) at fiscal year-end.	

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>2010</u>	<u>2011</u>	<u>2012 (1)</u>	<u>2013</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ 8,212,302	\$ 21,482,594	\$ 25,842,564	\$ 14,038,245
Restricted	55,025,421	53,397,875	56,177,142	58,244,628
Unrestricted	76,101,294	89,003,969	114,349,856	142,191,271
Total Governmental Activities Net Position	<u>\$ 139,339,017</u>	<u>\$ 163,884,438</u>	<u>\$ 196,369,562</u>	<u>\$ 214,474,144</u>
Primary Government:				
Net Investment in Capital Assets	\$ 8,212,302	\$ 21,482,594	\$ 25,842,564	\$ 14,038,245
Restricted	55,025,421	53,397,875	56,177,142	58,244,628
Unrestricted	76,101,294	89,003,969	114,349,856	142,191,271
Total Primary Government Net Position	<u>\$ 139,339,017</u>	<u>\$ 163,884,438</u>	<u>\$ 196,369,562</u>	<u>\$ 214,474,144</u>

- (1) As restated for GASB 65 regarding expensing of bond issuance costs. 2011 and prior have not been restated.
 (2) Includes implementation of GASB 68 in Fiscal Year 2015, the District did not restate prior periods.
 (3) Includes implementation of GASB 75 in Fiscal Year 2018, the District did not restate prior periods.
 (4) Includes Capital Asset prior period adjustments, the District did not restate prior periods.

Source: District Financial Statements

2014	2015 (2)	2016	2017	2018 (3)	2019 (4)
\$ 18,488,857	\$ 42,267,486	\$ 78,027,768	\$ 82,852,902	\$ 124,413,226	\$ 174,206,102
62,159,491	61,083,366	62,162,827	65,667,551	68,233,054	72,409,538
159,985,665	114,283,057	124,728,667	122,630,464	(199,949,188)	(191,087,409)
<u>\$ 240,634,013</u>	<u>\$ 217,633,909</u>	<u>\$ 264,919,262</u>	<u>\$ 271,150,917</u>	<u>\$ (7,302,908)</u>	<u>\$ 55,528,231</u>
\$ 18,488,857	\$ 42,267,486	\$ 78,027,768	\$ 82,852,902	\$ 124,413,226	\$ 174,206,102
62,159,491	61,083,366	62,162,827	65,667,551	68,233,054	72,409,538
159,985,665	114,283,057	124,728,667	122,630,464	(199,949,188)	(191,087,409)
<u>\$ 240,634,013</u>	<u>\$ 217,633,909</u>	<u>\$ 264,919,262</u>	<u>\$ 271,150,917</u>	<u>\$ (7,302,908)</u>	<u>\$ 55,528,231</u>

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

Expenses	2010	2011	2012 (1)	2013
Governmental Activities:				
Instruction	\$ 318,792,587	\$ 321,361,278	\$ 311,062,572	\$ 333,099,527
Instructional Resources and Media Services	8,776,073	8,694,209	8,525,841	9,015,595
Curriculum and Instructional Staff Development	7,910,924	8,323,619	6,942,069	7,871,530
Instructional Leadership	3,925,420	4,078,594	3,798,441	4,059,587
School Leadership	28,700,116	29,459,540	28,339,372	30,333,001
Guidance, Counseling, and Evaluation Services	19,331,101	19,932,124	19,103,538	21,261,678
Health Services	5,374,766	5,410,272	4,932,619	5,407,237
Student Transportation	15,870,638	16,776,762	16,917,348	17,006,681
Food Services	25,659,045	25,802,502	26,234,107	27,993,364
Extracurricular Activities	10,309,076	12,465,039	11,808,768	12,246,444
General Administration	9,536,158	10,142,271	9,799,768	9,484,422
Facilities Maintenance and Operations	47,824,859	48,326,942	45,314,890	47,106,425
Security and Monitoring Services	5,114,765	5,162,174	4,893,473	5,388,225
Data Processing Services	11,759,319	11,894,172	11,368,931	12,031,043
Community Services	1,205,834	1,159,882	1,278,824	1,036,286
Interest and Issuance Costs on Long-term Debt	46,647,128	41,206,516	50,383,193	55,659,332
Facilities Planning	1,845,948	623,871	2,103,510	1,502,445
Payments to Shared Service Arrangements	305,166	300,087	232,862	204,065
Payments to JJAEP	69,917	47,890	32,924	18,088
Payments to Tax Increment Reinvestment Zone	510,997	306,098	452,731	1,122,877
Payments to Appraisal Districts	2,134,824	2,242,299	2,348,096	2,455,136
Total Primary Government Expenses	571,604,661	573,716,141	565,873,877	604,302,988
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	1,065,708	1,043,362	907,065	1,033,348
Food Services	13,032,422	14,375,772	10,456,147	12,699,017
Extracurricular Activities	1,765,252	2,023,554	1,952,969	2,252,426
Facilities Maintenance and Operations	1,729,204	1,876,929	2,426,812	2,232,762
Community Services	200,650	174,218	149,276	156,057
Facilities Planning			3,325,766	1,219,902
Other Activities	593,306	156,749	370,651	324,107
Operating Grants and Contributions	84,775,106	92,971,578	79,970,734	77,328,433
Total Primary Government Program Revenues	103,161,648	112,622,162	99,559,420	97,246,052
Net (Expense)/Revenue				
Total Primary Government Net Expense	\$ (468,443,013)	\$ (461,093,979)	\$ (466,314,457)	\$ (507,056,936)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes, Levied for General Purposes	\$ 219,043,580	\$ 223,109,407	\$ 232,528,594	\$ 248,945,316
Property Taxes, Levied for Debt Service	77,572,287	79,267,758	82,571,766	88,449,282
State Aid - Formula Grants	166,306,187	181,203,466	173,734,050	195,933,554
Investment Earnings	6,792,995	1,275,513	1,171,162	1,140,128
Miscellaneous	1,075,254	783,256	946,468	870,835
Extraordinary Item - Insurance Proceeds				
Special Items			7,847,541	468,634
Total Primary Government General Revenues and Special Items	470,790,303	485,639,400	498,799,581	535,807,749
Change in Net Position				
Total Primary Government	\$ 2,347,290	\$ 24,545,421	\$ 32,485,124	\$ 28,750,813

(1) As restated for GASB 65 regarding expensing of bond issuance costs. 2011 and prior have not been restated.

(2) Includes implementation of GASB 68 in Fiscal Year 2015, the District did not restate prior periods.

(3) Includes implementation of GASB 75 in Fiscal Year 2018, the District did not restate prior periods.

(4) Includes Capital Asset prior period adjustments, the District did not restate prior periods.

Source: District Financial Statements

Exhibit II

2014	2015 (2)	2016	2017	2018 (3)	2019 (4)
\$ 379,326,682	\$ 417,723,329	\$ 463,004,721	\$ 499,089,811	\$ 332,524,107	\$ 573,349,689
9,458,754	10,448,836	11,092,997	12,273,284	9,471,060	12,518,443
9,222,524	11,408,842	12,571,661	12,472,927	8,688,155	14,427,816
4,795,027	5,475,459	6,084,697	6,057,793	3,850,220	7,222,391
33,654,588	35,148,787	39,272,358	41,475,495	28,413,536	47,260,431
23,634,110	27,693,860	31,395,110	32,968,404	21,589,973	39,008,524
5,960,105	6,442,002	7,098,188	8,143,076	5,684,111	8,454,378
18,117,006	19,926,295	21,738,829	23,746,998	20,470,400	24,784,241
29,705,565	31,336,015	33,037,502	36,363,758	31,430,840	37,436,358
13,922,981	15,033,286	16,523,156	21,460,317	20,168,678	32,278,464
10,445,330	11,577,316	7,608,850	12,977,024	10,705,270	14,159,655
52,109,678	54,724,812	66,746,993	65,888,818	71,530,944	79,395,627
6,457,842	7,208,059	7,944,254	8,022,653	6,799,265	9,111,360
13,588,172	14,528,909	15,527,959	14,199,302	12,486,010	13,664,335
900,660	797,196	1,436,184	867,309	576,779	926,063
56,831,827	57,765,290	62,022,560	64,227,782	71,117,461	74,956,508
841,035	1,009,182	859,056	836,105	657,421	901,061
208,693	175,830	330,796	315,376	428,982	630,385
39,240	35,805	37,893	35,755	26,124	5,500
1,252,136	1,281,931	1,500,033	1,787,431	1,951,121	2,538,535
2,604,686	3,107,984	3,508,948	3,851,222	4,377,773	4,272,945
673,076,641	732,849,025	809,342,745	867,060,640	662,948,230	997,302,709
934,922	1,104,420	1,294,417	1,395,102	1,342,152	1,507,303
15,120,998	16,094,307	16,060,740	16,520,390	12,306,498	15,517,404
1,886,069	1,983,194	2,437,040	2,150,542	3,177,866	3,653,829
2,896,388	2,847,061	2,823,800	3,029,620	3,953,990	3,548,280
180,555	170,961	146,048	147,467	144,755	111,673
724,219	378,370	563,700	1,455,789	679,928	911,939
83,729,556	87,414,257	108,517,945	103,725,938	(29,607,127)	140,185,794
105,472,707	109,992,570	131,843,690	128,424,848	(8,001,938)	165,436,222
<u>\$ (567,603,934)</u>	<u>\$ (622,856,455)</u>	<u>\$ (677,499,055)</u>	<u>\$ (738,635,792)</u>	<u>\$ (670,950,168)</u>	<u>\$ (831,866,487)</u>
\$ 274,072,603	\$ 319,183,036	\$ 365,143,237	\$ 400,420,348	\$ 425,166,477	\$ 435,057,208
97,327,086	113,362,401	126,545,712	138,712,572	137,151,351	140,419,036
219,955,117	233,974,886	228,854,642	199,890,131	217,776,729	256,991,049
1,277,872	1,339,493	2,601,510	3,684,638	7,840,730	12,055,061
1,131,125	1,611,220	1,639,307	2,159,758	2,056,393	2,211,843
				15,000,000	10,000,000
593,763,803	669,471,036	724,784,408	744,867,447	804,991,680	856,734,197
<u>\$ 26,159,869</u>	<u>\$ 46,614,581</u>	<u>\$ 47,285,353</u>	<u>\$ 6,231,655</u>	<u>\$ 134,041,512</u>	<u>\$ 24,867,710</u>

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

Fiscal Year Ended 08/31:	2010	2011	2012	2013
General Fund				
Non-spendable	\$ 2,157,515	\$ 1,421,067	\$ 1,236,844	\$ 2,453,621
Committed	5,500,000	5,000,000	5,000,000	5,000,000
Assigned	334,402	8,940,358	34,873,093	22,273,650
Unassigned	77,732,382	83,922,091	85,796,245	119,478,591
Total General Fund	<u>\$ 85,724,299</u>	<u>\$ 99,283,516</u>	<u>\$ 126,906,182</u>	<u>\$ 149,205,862</u>
All Other Governmental Funds				
Non-spendable	\$ 251,330	\$ 218,906	\$ 239,268	\$ 329,238
Restricted (1)	71,624,798	181,202,286	138,769,172	163,803,381
Committed	2,352,818	2,565,430	2,807,308	2,803,515
Total All Other Governmental Funds	<u>\$ 74,228,946</u>	<u>\$ 183,986,622</u>	<u>\$ 141,815,748</u>	<u>\$ 166,936,134</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

2014	2015	2016	2017	2018	2019
\$ 1,632,902	\$ 1,676,224	\$ 1,682,389	\$ 1,948,897	\$ 1,848,633	\$ 2,179,115
5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
38,313,114	33,345,793	59,718,583	45,262,824	62,918,089	52,716,009
122,079,868	142,300,585	131,220,046	150,613,416	143,728,990	198,222,716
<u>\$ 167,025,884</u>	<u>\$ 182,322,602</u>	<u>\$ 197,621,018</u>	<u>\$ 202,825,137</u>	<u>\$ 213,495,712</u>	<u>\$ 258,117,840</u>
\$ 257,088	\$ 298,222	\$ 331,870	\$ 331,544	\$ 207,179	\$ 260,761
111,246,054	217,899,330	217,167,264	221,277,995	210,979,294	184,050,525
2,968,982	3,877,399	5,187,661	5,576,420	5,842,269	5,812,699
<u>\$ 114,472,124</u>	<u>\$ 222,074,951</u>	<u>\$ 222,686,795</u>	<u>\$ 227,185,959</u>	<u>\$ 217,028,742</u>	<u>\$ 190,123,985</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
REVENUES				
Local, Intermediate, and Out-of-State	\$ 327,094,361	\$ 329,823,325	\$ 340,712,386	\$ 364,676,808
State Programs	196,102,519	213,715,690	202,618,331	225,451,668
Federal Programs	49,137,229	57,953,778	43,429,299	40,873,475
Total Revenues	<u>572,334,109</u>	<u>601,492,793</u>	<u>586,760,016</u>	<u>631,001,951</u>
EXPENDITURES				
Current:				
Instruction	291,917,938	301,529,674	285,930,849	307,311,490
Instructional Resources and Media Services	6,747,428	6,942,900	6,524,212	7,019,390
Curriculum and Instructional Staff Development	7,845,233	8,324,803	6,898,759	7,797,437
Instructional Leadership	3,843,553	4,057,656	3,736,648	3,981,530
School Leadership	26,716,508	27,969,423	26,462,148	28,383,632
Guidance, Counseling, and Evaluation Services	18,445,897	19,276,983	18,236,935	20,309,986
Health Services	4,591,317	4,746,316	4,159,915	4,629,497
Student Transportation	12,530,374	17,673,359	13,972,298	13,634,988
Food Services	22,196,554	22,740,357	23,048,070	24,583,868
Extracurricular Activities	7,709,668	9,969,462	9,176,420	9,925,589
General Administration	8,816,940	9,556,448	9,145,782	8,814,839
Facilities Maintenance and Operations	45,736,061	46,003,543	42,901,346	45,126,472
Security and Monitoring Services	4,957,056	5,309,484	4,847,057	5,435,400
Data Processing Services	7,676,070	8,203,034	7,436,616	8,775,464
Community Services	1,207,373	1,160,407	1,300,534	1,031,636
Debt Service:				
Principal on Long-term Debt	32,443,017	33,038,949	35,181,136	35,255,000
Interest on Long-term Debt	47,218,663	57,116,297	50,163,326	55,662,253
Bond Issuance Costs and Fees	2,628,369	3,053,887	4,243,024	1,015,900
Capital Outlay:				
Facilities Acquisition and Construction	16,170,704	88,182,312	199,914,742	98,070,970
Intergovernmental:				
Payments to Shared Service Arrangements	305,166	300,087	232,862	204,065
Payments to JJAEP	69,917	47,890	32,924	18,088
Payments to Tax Increment Reinvestment Zone	2,493,628	2,290,436	2,435,819	2,690,626
Other Intergovernmental Charges	2,134,824	2,242,299	2,348,096	2,455,136
Total Expenditures	<u>574,402,258</u>	<u>679,736,006</u>	<u>758,329,518</u>	<u>692,133,256</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,068,149)</u>	<u>(78,243,213)</u>	<u>(171,569,502)</u>	<u>(61,131,305)</u>
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued	80,535,000	6,220,000	167,785,000	
Issuance of Capital Related Debt (General Obligation Bonds)		196,470,000	129,370,000	103,000,000
Sale of Real and Personal Property	42,371	47,765	4,259,371	80,252
Transfers In	663,483	2,761,373	4,081,714	3,987,659
Premium/Discount from Issuance of Bonds	10,038,986	5,429,882	29,314,822	7,779,789
Transfers Out	(663,483)	(2,761,373)	(4,081,714)	(6,487,659)
Payment to Bond Refunding Escrow Agent	(90,611,898)	(6,607,541)	(174,020,686)	
Total Other Financing Sources (Uses)	<u>4,459</u>	<u>201,560,106</u>	<u>156,708,507</u>	<u>108,360,041</u>
SPECIAL ITEMS				
Insurance Recoveries				191,330
Extraordinary Item			312,787	
Net Change in Fund Balances	<u>\$ (2,063,690)</u>	<u>\$ 123,316,893</u>	<u>\$ (14,548,208)</u>	<u>\$ 47,420,066</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	14.27%	15.38%	15.29%	15.32%
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	\$ 574,402,258	\$ 679,736,006	\$ 758,329,518	\$ 692,133,256
Less: Capital Expenditures	16,035,610	93,728,031	200,034,542	98,666,580
Total Non-Capital Expenditures	<u>\$ 558,366,648</u>	<u>\$ 586,007,975</u>	<u>\$ 558,294,976</u>	<u>\$ 593,466,676</u>

Exhibit IV

2014	2015	2016	2017	2018	2019
\$ 400,850,779	\$ 465,812,407	\$ 527,631,325	\$ 576,874,276	\$ 603,546,527	\$ 624,762,055
258,627,309	272,681,653	265,692,757	243,863,371	260,653,526	304,288,538
40,341,603	43,506,099	47,985,831	46,055,262	58,717,189	64,922,155
699,819,691	782,000,159	841,309,913	866,792,909	922,917,242	993,972,748
352,095,091	394,990,339	416,482,583	439,624,519	451,424,438	479,928,997
7,385,250	8,427,268	8,519,921	8,599,763	9,077,874	9,129,785
9,168,624	11,521,033	12,088,477	12,137,508	12,435,116	13,478,434
4,766,798	5,493,216	5,797,435	5,841,285	6,105,336	6,567,554
31,697,268	33,625,710	35,609,939	37,228,648	39,391,028	41,493,359
22,735,997	27,191,723	29,156,552	30,580,322	31,893,274	35,313,581
5,156,712	5,708,886	5,960,809	6,630,238	6,982,347	7,558,316
15,442,251	18,371,600	17,925,290	18,329,722	18,975,217	22,624,329
26,092,121	27,881,956	28,791,021	29,818,640	29,720,128	31,562,559
11,431,026	12,633,909	13,617,113	14,810,002	18,570,489	19,840,676
9,999,472	10,863,559	11,010,758	11,767,473	12,997,178	13,661,788
50,528,784	52,778,256	60,259,705	61,652,019	82,833,701	67,117,475
7,077,700	7,190,977	8,226,561	7,806,514	8,440,652	9,029,182
9,910,686	10,948,978	11,867,199	12,049,626	13,404,040	14,185,533
898,736	808,809	1,395,720	865,482	767,654	859,600
40,152,444	59,006,822	64,781,333	69,182,539	70,416,790	84,235,000
60,495,882	57,594,953	67,048,851	71,125,300	80,326,526	81,419,061
35,575	4,117,255	2,001,218	191,596,866	1,493,821	1,999,416
60,815,880	80,781,635	290,909,587	298,649,086	234,599,020	246,026,660
208,693	175,831	330,796	315,376	428,982	630,385
39,240	35,805	37,893	35,755	26,124	5,500
2,869,992	2,901,667	3,120,641	3,407,903	3,570,449	4,155,711
2,604,686	3,107,984	3,508,948	3,851,222	4,377,773	4,272,945
731,608,908	836,158,171	1,098,448,350	1,335,905,808	1,138,257,957	1,195,095,846
(31,789,217)	(54,158,012)	(257,138,437)	(469,112,899)	(215,340,715)	(201,123,098)
	320,075,000	23,515,000	163,825,000		
	155,310,000	245,095,000	261,640,000	186,225,000	190,695,000
145,229	171,340	151,785	161,628	3,395,097	108,452
3,914,349	3,270,784	4,040,477	4,630,440	14,102,249	23,606,508
	61,010,989	35,746,877	56,189,554	15,233,976	20,037,017
(6,914,349)	(8,270,784)	(8,040,477)	(7,630,440)	(18,102,249)	(25,606,508)
	(354,509,772)	(27,459,965)	(27,459,965)		
(2,854,771)	177,057,557	273,048,697	478,816,182	200,854,073	208,840,469
				15,000,000	10,000,000
\$ (34,643,988)	\$ 122,899,545	\$ 15,910,260	\$ 9,703,283	\$ 513,358	\$ 17,717,371
15.07%	15.49%	16.40%	13.53%	16.84%	17.56%
\$ 731,608,908	\$ 836,158,171	\$ 1,098,448,350	\$ 1,335,905,808	\$ 1,138,257,957	\$ 1,195,095,846
63,582,450	83,540,938	294,411,021	299,269,468	243,365,797	251,744,339
\$ 668,026,458	\$ 752,617,233	\$ 804,037,329	\$ 1,036,636,340	\$ 894,892,160	\$ 943,351,507

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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

Fiscal Year Ended 8/31:	Actual Value			
	Residential	Commercial & Industrial	Minerals	Vacant Land
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
2017	27,284,043,996	10,573,764,227	9,444,271	1,797,249,063
2018	28,244,724,287	11,013,853,113	8,564,405	1,905,381,116
2019	28,705,854,459	11,282,400,231	5,165,513	1,937,103,798

- (1) Tax Rates are per \$100 of assessed value.
(2) Disaster value exemptions presented as reductions to actual values.

Source: County Appraisal Districts

Other		Less: Exemptions	Total Assessed Value	Total Direct Rate (1)
\$	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
	354,442,894	3,667,500,539	36,351,443,912	1.5166
	371,624,924	3,563,634,688 (2)	37,980,513,157	1.5166
	418,880,262	3,402,956,350	38,946,447,913	1.5166

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

Taxing Authority	2010	2011	2012	2013
<u>District Direct Rates:</u>				
Maintenance & Operations	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266
Debt Service	0.4000	0.4000	0.4000	0.4000
Total District Direct Rates	\$ 1.5266	\$ 1.5266	\$ 1.5266	\$ 1.5266
<u>Overlapping Rates:</u>				
Addicks UD	\$ 0.6300	\$ 0.6550	\$ 0.6550	\$ 0.6550
Baker Road MUD	0.5450	0.5650	0.5650	0.5000
Castlewood MUD	0.8900	0.8700	0.8500	0.8500
Cimarron MUD	0.5700	0.5700	0.5700	0.5700
Cinco MUD #1	0.6750	0.6450	0.5950	0.5500
Cinco MUD #2	0.4750	0.4750	0.4750	0.4750
Cinco MUD #3	0.4700	0.4700	0.4800	0.4600
Cinco MUD #5	0.5000	0.4950	0.4950	0.4750
Cinco MUD #6	0.4800	0.4800	0.4800	0.4800
Cinco MUD #7	0.5250	0.5200	0.4900	0.4850
Cinco MUD #8	0.8400	0.8500	0.5950	0.8200
Cinco MUD #9	0.6100	0.5950	0.5950	0.5950
Cinco MUD #10	0.6000	0.6100	0.5900	0.5900
Cinco MUD #12	0.4700	0.4300	0.4300	0.3600
Cinco MUD #14	0.6600	0.6350	0.5950	0.5550
Cinco SW MUD #1	1.5000	1.5000	1.5000	1.5000
Cinco SW MUD #2	1.5000	1.5000	1.5000	1.4450
Cinco SW MUD #3	1.5000	1.5000	1.5000	1.5000
Cinco SW MUD #4	1.5000	1.5000	1.5000	1.4800
Cornerstone MUD	0.3700	0.3700	0.3600	0.3600
Fort Bend Co.	0.4998	0.4998	0.4998	0.4998
Fort Bend Co. LID #12	0.1500	0.1400	0.1300	0.1250
Fort Bend Co. MUD #34	0.7100	0.6900	0.6800	0.6800
Fort Bend Co. MUD #35	0.7400	0.6900	0.6300	0.6300
Fort Bend Co. MUD #37	0.5600	0.5200	0.5200	0.5200
Fort Bend Co. MUD #57	1.5000	1.5000	1.4500	1.4500
Fort Bend Co. MUD #58	1.5000	1.5000	1.5000	1.5000
Fort Bend Co. MUD #124	0.9200	0.9200	0.9900	0.9900
Fort Bend Co. MUD #130	0.7600	0.7600	0.7500	0.7400
Fort Bend Co. MUD #142	1.3200	1.3200	1.3200	1.2700
Fort Bend Co. MUD #151	1.3000	1.2700	1.2600	1.2600
Fort Bend Co. MUD #156	*N/A	*N/A	*N/A	1.5000
Fort Bend Co. MUD #161	*N/A	*N/A	*N/A	0.9062
Fort Bend Co. MUD #163	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #171	1.2940	1.2950	1.2950	1.2833
Fort Bend Co. MUD #172	*N/A	1.2950	1.2950	1.2973
Fort Bend Co. MUD #173	*N/A	1.2950	1.2950	1.2973
Fort Bend Co. MUD #182	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #185	1.2500	1.2500	1.2500	1.2500

2014	2015	2016	2017	2018	2019
\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1466	\$ 1.1466
0.4000	0.4000	0.3900	0.3900	0.3700	0.3700
\$ 1.5266	\$ 1.5266	\$ 1.5166	\$ 1.5166	\$ 1.5166	\$ 1.5166
\$ 0.6550	\$ 0.6550	\$ 0.6550	\$ 0.6550	\$ 0.6450	\$ 0.6450
0.4250	0.3750	0.3400	0.3000	0.3000	0.3000
0.8100	0.7000	0.5800	0.4500	0.4300	0.4100
0.5700	0.5700	0.4200	0.3850	0.3650	0.3650
0.5000	0.4800	0.4400	0.4400	0.4300	0.4278
0.4750	0.4700	0.4500	0.3400	0.2800	0.3100
0.4200	0.4200	0.4000	0.3700	0.3550	0.3550
0.4450	0.4150	0.3800	0.3700	0.3700	0.4900
0.4100	0.3950	0.3550	0.3300	0.3300	0.3850
0.4850	0.4800	0.4800	0.4400	0.4200	0.4800
0.7600	0.7100	0.6400	0.5900	0.5800	0.9600
0.5700	0.5300	0.4300	0.4050	0.3950	0.3950
0.5800	0.5800	0.5300	0.4950	0.4950	0.5050
0.3600	0.3000	0.2700	0.2500	0.2500	0.2500
0.5450	0.5350	0.5200	0.5000	0.4900	0.4900
1.2900	1.0100	0.9050	0.8500	0.7600	0.6800
1.3450	1.2000	1.0400	0.9850	0.9400	0.9100
1.5000	1.4400	1.2000	1.1200	1.0000	0.9350
1.4000	1.2000	1.0300	0.9600	0.9100	0.8300
0.3600	0.3400	0.3300	0.3000	0.3000	0.3000
0.4998	0.4948	0.4860	0.4740	0.4690	0.4640
0.1250	0.1150	0.1000	0.0900	0.0900	0.0850
0.6800	0.6800	0.6300	0.6200	0.6100	0.6100
0.6200	0.5700	0.5150	0.4400	0.4300	0.4250
0.5200	0.5200	0.5000	0.4900	0.4900	0.4900
1.4000	1.2700	1.0500	0.9400	0.9200	0.9000
1.4500	1.2800	1.1600	1.0700	1.0200	0.9500
0.9900	0.9500	0.8600	0.8600	0.8600	0.8600
0.7300	0.7200	0.6600	0.6300	0.6300	0.6300
1.1700	0.9500	0.8500	0.7700	0.7500	0.7500
1.2600	1.2200	1.1100	1.0000	0.9700	0.9500
1.5000	1.4500	1.2500	1.0500	1.0500	1.0500
0.9062	0.9062	0.9000	0.9000	0.9000	0.9000
0.9000	0.9000	0.9000	0.9000	0.9000	0.9000
1.2650	1.2200	1.1600	1.1200	1.1175	1.0650
1.3038	1.3226	1.2818	1.2150	1.1850	1.1600
1.3038	1.3226	1.3393	1.3440	1.3422	1.3384
*N/A	1.5000	1.5000	1.5000	1.5000	1.3500
1.2000	1.1700	1.0400	1.0300	1.0200	1.0000

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

Taxing Authority	2010	2011	2012	2013
<i>Overlapping Rates:</i>				
Fort Bend Co. MUD #199	*N/A	*N/A	\$ 0.6000	\$ 0.6000
Fort Bend Waller Co. MUD #2	*N/A	*N/A	*N/A	*N/A
Fort Bend Waller Co. MUD #3	*N/A	*N/A	*N/A	*N/A
Fort Bend Improvement District #24	*N/A	*N/A	*N/A	*N/A
Fry Road MUD	\$ 0.4650	\$ 0.5000	0.5000	0.5000
Fulshear MUD #3A	*N/A	*N/A	*N/A	*N/A
Grand Lakes MUD #1	0.6500	0.6300	0.5400	0.5400
Grand Lakes MUD #2	0.4650	0.4550	0.4450	0.4375
Grand Lakes MUD #4	0.7900	0.7900	0.7700	0.7600
Grand Lakes WC & ID	0.0875	0.0825	0.0825	0.0825
Green Trails MUD	0.3600	0.4400	0.4000	0.2600
Harris Co.	0.3922	0.3881	0.3912	0.4002
Harris Co. Dept. of Education	0.0061	0.0066	0.0066	0.0066
Harris Co. Flood Contr. Dist.	0.0292	0.0292	0.0281	0.0281
Harris Co. MUD #61	0.5900	0.5900	0.5900	0.5900
Harris Co. MUD #62	0.6500	0.6500	0.6500	0.6500
Harris Co. MUD #63	0.8500	0.8500	0.8500	0.7000
Harris Co. MUD #64	0.7100	0.7100	0.7100	0.7100
Harris Co. MUD #65	0.8260	0.8460	0.8960	0.9770
Harris Co. MUD #71	1.1000	1.1000	1.1000	1.1000
Harris Co. MUD #81	0.3500	0.3700	0.3700	0.3700
Harris Co. MUD #105	0.9300	0.9300	0.9300	0.9300
Harris Co. MUD #216	1.2200	1.1600	1.1000	1.0700
Harris Co. MUD #238	0.7200	0.7200	0.7150	0.6950
Harris Co. MUD #287	1.3500	1.3500	1.3500	1.3500
Harris Co. MUD #345	0.3700	0.3900	0.4200	0.4200
Harris Co. MUD #346	0.4400	0.4050	0.2800	0.2000
Harris Co. MUD #432	*N/A	1.5000	1.5000	1.5000
Harris Co. MUD #449	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #457	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #495	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #536	*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	0.7700	0.7500	0.7300	0.7000
Harris-Fort Bend Cos. MUD #3	1.2500	1.2500	1.2400	1.2400
Harris-Fort Bend Cos. MUD #5	0.7500	0.7300	0.7100	0.7100
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	0.6388	0.6388	0.6388	0.6388
Interstate MUD	0.4350	0.4350	0.4250	0.4200
Jackrabbit Road PUD	0.3450	0.3450	0.3450	0.2500

2014	2015	2016	2017	2018	2019
\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6000
*N/A	0.8000	0.8000	0.8000	0.8000	0.8000
*N/A	*N/A	0.9300	0.9300	0.9300	0.9300
*N/A	1.4500	1.4500	1.4500	1.4500	1.4500
0.5000	0.4850	0.4700	0.4550	0.4400	0.4300
*N/A	*N/A	*N/A	*N/A	1.5000	1.5000
0.5400	0.5400	0.5150	0.4950	0.4950	0.5700
0.3695	0.3500	0.3200	0.3075	0.3000	0.2650
0.7300	0.6800	0.6000	0.5725	0.5525	0.5000
0.0785	0.0730	0.0665	0.0650	0.0650	0.0650
0.2100	0.2000	0.1900	0.2100	0.2100	0.2100
0.4146	0.4173	0.4192	0.4166	0.4180	0.4186
0.0064	0.0060	0.0054	0.0052	0.0052	0.0052
0.0283	0.0274	0.0273	0.0283	0.0283	0.0288
0.5900	0.5700	0.5000	0.4900	0.4800	0.4800
0.6500	0.6200	0.5900	0.5750	0.5750	0.5550
0.5900	0.5200	0.5000	0.4100	0.3300	0.3000
0.7100	0.6900	0.6900	0.6300	0.5800	0.5800
0.9700	0.9300	0.8400	0.7300	0.6700	0.6400
1.1000	1.0600	0.9700	0.8900	0.8000	0.7900
0.3700	0.3700	0.3300	0.3300	0.3300	0.3100
0.9300	0.9000	0.8500	0.8300	0.8000	0.8000
0.9900	0.9500	0.7000	0.5600	0.5000	0.5000
0.6850	0.6350	0.6200	0.5400	0.5100	0.5000
1.3500	1.3500	1.3500	1.2700	1.2200	1.1700
0.3800	0.3475	0.3100	0.2800	0.2500	0.2200
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
1.5000	1.5000	1.4500	1.4000	1.3800	1.3400
1.5000	1.5000	1.5000	1.4400	1.4200	1.3700
*N/A	*N/A	*N/A	1.5000	1.5000	1.5000
*N/A	*N/A	*N/A	*N/A	1.5000	1.5000
*N/A	*N/A	*N/A	1.5000	1.5000	1.5000
0.2400	0.2350	0.2300	0.2200	0.2200	0.2300
0.6850	0.6850	0.6550	0.6100	0.6200	0.6200
1.1900	1.0700	0.9700	0.9200	0.8200	0.8100
0.7000	0.6500	0.5900	0.5400	0.5150	0.5050
*N/A	0.9500	0.9500	0.9500	0.9500	0.9500
*N/A	0.9300	0.9300	0.9300	0.9300	0.9300
0.6388	0.6311	0.6011	0.5864	0.5842	0.5883
0.4100	0.4050	0.4000	0.3950	0.3900	0.3900
0.2500	0.3000	0.3000	0.3000	0.3000	0.3000

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

Taxing Authority	2010	2011	2012	2013
<u>Overlapping Rates:</u>				
Katy, City of	\$ 0.5937	\$ 0.5937	\$ 0.5937	\$ 0.5867
Katy Management District	0.9600	0.9500	0.9500	0.8800
Longhorn Town UD	0.6700	0.6500	0.6500	0.6300
Mason Creek UD	0.3240	0.3460	0.3460	0.3460
Mayde Creek MUD	0.8370	0.8960	0.8960	0.9150
Memorial MUD	0.5400	0.5550	0.5500	0.5400
Morton Road MUD	0.7900	0.8200	0.8400	0.8400
Northwest Harris Co. MUD #12	0.9600	1.0100	1.0600	1.0600
Nottingham Country MUD	0.3950	0.3950	0.3950	0.3950
Port of Houston Authority	0.0164	0.0205	0.0186	0.0195
Ricewood MUD	0.5600	0.5800	0.5800	0.5800
Rolling Creek UD	0.9900	0.9800	0.9700	0.9700
Waller County	0.6246	0.6484	0.6598	0.6611
Waller County RID #1	1.2500	1.2500	1.2500	1.2500
Waller-Harris ESD 200	0.0970	0.0944	0.0944	0.0995
West Harris Co. MUD #2	0.4700	0.4600	0.5000	0.5000
West Harris Co. MUD #5	1.2000	1.2000	1.2000	1.2000
West Harris Co. MUD #7	0.9200	0.9000	0.9000	0.9000
West Harris Co. MUD #17	0.9700	1.0100	1.2500	1.3100
Westlake MUD #1	0.6000	0.6000	0.6400	0.6325
West Memorial MUD	0.3800	0.4500	0.4500	0.4500
Weston MUD	0.6200	0.6200	0.6100	0.6100
Westpark MUD	0.4800	0.6500	0.7500	0.6700
Willow Creek Farms MUD	1.2500	1.2500	1.2500	1.2500
Willow Fork DD	0.1900	0.1900	0.1900	0.1900
Willow Point MUD	*N/A	*N/A	*N/A	*N/A
Woodcreek Reserve MUD	0.5500	0.6000	0.6000	0.6000

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

2014	2015	2016	2017	2018	2019
\$ 0.5667	\$ 0.5467	\$ 0.5267	\$ 0.5067	\$ 0.4867	\$ 0.4867
0.8200	0.8200	0.8200	0.8000	0.8000	0.8000
0.6100	0.5500	0.5000	0.4600	0.4500	0.4300
0.0346	0.3345	0.3230	0.3230	0.3230	0.3300
0.9450	0.9300	0.9300	0.9300	0.9200	0.8900
0.5400	0.5100	0.4800	0.4400	0.4150	0.4150
0.8200	0.7500	0.6900	0.6600	0.6400	0.6300
1.0600	1.0400	0.9800	0.9300	0.8500	0.8000
0.3950	0.3750	0.3450	0.3400	0.3400	0.3400
0.0172	0.0153	0.0134	0.0133	0.0126	0.0116
0.5800	0.5300	0.4750	0.4200	0.4000	0.3900
0.9600	0.8800	0.8500	0.7800	0.7000	0.7000
0.6511	0.6508	0.6204	0.6004	0.5848	0.6540
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
0.0995	0.0995	0.0995	0.0995	0.0995	0.0995
0.5000	0.5000	0.4800	0.4800	0.4600	0.4500
1.2000	1.1600	1.0900	1.0500	1.0100	1.0000
0.9000	0.8500	0.8400	0.7700	0.6700	0.6400
1.3100	1.2400	1.1900	1.0700	1.0450	1.0450
0.6325	0.5925	0.5625	0.5400	0.5300	0.4900
0.4500	0.4500	0.4300	0.3900	0.3900	0.3900
0.6100	0.5500	0.4800	0.4600	0.4100	0.3700
0.6700	0.6500	0.6500	0.5800	0.4600	0.4200
1.2500	1.2500	1.1500	1.0950	1.0100	1.0400
0.1900	0.1900	0.1850	0.1850	0.1850	0.1850
1.5000	1.5000	1.5000	1.5000	1.5000	1.4800
0.6000	0.5600	0.5600	0.5600	0.5200	0.5050

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

Exhibit VII

Taxpayer	2019			2010		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
Shell Oil Co.	\$ 550,327,581	1	1.41%	\$ 125,828,630	4	0.64%
BP Amoco	467,224,427	2	1.20	342,507,663	1	1.75
Westlake Three/Four Owner Corp.	210,506,611	3	0.54	157,826,782	2	0.81
Academy Ltd.	180,348,929	4	0.46	102,595,315	6	0.53
Conoco Phillips Co.	174,519,604	5	0.45	140,928,454	3	0.72
Centerpoint Energy	150,516,411	6	0.39	96,014,694	8	0.49
I10 EC Corridor LP	143,694,571	7	0.37	97,338,821	7	0.50
Schlumberger/Pathfinder Energy	135,287,681	8	0.35			
Katy Mills LP	125,972,643	9	0.32	113,440,625	5	0.58
Bravelake Property Owner Corp.	91,605,718	10	0.24			
Wal-Mart				82,082,712	9	0.42
Sercel, Inc.				64,081,859	10	0.33
TOTALS	<u>\$ 2,230,004,176</u>		<u>5.73%</u>	<u>\$ 1,322,645,555</u>		<u>6.77%</u>

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

(2) Total assessed value equals: \$ 38,946,447,913

(3) Total assessed value equals: \$ 19,517,648,879

Source: County Appraisal Districts

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

Exhibit VIII

Fiscal Year Ended 8/31:	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy (1)		Amount	Percentage of Levy
2010	\$ 296,174,634	\$ 290,752,880	98.17%	\$ 5,091,189	\$ 295,844,069	99.89%
2011	300,492,024	296,166,452	98.56	4,026,782	300,193,234	99.90
2012	314,707,545	310,257,285	98.59	4,141,028	314,398,313	99.90
2013	334,876,398	331,214,907	98.91	3,317,265	334,532,172	99.90
2014	366,692,090	364,521,121	99.41	1,736,442	366,257,563	99.88
2015	429,505,000	428,272,107	99.71	621,017	428,893,124	99.86
2016	487,294,208	487,326,155	100.01	(750,021)	486,576,134	99.85
2017	534,106,183	536,816,559	100.51	(3,659,833)	533,156,726	99.82
2018	556,755,381	560,383,716	100.65	(5,134,251)	555,249,465	99.73
2019	579,335,903	574,967,028	99.25		574,967,028	99.25

- (1) Collections within fiscal year of levy exceed 100% due to subsequent adjustments to original tax levy.
(2) Negative collections represent refunds made to taxpayers.

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			
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
2017	1,621,576,790	2,835,055	175,631,661	11,435,000	1,811,478,506	4.98	25,155
2018	1,737,385,000		182,091,664	10,145,000	1,929,621,664	5.08	26,182
2019	1,843,845,000		193,051,387	8,820,000	2,045,716,387	5.25	26,875

(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			
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
2017	1,621,576,790	2,835,055	175,631,661	53,113,798	1,746,929,708	4.81	24,259
2018	1,737,385,000		182,091,664	56,325,629	1,863,151,035	4.91	25,281
2019	1,843,845,000		193,051,387	57,944,031	1,978,952,356	5.08	25,998

(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, 2019

Exhibit XI
Page 1 of 2

Taxing Authority	Gross Debt Outstanding		Percent Overlapping (1)	Amount Overlapping Gross Debt
	Amount	As Of		
<u>Direct:</u>				
Katy Independent School District	\$ 2,045,716,387	8/31/2019	100.00%	\$ 2,045,716,387
<u>Overlapping:</u>				
Addicks UD	14,975,000	8/31/2019	100.00	14,975,000
Baker Road MUD	1,430,000	8/31/2019	100.00	1,430,000
Castlewood MUD	8,985,000	8/31/2019	100.00	8,985,000
Cimarron MUD	28,005,000	8/31/2019	100.00	28,005,000
Cinco MUD #1	2,140,000	8/31/2019	100.00	2,140,000
Cinco MUD #2		8/31/2019	100.00	
Cinco MUD #3	2,075,000	8/31/2019	100.00	2,075,000
Cinco MUD #5	2,665,000	8/31/2019	100.00	2,665,000
Cinco MUD #6	1,380,000	8/31/2019	100.00	1,380,000
Cinco MUD #7	2,250,000	8/31/2019	100.00	2,250,000
Cinco MUD #8	7,120,000	8/31/2019	100.00	7,120,000
Cinco MUD #9		8/31/2019	100.00	
Cinco MUD #10	4,765,000	8/31/2019	100.00	4,765,000
Cinco MUD #12		8/31/2019	100.00	
Cinco MUD #14	8,725,000	8/31/2019	100.00	8,725,000
Cinco Southwest MUD #1		8/31/2019	100.00	
Cinco Southwest MUD #2	24,625,000	8/31/2019	100.00	24,625,000
Cinco Southwest MUD #3	20,270,000	8/31/2019	100.00	20,270,000
Cinco Southwest MUD #4	23,175,000	8/31/2019	100.00	23,175,000
Cornerstone MUD	4,405,000	8/31/2019	100.00	4,405,000
Fort Bend Co.	593,614,527	8/31/2019	20.44	121,334,809
Fort Bend Co. LID #12	11,395,000	8/31/2019	4.89	557,216
Fort Bend Co. MUD #34	15,795,000	8/31/2019	100.00	15,795,000
Fort Bend Co. MUD #35	31,885,000	8/31/2019	100.00	31,885,000
Fort Bend Co. MUD #57	47,030,000	8/31/2019	100.00	47,030,000
Fort Bend Co. MUD #58	128,245,000	8/31/2019	100.00	128,245,000
Fort Bend Co. MUD #124	8,740,000	8/31/2019	100.00	8,740,000
Fort Bend Co. MUD #130	9,790,000	8/31/2019	100.00	9,790,000
Fort Bend Co. MUD #142	81,115,000	8/31/2019	35.36	28,682,264
Fort Bend Co. MUD #151	69,535,000	8/31/2019	71.98	50,051,293
Fort Bend Co. MUD #156	19,385,000	8/31/2019	100.00	19,385,000
Fort Bend Co. MUD #161	16,460,000	8/31/2019	100.00	16,460,000
Fort Bend Co. MUD #163	8,855,000	8/31/2019	100.00	8,855,000
Fort Bend Co. MUD #171	14,245,000	8/31/2019	100.00	14,245,000
Fort Bend Co. MUD #172	27,235,000	8/31/2019	100.00	27,235,000
Fort Bend Co. MUD #173	16,700,000	8/31/2019	100.00	16,700,000
Fort Bend Co. MUD #182	30,340,000	8/31/2019	0.17	51,578
Fort Bend Co. MUD #185	36,060,000	8/31/2019	100.00	36,060,000
Fort Bend Co. MUD #199	3,170,000	8/31/2019	100.00	3,170,000
Fort Bend Waller Co. MUD #2	16,320,000	8/31/2019	100.00	16,320,000
Fort Bend Waller Co. MUD #3	8,940,000	8/31/2019	43.34	3,874,596
Fry Road MUD	480,000	8/31/2019	100.00	480,000
Fulshear MUD #3A	14,960,000	8/31/2019	4.74	709,104
Grand Lakes MUD #1	8,450,000	8/31/2019	100.00	8,450,000
Grand Lakes MUD #2	4,490,000	8/31/2019	100.00	4,490,000
Grand Lakes MUD #4	11,390,000	8/31/2019	100.00	11,390,000
Grand Lakes WC & ID	2,915,000	8/31/2019	100.00	2,915,000
Green Trails MUD	1,530,000	8/31/2019	100.00	1,530,000
Harris Co.	1,599,402,125	8/31/2019	4.49	71,813,155
Harris Co. Dept. of Education	6,320,000	8/31/2019	4.49	283,768
Harris Co. Flood Contr. Dist.	83,075,000	8/31/2019	4.49	3,730,068
Harris Co. Hosp District	57,300,000	8/31/2019	4.49	2,572,770
Harris Co. MUD #61	16,405,000	8/31/2019	100.00	16,405,000
Harris Co. MUD #62	9,925,000	8/31/2019	100.00	9,925,000
Harris Co. MUD #63	10,430,000	8/31/2019	100.00	10,430,000
Harris Co. MUD #64	14,765,000	8/31/2019	100.00	14,765,000
Harris Co. MUD #65	20,575,000	8/31/2019	100.00	20,575,000

KATY INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AUGUST 31, 2019

Exhibit XI
Page 2 of 2

Taxing Authority	Gross Debt Outstanding		Percent Overlapping (1)	Amount Overlapping Gross Debt
	Amount	As Of		
<u>Overlapping:</u>				
Harris Co. MUD #71	\$ 45,000,000	8/31/2019	100.00%	45,000,000
Harris Co. MUD #81	8,645,000	8/31/2019	100.00	8,645,000
Harris Co. MUD #105	50,480,000	8/31/2019	1.28	646,144
Harris Co. MUD #216	5,695,000	8/31/2019	100.00	5,695,000
Harris Co. MUD #238	15,196,000	8/31/2019	100.00	15,196,000
Harris Co. MUD #287	36,030,000	8/31/2019	100.00	36,030,000
Harris Co. MUD #432	32,685,000	8/31/2019	100.00	32,685,000
Harris Co. MUD #449	29,590,000	8/31/2019	100.00	29,590,000
Harris Co. MUD #457	3,750,000	8/31/2019	100.00	3,750,000
Harris Co. MUD #495	38,405,000	8/31/2019	100.00	38,405,000
Harris Co. MUD #536	13,000,000	8/31/2019	100.00	13,000,000
Harris Co. UD #6	2,260,000	8/31/2019	100.00	2,260,000
Harris-Fort Bend Cos. MUD #1	12,170,000	8/31/2019	100.00	12,170,000
Harris-Fort Bend Cos. MUD #3	39,185,000	8/31/2019	100.00	39,185,000
Harris-Fort Bend Cos. MUD #5	17,955,000	8/31/2019	100.00	17,955,000
Harris-Waller Counties MUD #2	12,725,000	8/31/2019	100.00	12,725,000
Harris-Waller Counties MUD #3	26,605,000	8/31/2019	100.00	26,605,000
Houston, City of	3,741,325,000	8/31/2019	1.97	73,704,103
Interstate MUD	9,200,000	8/31/2019	100.00	9,200,000
Katy Management District	545,000	8/31/2019	100.00	545,000
Katy, City of	22,790,000	8/31/2019	100.00	22,790,000
Longhorn Town UD	755,000	8/31/2019	100.00	755,000
Mason Creek UD	1,590,000	8/31/2019	100.00	1,590,000
Mayde Creek MUD	10,141,906	8/31/2019	100.00	10,141,906
Memorial MUD	6,925,000	8/31/2019	100.00	6,925,000
Morton Road MUD	4,600,000	8/31/2019	100.00	4,600,000
Northwest Harris Co. MUD #12	18,240,000	8/31/2019	1.25	228,000
Nottingham Country MUD	4,535,000	8/31/2019	100.00	4,535,000
Port of Houston Authority	593,754,397	8/31/2019	4.49	26,659,572
Ricewood MUD	5,470,000	8/31/2019	100.00	5,470,000
Rolling Creek UD	17,920,000	8/31/2019	14.75	2,643,200
Waller County	40,159,000	8/31/2019	24.00	9,638,160
Waller Co. Road Imp District #1	3,050,000	8/31/2019	100.00	3,050,000
West Harris Co. MUD #2	13,860,000	8/31/2019	100.00	13,860,000
West Harris Co. MUD #5	21,470,000	8/31/2019	100.00	21,470,000
West Harris Co. MUD #7	20,960,000	8/31/2019	100.00	20,960,000
West Harris Co. MUD #17	6,170,000	8/31/2019	100.00	6,170,000
Westlake MUD #1	2,910,000	8/31/2019	100.00	2,910,000
West Memorial MUD	7,185,000	8/31/2019	100.00	7,185,000
West Park MUD	26,190,000	8/31/2019	100.00	26,190,000
Weston MUD	21,380,000	8/31/2019	100.00	21,380,000
Willow Creek Farms MUD	32,295,000	8/31/2019	96.08	31,029,036
Willow Fork DD	39,295,000	8/31/2019	100.00	39,295,000
Willow Point MUD	10,735,000	8/31/2019	100.00	10,735,000
Woodcreek Reserve MUD	17,995,000	8/31/2019	100.00	17,995,000
Subtotal, Overlapping Debt				1,683,116,742
TOTAL DIRECT AND OVERLAPPING DEBT				\$ 3,728,833,129

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

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

Fiscal Year Ended 08/31:	Residential Units (1)	Total Assessed Value of Residential Units (1)	Average Assessed Value Per Residential Unit	Average Daily Attendance (2)	Population (3)	Unemployment Rate (4)
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
2017	91,262	25,041,894,422	274,396	72,013	340,053	4.60
2018	93,713	25,919,208,165	276,581	73,699 (5)	352,249	4.50
2019	96,294	26,208,047,208	272,167	76,120	359,447	4.20

(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

(5) 2018 ADA in table above does not reflect the state hold harmless disaster adjustment

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total Employment (1)	Employees	Rank	Percentage of Total Employment (2)
Katy ISD	10,274	1	5.50%	8,452	1	7.21%
Shell Exploration & Production	6,500	2	3.48	3,000	3	2.56
Wood Group/ Mustang Engineering	5,000	3	2.68	2,800	5	2.39
BP North America	4,500	4	2.41	7,000	2	5.97
Academy Sports and Outdoors	2,800	5	1.50	2,500	6	2.13
Houston Methodist West	2,000	6	1.07			
HEB	1,325	7	0.71	1,325	7	1.13
Walmart	1,240	8	0.66	1,000	9	0.85
Memorial Hermann Katy Hospital	1,100	9	0.59			
Geico	1,000	10	0.54			
ConocoPhillips				2,800	4	2.39
Foster Wheeler				1,200	8	1.02
ExxonMobil Corporation				950	10	0.81
TOTALS	35,739		19.14%	31,027		26.46%

(1) Total employment for 2019: 186,759

(2) Total employment for 2010: 117,204

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

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

POSITION:	2010	2011	2012	2013
Instruction	4,927	4,909	4,732	5,004
Instructional Resources and Media Services	108	107	101	107
Curriculum and Instructional Staff Development	65	73	51	64
Instructional Leadership	57	58	55	56
School Leadership	465	469	455	484
Guidance, Counseling, and Evaluation Services	262	273	256	283
Health Services	83	92	85	96
Student Transportation	319	300	305	297
Food Services	362	355	348	380
Cocurricular/Extracurricular Activities	9	82	80	80
General Administration	98	105	102	91
Facilities Maintenance and Operations	644	630	556	601
Security and Monitoring Services	84	84	85	90
Data Processing Services	80	100	85	87
Community Services	13	13	12	14
Facilities Acquisition and Construction	11	6	6	6
Total Employees	7,587	7,656	7,314	7,740

Source: District Records

2014	2015	2016	2017	2018	2019
5,264	5,587	5,960	6,229	6,471	6,687
105	112	113	119	127	129
74	92	95	100	99	101
59	67	69	70	72	77
514	533	552	575	612	628
302	336	359	371	390	411
100	103	105	112	121	127
314	320	334	344	346	339
394	418	436	449	448	474
90	91	94	102	117	120
92	99	106	108	115	126
628	654	705	734	771	782
107	118	125	127	134	137
98	104	113	113	115	119
13	11	13	12	11	10
7	6	7	7	7	7
<u>8,161</u>	<u>8,651</u>	<u>9,186</u>	<u>9,572</u>	<u>9,956</u>	<u>10,274</u>

KATY INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended 8/31:	Average Daily Attendance	Operating Expenditures (1)	Cost Per ADA	Percentage Change
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
2017	72,013	704,731,635	9,786	1.79
2018	73,699	(2) 742,655,023	10,077	2.97
2019	76,120	775,698,030	10,190	1.13

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

(2) 2018 ADA in table above does not reflect the state hold harmless disaster adjustment

(3) 2018 Government Wide Expenses decreased significantly due to implementation of GASB No. 75

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

Government Wide Expenses	Cost Per ADA	Percentage Change	Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
\$ 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
867,060,640	12,040	3.71	4,996	14.41	28.80
662,948,230	8,995 (3)	(25.29)	5,160	14.28	31.00
997,302,709	13,102	45.66	5,274	14.43	31.60

KATY INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Exhibit XVI

Fiscal Year Ended 08/31:	Minimum Salary (1)	Maximum Salary (1)	KISD Average Salary (2)	Region IV Average Salary (2)	Statewide Average Salary (2)
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
2017	50,500	80,861	56,390	55,992	52,525
2018	52,000	82,005	57,522	57,076	53,334
2019	53,000	82,556	58,308	57,707	54,122

(1) Source: District records

(2) Source: Academic Excellence Indicator System of Texas (AEIS) from 2009-2012
Texas Academic Performance Reports (TAPR) from 2013-2018

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KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2010	2011	2012	2013
HIGH SCHOOLS				
Cinco Ranch (1999)				
Square Footage	581,934	581,934	581,934	581,934
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,819	2,905	2,970	3,030
Katy (1947)				
Square Footage	589,196	589,196	589,196	589,196
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,574	2,632	2,697	2,750
Mayde Creek (1984)				
Square Footage	603,141	603,141	603,141	603,141
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,627	2,569	2,560	2,635
Morton Ranch (2004)				
Square Footage	583,628	583,628	583,628	583,628
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,864	2,919	3,043	3,193
Pactow (2017)				
Square Footage				
Capacity				
Enrollment				
Raines (2008)				
Square Footage	21,916	21,916	21,916	21,916
Capacity	331	331	331	331
Enrollment	185	214	203	236
Seven Lakes (2005)				
Square Footage	599,005	599,005	599,005	599,005
Capacity	3,000	3,000	3,000	3,000
Enrollment	3,128	3,374	3,635	3,888
Taylor (1979)				
Square Footage	542,192	542,192	542,192	542,192
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,465	2,629	2,689	2,744
Tompkins (2013)				
Square Footage				
Capacity				
Enrollment				
JUNIOR HIGH SCHOOLS				
Beck (1996)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,232	1,232	1,232	1,232
Enrollment	1,153	1,151	1,149	1,154

2014	2015	2016	2017	2018	2019
581,934	581,934	581,934	581,934	581,934	581,934
3,000	3,000	3,000	3,000	3,000	3,000
3,196	3,168	3,143	3,234	3,155	3,189
589,196	589,196	589,196	589,196	589,196	589,196
3,000	3,000	3,000	3,000	3,000	3,000
2,953	3,033	3,200	3,483	3,413	3,395
603,141	603,141	603,141	603,141	603,141	603,141
3,000	3,000	3,000	3,000	3,000	3,000
2,713	2,685	2,737	2,771	2,715	2,759
583,628	583,628	583,628	583,628	583,628	583,628
3,000	3,000	3,000	3,000	3,000	3,000
3,307	3,331	3,402	3,539	3,092	2,849
				635,058	635,058
				3,000	3,000
				728	1,401
21,916	21,916	21,916	21,916	21,916	21,916
331	331	331	331	331	331
235	163	200	190	218	173
599,005	599,005	599,005	599,005	599,005	599,005
3,000	3,000	3,000	3,000	3,000	3,000
3,585	3,438	3,225	3,394	3,538	3,637
542,192	542,192	542,192	542,192	542,192	542,192
3,000	3,000	3,000	3,000	3,000	3,000
2,918	2,903	2,909	2,936	2,950	2,900
610,134	610,134	610,134	610,134	610,134	610,134
3,000	3,000	3,000	3,000	3,000	3,000
834	1,641	2,478	2,963	3,387	3,770
137,569	137,569	137,569	137,569	137,569	137,569
1,232	1,232	1,232	1,232	1,232	1,232
1,100	1,078	1,040	999	957	1,001

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2010	2011	2012	2013
JUNIOR HIGH SCHOOLS (cont.)				
Beckendorff (2004)				
Square Footage	184,398	184,398	184,398	184,398
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,514	1,531	1,632	1,635
Cardiff (2008)				
Square Footage	188,602	188,602	188,602	188,602
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,076	1,063	1,042	1,008
Cinco Ranch (2001)				
Square Footage	154,637	154,637	154,637	154,637
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,089	1,112	1,168	1,200
Katy (1995)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,231	1,231	1,231	1,231
Enrollment	1,218	1,231	1,315	1,333
Mayde Creek (1980)				
Square Footage	169,172	169,172	169,172	172,386
Capacity	1,414	1,414	1,414	1,414
Enrollment	1,118	1,164	1,158	1,095
McDonald (1991)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,220	1,220	1,220	1,220
Enrollment	906	958	943	916
McMeans (2000)				
Square Footage	154,637	154,637	154,637	154,637
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,220	1,168	1,177	1,150
Memorial Parkway (1982)				
Square Footage	148,627	148,627	148,627	148,627
Capacity	1,133	1,133	1,133	1,133
Enrollment	965	936	925	900
Morton Ranch (2003)				
Square Footage	180,290	180,290	180,290	180,290
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,245	1,254	1,215	1,285
Seven Lakes (2012)				
Square Footage				187,748
Capacity				1,400
Enrollment				1,208
Stockdick (2017)				
Square Footage				
Capacity				
Enrollment				

2014	2015	2016	2017	2018	2019
184,398	184,398	184,398	184,398	184,398	184,398
1,403	1,403	1,403	1,403	1,403	1,403
1,675	1,698	1,770	1,754	1,739	1,699
188,602	188,602	188,602	188,602	188,602	188,602
1,403	1,403	1,403	1,403	1,403	1,403
1,027	955	965	912	886	951
154,637	154,637	154,637	154,637	154,637	154,637
1,400	1,400	1,400	1,400	1,400	1,400
1,209	1,259	1,260	1,222	1,259	1,272
137,569	137,569	137,569	137,569	137,569	137,569
1,231	1,231	1,231	1,231	1,231	1,231
1,354	1,332	1,341	1,353	1,039	1,085
172,386	172,386	172,386	172,386	172,386	172,386
1,414	1,414	1,414	1,414	1,414	1,414
1,141	1,146	1,121	1,135	1,076	1,141
137,569	137,569	137,569	137,569	137,569	137,569
1,220	1,220	1,220	1,220	1,220	1,220
973	1,053	1,076	1,144	928	902
154,637	154,637	154,637	154,637	154,637	154,637
1,400	1,400	1,400	1,400	1,400	1,400
1,085	1,085	1,163	1,140	1,108	1,136
148,627	148,627	148,627	148,627	161,462	161,462
1,133	1,133	1,133	1,133	1,133	1,133
894	876	853	827	799	788
180,290	180,290	180,290	180,290	180,290	180,290
1,403	1,403	1,403	1,403	1,403	1,403
1,268	1,202	1,177	1,201	1,215	1,190
187,748	187,748	187,748	187,748	187,748	187,748
1,400	1,400	1,400	1,400	1,400	1,400
1,550	1,748	2,006	1,771	1,924	2,032
				192,984	192,984
				1,400	1,400
				715	903

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2010	2011	2012	2013
JUNIOR HIGH SCHOOLS (cont.)				
Tays (2016)				
Square Footage				
Capacity				
Enrollment				
West Memorial (1976)				
Square Footage	163,906	163,906	163,906	169,920
Capacity	998	998	998	998
Enrollment	800	788	780	760
WoodCreek (2008)				
Square Footage	188,602	188,602	188,602	188,602
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,303	1,604	1,957	1,357
ELEMENTARY SCHOOLS				
Alexander (1998)				
Square Footage	106,134	106,134	106,134	106,134
Capacity	935	935	935	935
Enrollment	1,202	1,169	1,110	1,132
Bear Creek (1978)				
Square Footage	101,269	101,269	101,269	101,269
Capacity	799	799	799	799
Enrollment	753	793	774	776
Bethke (2016)				
Square Footage				
Capacity				
Enrollment				
Bryant (2017)				
Square Footage				
Capacity				
Enrollment				
Campbell (2018)				
Square Footage				
Capacity				
Enrollment				
Cimarron (1980)				
Square Footage	93,823	93,823	93,823	98,823
Capacity	861	861	861	861
Enrollment	733	693	686	670
Creech (2000)				
Square Footage	111,734	111,734	111,734	111,734
Capacity	935	935	935	935
Enrollment	892	930	857	833
Davidson (2014)				
Square Footage				
Capacity				
Enrollment				

2014	2015	2016	2017	2018	2019
			185,944	185,944	185,944
			1,400	1,400	1,400
			1,377	1,591	1,719
169,920	169,920	169,920	169,920	169,920	169,920
998	998	998	998	998	998
718	748	763	802	800	851
188,602	188,602	188,602	188,602	188,602	188,602
1,403	1,403	1,403	1,403	1,403	1,403
1,585	1,946	2,156	1,346	1,477	1,587
106,134	106,134	106,134	106,134	106,134	106,134
935	935	935	935	935	935
1,077	1,061	1,102	1,024	993	954
101,269	101,269	101,269	101,269	101,269	101,269
799	799	799	799	799	799
762	747	754	713	629	679
			144,303	144,303	144,303
			1,030	1,030	1,030
			667	935	1,352
				144,303	144,303
				1,030	1,030
				580	716
					144,303
					1,030
					782
98,823	98,823	98,823	98,823	98,823	98,823
861	861	861	861	861	861
646	697	679	679	655	624
111,734	111,734	111,734	111,734	111,734	111,734
935	935	935	935	935	935
827	843	874	888	715	808
	124,938	124,938	124,938	124,938	124,938
	1,030	1,030	1,030	1,030	1,030
	1,168	1,434	1,100	1,164	1,140

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2010	2011	2012	2013
ELEMENTARY SCHOOLS (cont.)				
Exley (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,111	1,080	989	989
Fielder (1993)				
Square Footage	106,117	106,117	106,117	106,117
Capacity	907	907	907	907
Enrollment	1,000	1,034	1,090	1,081
Franz (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	936	961	901	978
Golbow (1989)				
Square Footage	95,709	95,709	95,709	95,709
Capacity	867	867	867	867
Enrollment	769	790	775	770
Griffin (2006)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	856	1,191	1,339	923
Hayes (1995)				
Square Footage	106,117	106,117	106,117	106,117
Capacity	907	907	907	907
Enrollment	803	749	708	717
Holland (2008)				
Square Footage	123,843	123,843	123,843	123,843
Capacity	1,030	1,030	1,030	1,030
Enrollment	981	1,021	1,051	1,039
Hutsell (1978)				
Square Footage	115,086	115,086	115,086	115,086
Capacity	983	983	983	983
Enrollment	759	781	790	814
Jenks (2016)				
Square Footage				
Capacity				
Enrollment				
Katy (1965)				
Square Footage	86,825	86,825	86,825	86,825
Capacity	643	643	643	643
Enrollment	576	563	571	556
Kilpatrick (2003)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,240	1,301	1,334	1,087

2014	2015	2016	2017	2018	2019
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
977	1,020	1,000	956	982	1,037
106,117	106,117	106,117	106,117	106,117	106,117
907	907	907	907	907	907
1,066	1,145	1,243	1,027	1,133	950
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
956	978	1,061	1,018	1,037	1,004
95,709	95,709	95,709	95,709	95,709	95,709
867	867	867	867	867	867
807	811	806	768	783	790
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
933	958	950	1,039	1,030	991
106,117	106,117	106,117	106,117	106,117	106,117
907	907	907	907	907	907
682	717	697	663	682	670
123,843	123,843	123,843	123,843	123,843	123,843
1,030	1,030	1,030	1,030	1,030	1,030
989	982	1,035	1,056	1,098	1,093
115,086	115,086	115,086	115,086	115,086	115,086
983	983	983	983	983	983
825	832	793	743	763	727
			156,608	156,608	156,608
			1,318	1,318	1,318
			1,256	1,543	1,297
86,825	86,825	86,825	86,825	86,825	86,825
643	643	643	643	643	643
541	603	633	694	665	672
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,091	1,131	1,166	1,152	1,195	1,175

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2010	2011	2012	2013
ELEMENTARY SCHOOLS (cont.)				
King (2001)				
Square Footage	121,164	121,164	121,164	121,164
Capacity	1,030	1,030	1,030	1,030
Enrollment	885	943	1,087	1,162
Mayde Creek (1983)				
Square Footage	112,913	112,913	112,913	112,913
Capacity	968	968	968	968
Enrollment	865	843	820	749
McRoberts (1997)				
Square Footage	106,134	106,134	106,134	106,134
Capacity	935	935	935	935
Enrollment	844	887	859	871
Memorial Parkway (1978)				
Square Footage	103,658	103,658	103,658	103,658
Capacity	742	742	742	742
Enrollment	751	773	804	839
Morton Ranch (2008)				
Square Footage	123,843	123,843	123,843	123,843
Capacity	1,030	1,030	1,030	1,030
Enrollment	614	669	711	763
Nottingham Country (1981)				
Square Footage	101,427	101,427	101,427	101,427
Capacity	1,053	1,053	1,053	1,053
Enrollment	681	645	628	621
Pattison (1989)				
Square Footage	112,156	112,156	112,156	112,156
Capacity	1,052	1,052	1,052	1,052
Enrollment	826	871	831	821
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	1,194	1,147	1,117	1,130
Rylander (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,224	1,230	1,273	1,391
Schmalz (2001)				
Square Footage	121,164	121,164	121,164	121,164
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,068	1,146	1,173	1,111

2014	2015	2016	2017	2018	2019
121,164	121,164	121,164	121,164	121,164	121,164
1,030	1,030	1,030	1,030	1,030	1,030
1,192	1,301	1,411	990	981	989
112,913	112,913	112,913	112,913	112,913	112,913
968	968	968	968	968	968
765	779	869	859	840	804
106,134	106,134	106,134	106,134	106,134	106,134
935	935	935	935	935	935
802	840	810	747	719	760
103,658	103,658	103,658	103,658	131,274	131,274
742	742	742	742	940	940
860	864	815	796	823	865
123,843	123,843	123,843	123,843	123,843	123,843
1,030	1,030	1,030	1,030	1,030	1,030
805	924	1,022	954	950	981
101,427	101,427	101,427	101,427	101,427	101,427
1,053	1,053	1,053	1,053	1,053	1,053
588	613	650	702	790	798
112,156	112,156	112,156	112,156	112,156	112,156
1,052	1,052	1,052	1,052	1,052	1,052
801	854	972	1,045	1,015	1,021
	124,938	124,938	124,938	124,938	124,938
	1,030	1,030	1,030	1,030	1,030
	853	1,030	1,151	1,273	1,095
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,109	1,135	1,122	1,072	1,041	1,000
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,339	1,356	1,323	1,138	1,126	1,087
121,164	121,164	121,164	121,164	121,164	121,164
1,030	1,030	1,030	1,030	1,030	1,030
1,149	1,175	1,168	1,176	1,185	1,174

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2010	2011	2012	2013
ELEMENTARY SCHOOLS (cont.)				
Shafer (2012)				
Square Footage				123,966
Capacity				1,030
Enrollment				865
Stanley (2009)				
Square Footage	126,897	126,897	126,897	126,897
Capacity	1,030	1,030	1,030	1,030
Enrollment	897	1,191	1,539	1,240
Stephens (2007)				
Square Footage	123,249	123,249	123,249	123,249
Capacity	1,030	1,030	1,030	1,030
Enrollment	827	801	770	770
Sundown (1982)				
Square Footage	112,913	112,913	112,913	112,913
Capacity	968	968	968	968
Enrollment	886	876	891	833
West Memorial (1974)				
Square Footage	89,742	89,742	89,742	89,742
Capacity	683	683	683	683
Enrollment	757	758	778	754
Williams (2000)				
Square Footage	111,734	111,734	111,734	111,734
Capacity	935	935	935	935
Enrollment	912	832	801	778
Wilson (2012)				
Square Footage				123,966
Capacity				1,030
Enrollment				892
Winborn (1981)				
Square Footage	94,596	94,596	94,596	94,596
Capacity	848	848	848	848
Enrollment	818	831	795	793
Wolfe (1968, 2012)				
Square Footage	73,219	73,219	73,219	98,761
Capacity	405	405	405	500
Enrollment	402	410	399	440
Wolman (2012)				
Square Footage				123,966
Capacity				1,030
Enrollment				757

2014	2015	2016	2017	2018	2019
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
1,267	1,113	1,148	1,187	1,197	1,175
126,897	126,897	126,897	126,897	126,897	126,897
1,030	1,030	1,030	1,030	1,030	1,030
1,316	1,127	1,098	1,063	1,040	1,005
123,249	123,249	123,249	123,249	123,249	123,249
1,030	1,030	1,030	1,030	1,030	1,030
756	763	765	718	692	723
112,913	112,913	112,913	112,913	112,913	112,913
968	968	968	968	968	968
853	879	851	788	822	781
89,742	89,742	89,742	89,742	89,742	89,742
683	683	683	683	683	683
756	821	891	795	822	820
111,734	111,734	111,734	111,734	111,734	111,734
935	935	935	935	935	935
723	709	728	672	695	803
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
958	1,040	1,073	1,121	1,057	1,044
94,596	94,596	94,596	94,596	94,596	94,596
848	848	848	848	848	848
742	777	814	763	699	695
98,761	98,761	98,761	98,761	98,761	98,761
500	500	500	500	500	500
446	460	437	418	348	326
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
1,075	1,239	1,411	1,198	915	979

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

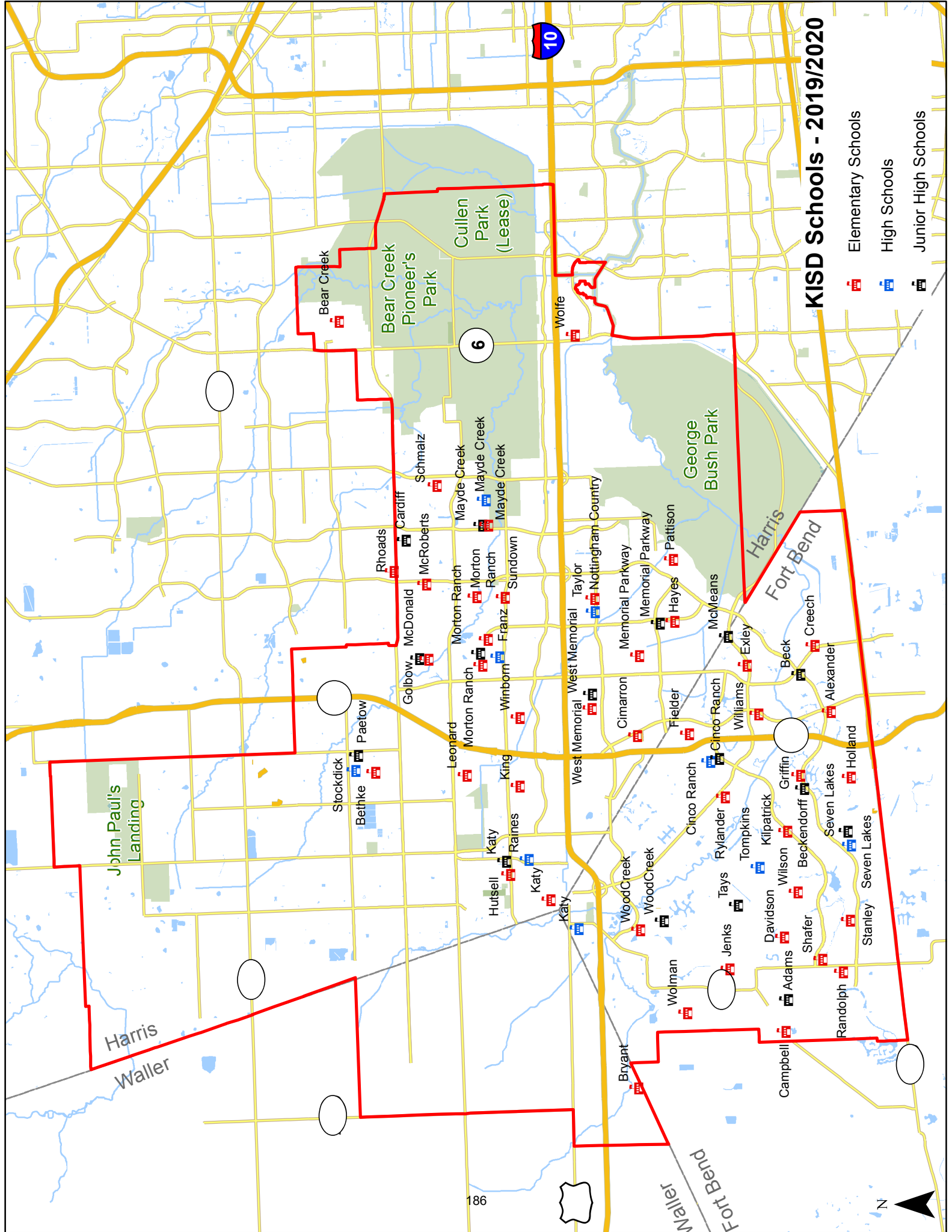
Building:	2010	2011	2012	2013
ELEMENTARY SCHOOLS (cont.)				
WoodCreek (2007)				
Square Footage	123,249	123,249	123,249	123,249
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,082	1,373	1,601	1,255
Miller Career & Technology Center (1982)				
Square Footage	132,951	132,951	132,951	132,951
Capacity	907	907	907	907
Enrollment (1)				
OTHER INSTRUCTIONAL FACILITIES				
Opportunity Awareness Center (1981)				
Square Footage	87,015	87,015	87,015	87,015
Capacity	677	677	677	677
Enrollment (1)				
Portable Buildings (2)				
Number Utilized	227	241	270	269
Classrooms Provided	396	404	459	453

Source: District Records

(1) Enrollment numbers included in home campus totals

(2) Used at schools where enrollment exceeded building capacity

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
123,249	123,249	123,249	123,249	123,249	123,249
1,030	1,030	1,030	1,030	1,030	1,030
1,412	1,014	1,156	1,139	1,201	1,197
132,951	132,951	132,951	136,239	136,239	136,239
907	907	907	1,230	1,230	1,230
87,015	87,015	87,015	87,015	87,015	87,015
677	677	677	677	677	677
274	315	354	355	354	354
420	504	584	636	641	641



KISD Schools - 2019/2020

- Elementary Schools
- High Schools
- Junior High Schools



Katy Independent School District
6301 South Stadium Lane
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