

# Comprehensive Annual Financial Report

**For the Fiscal Year Ended August 31, 2020**



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, 2020**

**PREPARED BY  
THE FINANCIAL SERVICES DEPARTMENT**

**Christopher J. Smith  
Chief Financial Officer**

**Anne M. Faichtinger  
Executive Director of Finance**

**Elizabeth A. Haven  
Director of Accounting**

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



# KATY INDEPENDENT SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**





January 19, 2021

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, 2020 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 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 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 Auditor's 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 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 370,672 and extends beyond the City of Katy into Harris, Fort Bend, and Waller counties. The District and the City of Katy are governed independently, with each having individual taxing authority. The District is an independent entity and has no component units. Katy ISD has an enrollment of more than 83,423 students and is comprised of 71 campuses including 43 elementary schools, 16 junior high schools, 9 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 73 years with an average age of 20.9 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.

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 1,200+ school districts in Texas. Four of the District’s high schools were named to the organization’s Best Public High Schools in the Houston Area, while seven of the District’s junior high campuses were included in Niche’s top Best Public Middle School rankings. The elementary campuses represented the District well, garnering 16 of the top Best Elementary School spots ranked by Niche in the Greater Houston Area.



While the Spring of 2020 was challenging as a result of the COVID Pandemic, the District continued to support the teaching and learning processes in a virtual environment. Instructional resources as well as the Katy ISD curriculum were fully transitioned to the virtual environment and supports were put into place for teachers and students to continue learning in an engaging virtual environment.

The District is a leader among Texas public school districts in the integration of technology and education. The user experience in the use of technology continues to be at the forefront. Katy ISD provides more than 35,000 centrally managed computers, 26,980 Chromebooks, and 38,400 tablet devices for our staff and students to achieve the work of teaching and learning. The District also uses more than 5,100 interactive white boards which enhances the learning experience through active participation, dynamic learning objects, collaboration, and an online experience for teacher and student to work together no matter their location.

Katy ISD distributed close to 12,000 devices to our families starting in March of 2020 to support learning through COVID-19. We continued the distribution during the 2020 fall semester to reach over 31,000 devices and 600 plus hotspots deployed to students.

The Technology Department supports students, staff, and parents through a variety of methods. A knowledge base is setup to allow users to search for information. A self-service password recovery system is in place to support all students, staff and parents in the recovery of their password. Teachers, staff, and students can ask for assistance through the ticketing system which routes requests to the appropriate support team such as technology operations or instructional technology to ensure support is given when needed. Students and parents are offered support at home either before or after school for those students taking online courses due to COVID-19. This is Katy ISD's fifth year hosting a parent and student help system to ensure families are supported when off-site.

The District's website, learning management system, dashboards, home access center, and mobile app offer pertinent communication and information to assist students, parents, and teachers in the day to day learning, connections, and activities.

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 member. These resources include items such as online textbooks, Discovery Education, Brain Pop, Gizmos, library system, as well as Microsoft Office 365. This application continues to allow our staff and students the anytime, anywhere access to 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.

Due to COVID-19, all learners were virtual in the spring and the opportunity to continue to learn virtually was offered for the 2020-2021 school year. A virtual learning system was already in place to offer the strong support this environment needed. Starting our seventh year using Canvas, our teachers and students were adept in the use of this learning system. Transitioning strictly to virtual learning was a much easier feat for Katy ISD due to our curriculum and the resources already developed and available in this learning management system.

The implementation of a data-warehouse that aggregates large amounts of data silos 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 are also used to display information to the public on the District's website. COVID-19 analytics tools (dashboards and administrative applications) have directly impacted the District's ability to proactively address the needs of students, staff and parents, while a public COVID-19 dashboard has provided transparency and communication to the public.



A strong infrastructure allows the District to support a wide variety of technologies. A few of the technologies that set the District apart is a multi-layered security infrastructure, 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 building automation systems, lighting and air conditioning controls also use the District technology infrastructure. 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.

Both Instructional and Operational Technology Departments continue to ensure the needs of our students and teachers are kept at the forefront for support and the advancement of learning.

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. The success of the District could not be achieved without the efforts of outstanding teachers and staff. Forbes collaborated with a market research company, Statista, to identify organizations most liked by employees for a ranking of *America’s Best Employers by State*. The survey, released in the summer of 2020, ranked Katy Independent School District as the second best employer in the state of Texas.

## **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 we 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***

Katy ISD continues to be one of the fastest growing school districts. With a 2019-2020 enrollment of 83,423 students, the District’s growth continued to climb, although the COVID-19 Pandemic slowed growth in the 2020-2021 year. The latest demographic report predicts that, with the anticipated growth projections, approximately 108,325 students will attend Katy ISD schools by the year 2030. 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. We are now nearing the end of this bond program and below is a recap of the bond projects:

New Facilities: three elementary schools, one junior high school, and one high school were included in this program; junior high school #17 is under construction and scheduled to open for the fall of 2021, and a new Raines High School facility (in lieu of a building addition) is in progress and is scheduled for completion in December 2021.

Existing Facilities: a kitchen renovation at Cinco Ranch Junior High School, serving line renovation at Cinco Ranch High School, the addition of floral coolers at four high schools, and a renovation/addition to Katy High School's Career and Technical Education area have all been completed; underground fuel tank replacements at East and West Transportation Centers are in the final stages of completion, and the Outdoor Learning Center renovation is in progress and has an estimated February 2021 opening.

Other 2017 Bond projects: component replacements, technology upgrades, and safety and security upgrades at existing facilities, additional school buses, and property acquisitions are scheduled for completion over the next year.

The population of the District continues to grow and all indicators point to continued growth over the next decade. This makes it imperative for Katy ISD to plan wisely for the future and the need for additional facilities and renovations remains a financial focal point. The District maintains a 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 is currently being updated for an anticipated 2021 Bond Referendum. The District continuously develops and monitors both short-term and long-term budget priorities based on the schedule for opening new facilities and renovations, projected enrollments, and projected funding levels based on current law.

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 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 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.

Custodial 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 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 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***

The 2019-2020 year began as originally planned, with tax compression attributable to House Bill 3 reducing the District's M&O tax rate to \$1.0531 from the previous year's rate of \$1.1466. Growth continued with enrollment exceeded original projections by over 600 students with PEIMS reported students of 83,423. However, in March the arrival of the COVID-19 pandemic closed the District temporarily. Through the use of technology, online learning tools and curriculum already in place, the District was able to resume instruction after only five days of closure while preparing for the transition. Revenue impacts resulted from cancellation of extracurricular events, facility rentals, and in-person summer school. Expenditures were reduced in some operational areas, however other costs for personal protective equipment, facility cleaning services, and cleaning supplies increased substantially. The District also invested in additional technology, both hardware and software, to prepare for the continuation of online learning into the upcoming fiscal year.

The District's 2019-2020 tax base grew \$2.7 billion, an increase of 6.9%. Residential properties, including multi-family residences, comprised 68.3% of the total tax base, commercial property 26.6%, and vacant land 4.2%, and other categories 0.9%. 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 \$1.1266 in 2007-08, which remained at that rate until 2017-2018. At that time the M&O tax rate was raised two cents to \$1.1466 as allowed by the Tax Code Section 26.08(a) and maintained in 2018-19. House Bill 3 of the 86<sup>th</sup> Legislature imposed property tax relief and compressed the District's M&O rate to \$1.0531. The District was able to decrease the District's I&S tax rate to \$0.3700 for both 2017-18 and 2018-19 due to increases in property values and strategic debt management. The 2019-20 debt rate was set at \$0.3900.

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

	2015-16	2016-17	2017-18	2018-19	2019-20
General Fund	\$ 1.1266	\$ 1.1266	\$ 1.1466	\$ 1.1466	\$ 1.0531
Debt Service Fund	0.3900	0.3900	0.3700	0.3700	0.3900
Total	<u>\$ 1.5166</u>	<u>\$ 1.5166</u>	<u>\$ 1.5166</u>	<u>\$ 1.5166</u>	<u>\$ 1.4431</u>

## **AWARDS AND ACKNOWLEDGEMENTS**

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

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended August 31, 2019 the thirty-seventh consecutive year 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, 2019. This award has also been received for thirty-seven consecutive years. We believe the Comprehensive Annual Financial Report for the year ended August 31, 2020 continues to conform to the standards for which this award was granted.

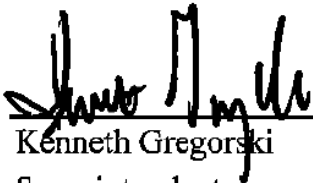


### *Acknowledgements*

We appreciate the support of the Board, District staff, 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.

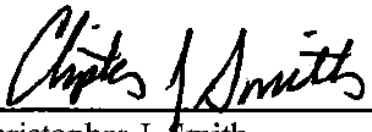
Also, we would like to express an appreciation to all employees in the District for their interest and support in planning and conducting the financial affairs of the District in a responsible and progressive manner.

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



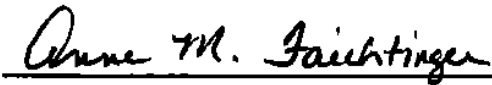
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Kenneth Gregorski  
Superintendent




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Christopher J. Smith  
Chief Financial Officer



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Anne M. Faichtinger  
Executive Director of Finance



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Elizabeth A. Haven  
Director of Accounting



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

The Government Finance Officers Association 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, 2019.

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, 2019

*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, 2019.

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.





**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, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

**Claire Hertz, SFO**  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

**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, 2020 at a meeting of the Board of Trustees of such school district on the 19th day of January 2021.

  
Signature of Board President

  
Signature of Board Vice President



**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED AUGUST 31, 2020**

**PRINCIPAL OFFICIALS AND ADVISORS**

**Board of Trustees**

Ashley Vann.....President  
Volunteer

Lance Redmon ..... Vice President  
Construction Material Sales

Susan Gesoff.....Secretary  
Engineer

Dawn Champagne ..... Member  
Volunteer

Donald T. (Duke) Keller, Jr. .... Member  
Attorney

Greg Schulte..... Member  
Engineer

Leah Wilson ..... Member  
Volunteer, USAF Ret.

**Administrative Staff**

Kenneth Gregorski, Ed.D.....Superintendent

Leslie Haack.....Deputy Superintendent

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

Brian Schuss..... Chief Human Resources Officer

Christine Caskey, Ed.D..... Chief Academic Officer

John Alawneh, Ph.D..... Chief Information Officer

Andrea Grooms, Ph.D..... Chief Communications Officer

Ted Vierling ..... Chief Operations Officer

Justin Graham ..... General Counsel

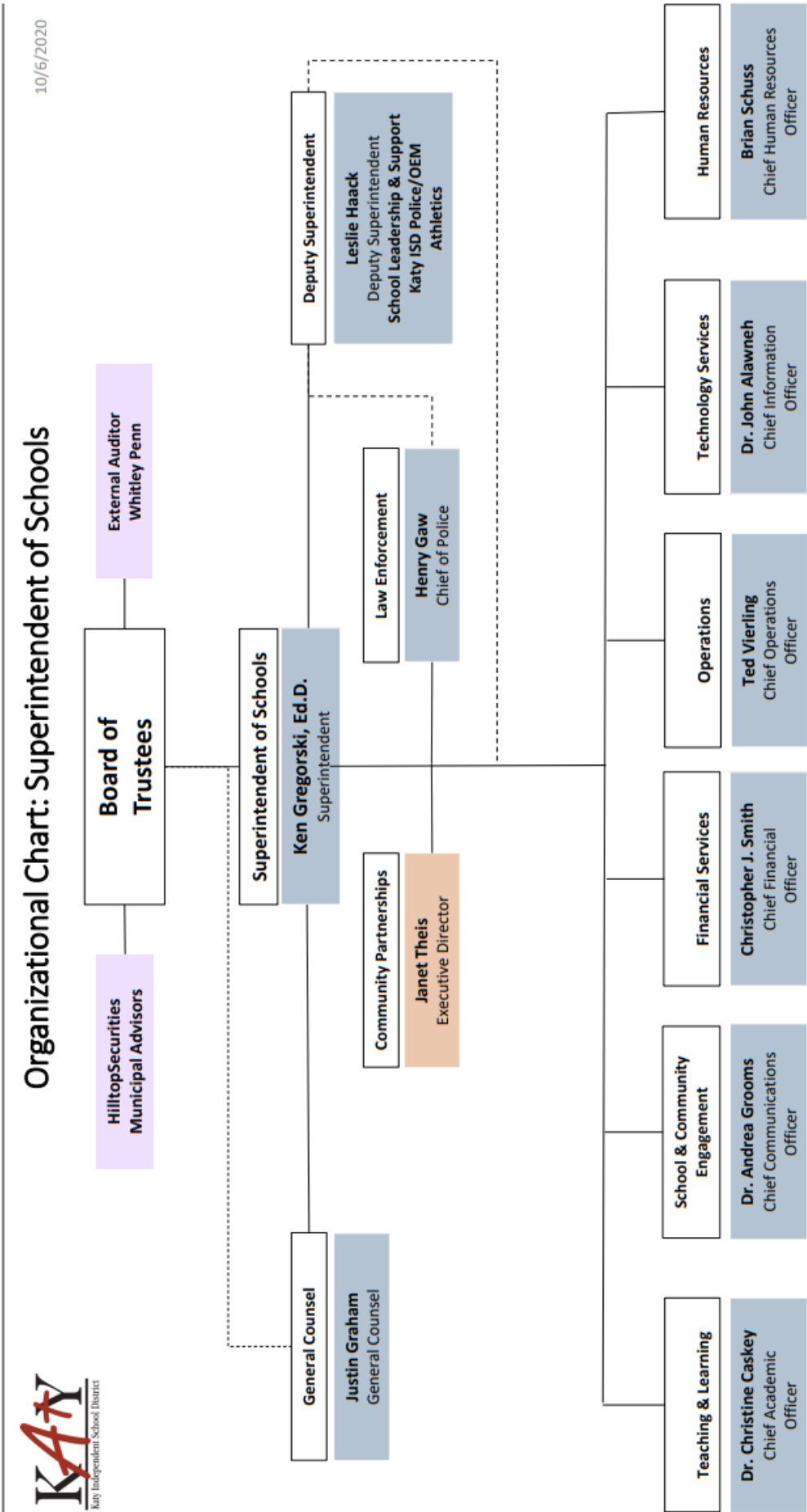
**Accountants and Advisors**

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

Orrick, Herrington & Sutcliffe, L.L.P..... Bond Counsel  
Houston, Texas

Hilltop Securities Inc. .... Municipal Advisors  
Houston, Texas







## **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, 2020, 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.



To the Board of Trustees  
Katy Independent School District

## **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, 2020, 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, budgetary comparison information, pension and other post-employment benefit, as listed in the table of contents, 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 introductory section, combining and individual fund statements and schedules, 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 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 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 19, 2021, 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 19, 2021



## 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, 2020. 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, 2020, resulting in a net position of \$75.2 million. Of this amount, unrestricted net position represents a deficit net position of \$191.5 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 2020 of \$498.2 million. The total fund balance for the General Fund was \$295.4 million or 37.9% of the total General Fund expenditures of \$779.5 million. The Debt Service Fund ended its year with a fund balance of \$60.6 million which is to be used for the retirement of debt. The Capital Projects Fund ended the year with a fund balance of \$119.7 million which is restricted for school district construction projects. The Special Revenue Fund had a balance totaling \$22.5 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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

**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. 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.

**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).

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 14-17.



# KATY INDEPENDENT SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### 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 18-25 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 26-28 of this report.

**Fiduciary Funds** are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and other funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. 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 pages 29-30 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 31-78 of this report.



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

**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 79-91 of this report.

**Other Supplementary Information**

Other Supplementary Information provides additional analysis and is not a required part of the basic financial statements. Other Supplementary Information includes comparative information on selected funds and additional detail of the General Fund’s revenues and expenditures. It also contains the combining statements referred to earlier in connection with the special revenue fund and certain compliance schedules required by state regulatory agencies. The Other Supplementary Information can be found on pages 94-125 of this report.

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

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

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



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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a District's financial position. At August 31, 2020, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$75.2 million, an increase of \$19.7 million, including a \$2.6 million prior period adjustment related to GASB 84.

<b>Net Position Summary</b>			
Table I			
	Governmental Activities		
	2020	2019	Change
Current and Other Assets	\$ 632,918,660	\$ 582,620,888	\$ 50,297,772
Capital Assets	2,168,167,041	2,092,663,063	75,503,978
Total Assets	2,801,085,701	2,675,283,951	125,801,750
Total Deferred Outflows of Resources	225,052,436	227,783,310	(2,730,874)
Long-Term Liabilities	2,679,290,975	2,632,907,331	46,383,644
Other Liabilities	108,378,177	109,056,112	(677,935)
Total Liabilities	2,787,669,152	2,741,963,443	45,705,709
Total Deferred Inflows of Resources	163,282,194	105,575,587	57,706,607
Net Position:			
Net Investment in Capital Assets	191,834,640	174,206,102	17,628,538
Restricted	74,855,511	72,409,538	2,445,973
Unrestricted	(191,503,360)	(191,087,409)	(415,951)
Total Net Position	\$ 75,186,791	\$ 55,528,231	\$ 19,658,560

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, 2020 and 2019.

*Net investment in capital assets* of \$191.8 million reflects the District's investment of \$2.2 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 \$74.9 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 \$191.5 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**

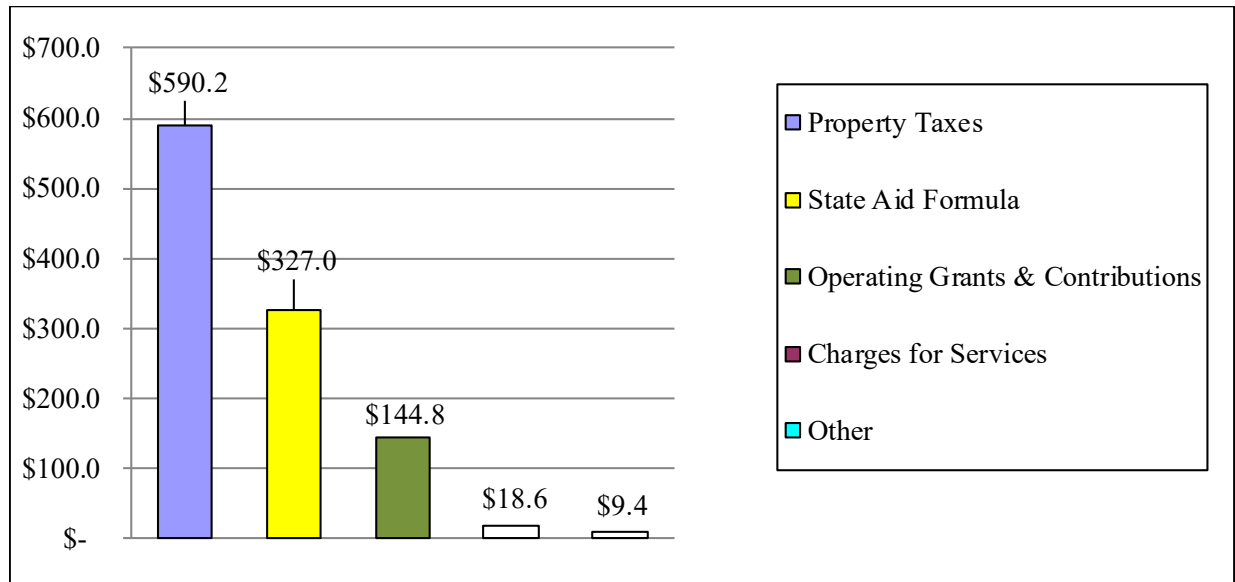
<b>Changes in Net Position</b>				
Table II				
	Governmental Activities			
	2020	2019	Change	Change %
Revenues:				
Program Revenues:				
Charges for Services	\$ 18,618,039	\$ 25,250,428	\$ (6,632,389)	(26.27%)
Operating Grants and Contributions	144,751,022	140,185,794	4,565,228	3.26
General Revenues:				
Property Taxes	590,206,631	575,476,244	14,730,387	2.56
State Revenues	326,995,618	256,991,049	70,004,569	27.24
Extraordinary Item - Insurance Proceeds		10,000,000	(10,000,000)	(100.00)
Other	9,397,523	14,266,904	(4,869,381)	(34.13)
Total Revenues	<u>1,089,968,833</u>	<u>1,022,170,419</u>	<u>67,798,414</u>	<u>6.63</u>
Expenses:				
Instruction	621,829,003	573,349,689	48,479,314	8.46
Instructional Resources and Media Services	12,435,953	12,518,443	(82,490)	(0.66)
Curriculum and Instructional Staff Development	15,295,923	14,427,816	868,107	6.02
Instructional Leadership	8,237,081	7,222,391	1,014,690	14.05
School Leadership	51,430,448	47,260,431	4,170,017	8.82
Guidance, Counseling and Evaluation Services	45,014,013	39,008,524	6,005,489	15.40
Social Work	74,476		74,476	100.00
Health Services	9,836,546	8,454,378	1,382,168	16.35
Student Transportation	24,558,497	24,784,241	(225,744)	(0.91)
Food Services	35,414,283	37,436,358	(2,022,075)	(5.40)
Extracurricular Activities	32,949,881	32,278,464	671,417	2.08
General Administration	16,705,082	14,159,655	2,545,427	17.98
Facilities Maintenance and Operations	93,359,935	79,395,627	13,964,308	17.59
Security and Monitoring Services	10,512,706	9,111,360	1,401,346	15.38
Data Processing Services	15,766,025	13,664,335	2,101,690	15.38
Community Services	763,745	926,063	(162,318)	(17.53)
Interest and Issuance Costs on Long-Term Debt	70,438,366	74,956,508	(4,518,142)	(6.03)
Facilities Planning	792,361	901,061	(108,700)	(12.06)
Payments to Shared Services Arrangements	548,742	630,385	(81,643)	(12.95)
Payments to Juvenile Justice Alternative				
Education Programs (JJAEP)	9,800	5,500	4,300	78.18
Payments to Tax Increment Reinvestment Zone	2,424,073	2,538,535	(114,462)	(4.51)
Other Intergovernmental Charges	4,489,151	4,272,945	216,206	5.06
Total Expenses	<u>1,072,886,090</u>	<u>997,302,709</u>	<u>75,583,381</u>	<u>7.58</u>
Increase (Decrease) in Net Position	17,082,743	24,867,710	(7,784,967)	(31.31)
Beginning Net Position	55,528,231	(7,302,908)	62,831,139	(860.36)
Prior Period Adjustment - Implement GASB 84	2,575,817			
Prior Period adjustment - Capital Assets		37,963,429		
Ending Net Position	<u>\$ 75,186,791</u>	<u>\$ 55,528,231</u>	<u>\$ 19,658,560</u>	<u>35.40%</u>

As shown in Table II, the net position of the District's governmental activities increased by \$19.7 million for the year ended August 31, 2020, after the prior period adjustment. The total cost of all governmental activities this year was \$1.1 billion, an increase of \$75.6 million from the previous year. The amount that the District's taxpayers paid for governmental activities through property taxes was \$590.2 million or 54.1%, with state funding of \$327.0 million or 30.0%, and operating grants and contributions of \$144.8 million or 13.3% as the next most significant sources of revenue. Other sources of revenue for governmental activities were \$18.6 million in charges for services and \$9.4 million in other revenues.

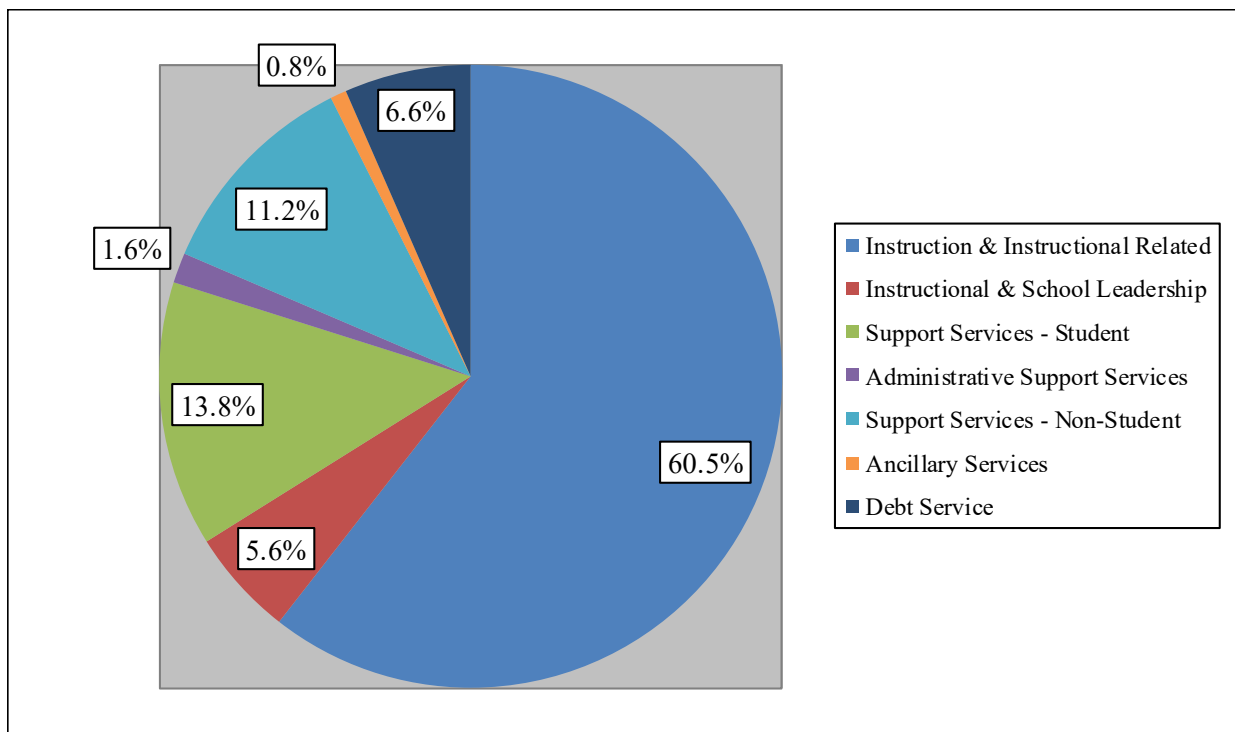


**KATY INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**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 \$1.1 billion for the fiscal year ended August 31, 2020, an increase of 6.7% from the prior fiscal year. Local revenues, including property taxes, continued to be the largest source of revenue received by the District and increased \$2.1 million over fiscal year 2019, despite a 4.8% decrease in the property tax rate required by House Bill 3. State revenues increased \$79.8 million or 26.2% from fiscal year 2019 due to increased enrollment, increases in the funding calculations provided by House Bill 3, and the completion of prior year property value audits which generated over \$12.4 million. Federal revenues decreased \$15.4 million or 23.7% which is primarily attributable to a one-time recognition of two years of School Health and Related Services (SHARS) settle-up funding in fiscal year 2019 and the refunding of the District's Build America Bonds in fiscal year 2020, which eliminated receipt of the related federal subsidy payment after the refunding in November 2019.

Expenditures for governmental operations totaled \$1.3 billion during fiscal year 2020, an increase of 11.0% from fiscal year 2019. This net increase in expenditures is seen in all funds with the increases attributable to a 4% of mid-point pay increase, implementation of full day kindergarten, and COVID 19 related costs in the General Fund which saw an increase of \$68.2 million. The Special Revenue Fund increase of \$1.8 million was primarily due to the salary increases and growth. Expenditure increases in the Capital Projects Fund were attributable to ongoing campus construction, renovations, and technology and furnishing costs. Debt Service Fund costs increased as expenditures included not only scheduled debt service payments, but also the recording of escrow proceeds of \$158.9 million for a current refunding debt transaction.

The Governmental Funds reported a combined fund balance of \$498.2 million, an increase of \$50.0 million from the combined fund balances for 2019. Changes to the combined fund balances include a \$37.3 million increase in the General Fund, an increase in the Debt Service Fund of \$2.1 million, an increase in the Capital Projects fund of \$8.3 million and an increase of \$2.3 million in the Special Revenue Fund. Out of the combined fund balances, \$221.4 million constitutes unassigned fund balances. Of the remainder of the fund balance, \$2.7 million is nonspendable, \$195.0 million is restricted for items such as debt service, food services, and capital projects, \$28.3 million is committed to self-funded insurance, COVID 19 Pandemic financial impacts, and campus activity funds, and \$50.8 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 factors contributing to the increase in fund balance was the increase in state revenues due to prior year property value audit submissions, House Bill 3 state revenue increases, and expenditure reductions realized as the District moved from in-person to online instruction. At the end of the current fiscal year, the General Fund's fund balance was \$295.4 million. Unassigned fund balance represents 28.4% of the total General Fund expenditures, and total fund balance represents 37.9% of General Fund expenditures.

**The Debt Service Fund** ended the year with a fund balance of \$60.6 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, 2020 were \$317.2 million. This amount includes escrow proceeds of \$158.9 million for a current refunding debt transaction.

**The Capital Projects Fund** ended the year with a fund balance of \$119.7 million which is an increase of \$8.3 million over 2019. This increase 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 \$22.5 million which is an increase of \$2.3 million from 2019. This increase was primarily attributable to a prior period adjustment related to the reclassification of accounts previously accounted for as agency funds to special revenue campus activity accounts as required under GASB Statement No. 84, which the District implemented in the fiscal year ended August 31, 2020. See Note 22 for further information related to the prior period adjustment.

#### 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, 2020 was \$18.2 million. Of this amount, \$15.9 million was for Health Insurance, \$0.7 million was for Workers' Compensation and \$1.6 million was attributable to the Print Shop. Net position for the fiscal year increased \$0.4 million.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its budget several times. Revisions to the revenue budget were necessary due to changes in estimates for local and state revenue based on updated information relating to tax collections, earnings on investments, student attendance, and rental income. Revisions to the expenditure budget were made to reflect actual expenditures associated with staffing, fluctuation in spending needs, 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 \$23.2 million.
- The local revenue budget increased by \$3.1 million, primarily due to the adoption of an M&O tax rate of \$1.0531 which exceeded the rate the budget was developed on of \$1.0402 per \$100 of valuation. This increase was offset by local revenue reductions in areas affected by the COVID 19 pandemic including athletic revenues, after school and summer school tuition, and facility rentals.
- The state revenue budget increased \$22.5 million. House Bill 3 increased and added state funding elements which increased state aid. This, along with increased enrollment and the realization of over \$12.4 million in prior year property value audit revenues generated the increase in state funding.
- Federal revenue budget decreased by \$2.4 million primarily due to the refunding of the District's Build America Bonds in November 2019, which resulted in a reduction in federal subsidy revenues received.
- The District increased the expenditure budget by \$12.5 million throughout the year. Significant increases included:
  - The payroll budget decreased \$8.7 million due to the school start date falling later in August 2020 resulting in less work days and reduced salary accrual. In addition, overtime and extra duty pay for after school and extracurricular events were greatly reduced as COVID 19 forced in-person events to be cancelled.
  - Contracted services budget increased \$6.0 million primarily for costs related to relocating portable buildings, hotspot services, and various maintenance repairs.
  - The supplies and materials budget increased \$13.4 million to purchase distance learning devices, software, personal protective equipment, and COVID 19 related cleaning supplies.
  - Capital outlay budget increased \$2.2 million primarily for the purchase of portable buildings, vehicles, and replacement of a chiller and roof.
  - The budget for other operating costs decreased \$0.4 million as travel and other related costs were halted as the pandemic caused events to be canceled or moved to a virtual format.



# 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 79-80 of this report. This difference is primarily due to the following factors:

- Final revenues realized were over budgeted levels by \$5.6 million. Revenues from local sources were over the budgeted amount by \$0.5 million due to tax revenue collection volume increasing at the end of the year. State revenues exceeded the budget by \$4.6 million, predominantly due to an adjustment to state Tier II revenue calculations and CCMR student funding counts received well after year end, while federal sources were \$0.5 million more than budgeted.
- Expenditures were \$19.5 million less than final budgeted amounts. Remaining unspent funds were payroll and related costs of \$5.1 million primarily due to vacancies and turnover. Contracted services and capital outlay budget unspent totaled \$2.3 million and is mainly due to lower than anticipated utility costs and contracted maintenance and repair costs. Supplies and other operating expenditure budgets remaining of \$12.1 million are comprised largely of amounts budgeted for the start of the 2020-2021 school year that, due to COVID related delays, were not received by fiscal year end. Technology devices, cleaning supplies, and virtual learning supplies experienced longer than normal delivery times, resulting in delayed receipt of items ordered.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District has invested \$2.2 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 \$75.5 million from the prior year.

Capital Assets (net of depreciation)				
Table III				
	Governmental Activities			
	2020	2019	Change	Percentage
Land	\$ 95,017,037	\$ 90,675,236	\$ 4,341,801	4.79%
Buildings and Improvements	1,865,079,290	1,669,881,290	195,198,000	11.69
Furniture and Equipment	116,453,752	105,096,644	11,357,108	10.81
Vehicles	38,172,738	40,399,989	(2,227,251)	(5.51)
Library Books and Media	2,597,533	2,099,478	498,055	23.72
Construction in Progress	33,701,043	166,849,246	(133,148,203)	(79.80)
Assets Under Capital Lease	17,145,648	17,661,180	(515,532)	(2.92)
Total Capital Assets, Net of Depreciation	<u>\$ 2,168,167,041</u>	<u>\$ 2,092,663,063</u>	<u>\$ 75,503,978</u>	<u>3.61%</u>

The increase in capital assets net of depreciation was due mainly to an increase in buildings and improvements, with Elementary 43 and High School 9 opening in the fall of 2020, while construction in progress remains primarily for Junior High 17 and renovations and upgrades 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 to the financial statements.

### Debt Administration

At the end of the fiscal year, the District had total debt outstanding of \$2.2 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 \$7.5 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.

<b>Outstanding Debt</b>			
Table IV			
	Governmental Activities		
	2020	2019	Change
General Obligation Bonds	\$ 1,888,460,000	\$ 1,843,845,000	\$ 44,615,000
Capital Appreciation Bonds	246,959		246,959
Accreted Interest on Capital Appreciation Bonds	93,522		93,522
Capital Leases	7,455,000	8,820,000	(1,365,000)
Compensated Absences	33,037,942	29,594,543	3,443,399
Imputed Borrowing	20,645,132	23,169,615	(2,524,483)
Premium on Bonds Issued	209,705,933	193,051,387	16,654,546
Capital Appreciation Bond Issuance Premiums	5,901,476		5,901,476
<b>Total Outstanding Debt</b>	<b>\$ 2,165,545,964</b>	<b>\$ 2,098,480,545</b>	<b>\$ 67,065,419</b>

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

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

The District prepared the 2020-2021 budget with enrollment projected to increase by 4.3% and taxable value growth of 8.1% over ending values for the 2019-2020 fiscal year. This increase in tax base triggers property tax rate reductions under House Bill 3 resulting in the District M&O rate falling from \$1.0531 to \$0.9988 per \$100 valuation. The Debt Service Rate remains unchanged at \$0.39 per \$100 valuation. The Board of Trustees adopted an operating budget for the 2020-2021 fiscal year with estimated revenues of \$839.5 million and expenditures of \$836.4 million. Estimated revenues included \$449.2 million from property taxes and other local revenues, an increase of 2.3% from the original 2019-2020 budget and \$380.7 million in state funding, an increase of 10.8%. Appropriated expenditures for the 2020-2021 fiscal year increased by \$49.8 million compared to 2019-20. Appropriated expenditures included an increase of \$27.2 million for new positions and salary increases of one percent of mid-point plus a one percent lump sum payment for all staff.

Katy ISD continues to be one of the fastest growing school districts in the Houston metropolitan area, growing at an average of 3.6% from 2011 to 2020 with the 2020-21 budget built on projected enrollment of 87,033 students. The District has also experienced significant growth in property values over that same time period with assessed values increasing at an average of 8.0% annually.

All of these factors were considered when adopting the 2020-2021 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.



# Basic Financial Statements



KA+Y



**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

Exhibit A-1

<b>Data Control Codes</b>		<b>Primary Government Governmental Activities</b>
	<b>ASSETS</b>	
1110	Pooled Cash and Cash Equivalents	\$ 560,518,272
1120	Current Investments	7,383,176
1225	Property Taxes Receivable (net)	11,801,489
1240	Due from Other Governments	24,316,587
1250	Accrued Interest	6,841
1290	Other Receivables (net)	3,829,614
1300	Inventories, at cost	1,767,672
1410	Prepaid Items	1,062,278
	Capital Assets not Being Depreciated:	
1510	Land	95,017,037
1580	Construction in Progress	33,701,043
	Capital Assets, net of Accumulated Depreciation:	
1520	Buildings and Improvements, net of Accumulated Depreciation	1,865,079,290
1531	Vehicles, net of Accumulated Depreciation	38,172,738
1530	Furniture and Equipment, net of Accumulated Depreciation	116,453,752
1550	Assets Under Capital Lease, net of Accumulated Depreciation	17,145,648
1560	Library Books and Media, net of Accumulated Depreciation	2,597,533
1910	Long-Term Investments	22,232,731
<b>1000</b>	<b>Total Assets</b>	<b>2,801,085,701</b>
	<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1700	Deferred Outflows: Interest Rate Swap Refunding	20,645,132
1700	Deferred Outflows: Interest Rate Swap	8,758,862
1700	Deferred Outflows: Loss on Refunding	20,944,965
1700	Deferred Outflows: Related to TRS	114,265,831
1700	Deferred Outflows: Related to TRS Care	60,437,646
<b>1700</b>	<b>Total Deferred Outflows of Resources</b>	<b>225,052,436</b>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

Exhibit A-1

<b>Data Control Codes</b>		<b>Primary Government Governmental Activities</b>
<b>LIABILITIES</b>		
2110	Accounts Payable	\$ 60,056,344
2140	Interest Payable	3,980,104
2150	Payroll Deductions and Withholdings	6,351,927
2160	Accrued Wages Payable	26,454,613
2180	Due to Other Governments	4,207,322
2200	Accrued Expenses	5,904,751
2300	Unearned Revenue	1,423,116
	Noncurrent Liabilities:	
2501	Compensated Absences Due within One Year	952,940
2501	Bonds and Debt Due within One Year	75,106,328
2501	Capital Lease Due within One Year	1,405,000
2501	Imputed Borrowing Due within One Year	2,302,137
2501	Accreted Interest on Capital Appreciation Bonds Due within One Year	73,935
2502	Bonds and Debt Due in More than One Year	2,029,208,040
2502	Capital Lease Due in More than One Year	6,050,000
2502	Compensated Absences Due in More than One Year	32,085,002
2502	Imputed Borrowing Due in More than One Year	18,342,995
2502	Accreted Interest on Capital Appreciation Bonds Due in More than One Year	19,587
2502	Interest Rate Swaps	8,758,862
2540	Net Pension Liability (District's Share)	223,796,599
2545	Net OPEB Liability (District's Share)	281,189,550
<b>2000</b>	<b>Total Liabilities</b>	<b>2,787,669,152</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600	Deferred Inflows: Gain on Refunding	5,169,419
2600	Deferred Inflows: Related to TRS	36,465,999
2600	Deferred Inflows: Related to TRS Care	121,646,776
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>163,282,194</b>
<b>NET POSITION</b>		
3200	Net Investment in Capital Assets	191,834,640
	Restricted for:	
3820	Food Service	8,033,343
3850	Debt Service	59,643,831
3890	Tax Increment Reinvestment Zone	6,483,194
3890	Other Grant Programs	695,143
3900	Unrestricted	(191,503,360)
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 75,186,791</b>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

<b>Data Control Codes</b>	<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	
			<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
	<b>Governmental Activities:</b>			
11	Instruction	\$ 621,829,003	\$ 1,582,413	\$ 77,157,150
12	Instructional Resources and Media Services	12,435,953		1,550,849
13	Curriculum and Instructional Staff Development	15,295,923		4,608,230
21	Instructional Leadership	8,237,081		1,216,100
23	School Leadership	51,430,448		5,108,534
31	Guidance, Counseling, and Evaluation Services	45,014,013		7,420,052
32	Social Work	74,476		6,447
33	Health Services	9,836,546		8,643,723
34	Student Transportation	24,558,497	23,209	1,713,142
35	Food Services	35,414,283	10,866,658	17,668,329
36	Extracurricular Activities	32,949,881	2,598,430	6,030,266
41	General Administration	16,705,082	837,421	3,005,299
51	Facilities Maintenance and Operations	93,359,935	2,616,700	3,923,668
52	Security and Monitoring Services	10,512,706	7,174	1,074,075
53	Data Processing Services	15,766,025	6,242	1,612,180
61	Community Services	763,745	79,792	475,360
72	Interest and Issuance Costs on Long-Term Debt	70,438,366		2,551,501
81	Facilities Planning	792,361		986,117
93	Payments to Shared Services Arrangements	548,742		
95	Payments to JJAEP	9,800		
97	Payments to Tax Increment Reinvestment Zone	2,424,073		
99	Payments to Appraisal Districts	4,489,151		
TG	<b>Total Governmental Activities</b>	<u>1,072,886,090</u>	<u>18,618,039</u>	<u>144,751,022</u>
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 1,072,886,090</u>	<u>\$ 18,618,039</u>	<u>\$ 144,751,022</u>

<b>Data Control Codes</b>	
	<b>General Revenues:</b>
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants Unrestricted
IE	Investment Earnings
MI	Miscellaneous
TR	<b>Total General Revenues and Special Items</b>
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment - Implement GASB 84
NE	<b>Net Position - Ending</b>



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

**Governmental  
Activities**

\$	(543,089,440)
	(10,885,104)
	(10,687,693)
	(7,020,981)
	(46,321,914)
	(37,593,961)
	(68,029)
	(1,192,823)
	(22,822,146)
	(6,879,296)
	(24,321,185)
	(12,862,362)
	(86,819,567)
	(9,431,457)
	(14,147,603)
	(208,593)
	(67,886,865)
	193,756
	(548,742)
	(9,800)
	(2,424,073)
	(4,489,151)
	<u>(909,517,029)</u>
	<u>(909,517,029)</u>

	430,652,708
	159,553,923
	326,995,618
	6,734,460
	<u>2,663,063</u>
	<u>926,599,772</u>
	17,082,743
	55,528,231
	<u>2,575,817</u>
\$	<u><u>75,186,791</u></u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AUGUST 31, 2020**

<b>Data Control Codes</b>		<b>General</b>	<b>Debt Service Fund</b>
	<b>ASSETS</b>		
1110	Pooled Cash and Cash Equivalents	\$ 303,450,581	\$ 60,681,083
1120	Current Investments	7,383,176	
	Receivables:		
1225	Property Taxes Receivable (net)	8,755,675	3,045,814
1240	Due from Other Governments	16,070,572	
1250	Accrued Interest	6,841	
1260	Due from Other Funds	788,167	
1290	Other Receivables	272,745	4,984
1300	Inventories, at cost	1,206,203	
1410	Prepaid Items	1,055,528	
1910	Long-Term Investments	22,232,731	
1000	<b>Total Assets</b>	<u>\$ 361,222,219</u>	<u>\$ 63,731,881</u>
	<b>LIABILITIES</b>		
	Current Liabilities:		
2110	Accounts Payable	\$ 20,323,324	\$
2150	Payroll Withholding Payable	6,351,927	
2160	Accrued Wages Payable	25,283,327	
2170	Due to Other Funds		23,266
2180	Due to Other Governments	4,121,931	84,680
2200	Accrued Expenditures	891,445	
2300	Unearned Revenues	51,471	
2000	<b>Total Liabilities</b>	<u>57,023,425</u>	<u>107,946</u>
	<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600	Unavailable Revenue - Property Taxes	8,755,675	3,045,814
2600	<b>Total Deferred Inflows of Resources</b>	<u>8,755,675</u>	<u>3,045,814</u>
	<b>FUND BALANCES</b>		
	Fund Balances:		
3410/30	Nonspendable	2,261,731	
3450-90	Restricted		60,578,121
3510-45	Committed	21,000,000	
3550-90	Assigned	50,761,742	
3600	Unassigned	221,419,646	
3000	<b>Total Fund Balances</b>	<u>295,443,119</u>	<u>60,578,121</u>
4000	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 361,222,219</u>	<u>\$ 63,731,881</u>



<b>Capital Projects Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
\$ 153,215,117	\$ 18,883,715	\$ 536,230,496
		7,383,176
		11,801,489
66,267	8,179,748	24,316,587
		6,841
	198,633	986,800
	174,978	452,707
	440,071	1,646,274
	6,750	1,062,278
		22,232,731
<u>\$ 153,281,384</u>	<u>\$ 27,883,895</u>	<u>\$ 606,119,379</u>
\$ 32,447,335	\$ 2,790,355	\$ 55,561,014
		6,351,927
	1,171,286	26,454,613
1,172,628		1,195,894
	711	4,207,322
		891,445
	1,371,645	1,423,116
<u>33,619,963</u>	<u>5,333,997</u>	<u>96,085,331</u>
		11,801,489
		11,801,489
	446,821	2,708,552
119,661,421	14,771,609	195,011,151
	7,331,468	28,331,468
		50,761,742
		221,419,646
<u>119,661,421</u>	<u>22,549,898</u>	<u>498,232,559</u>
<u>\$ 153,281,384</u>	<u>\$ 27,883,895</u>	<u>\$ 606,119,379</u>



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**KATY INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

Exhibit C-2

**Total Fund Balances - Governmental Funds (from Exhibit C-1)** \$ 498,232,559

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. 2,167,591,333

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. 11,801,489

Deferred loss on refundings are not reported in the fund financial statements. 20,944,965

Deferred gain on refundings are not reported in the fund financial statements. (5,169,419)

Addition of Internal Service fund net position 18,170,802

Deferred inflows relating to TRS Pension (36,465,999)

Deferred inflows relating to TRS Care (121,646,776)

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	(2,104,314,368)
Capital Lease	(7,455,000)
Compensated Absences - Long-term Portion	(32,146,497)
Accreted Interest on Capital Appreciation Bonds	(93,522)
Interest Payable	(3,980,104)
Net pension liability	(223,796,599)
Net OPEB liability	(281,189,550)

Deferred outflows relating to TRS 114,265,831

Deferred outflows relating to TRS Care 60,437,646

**Net Position of Governmental Activities** \$ 75,186,791



**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED AUGUST 31, 2020**

<b>Data Control Codes</b>		<b>General</b>	<b>Debt Service Fund</b>
	<b>REVENUES</b>		
5700	Local, Intermediate, and Out-of-State	\$ 442,751,381	\$ 160,212,115
5800	State Program Revenues	370,816,001	1,747,447
5900	Federal Program Revenues	10,295,943	
5020	<b>Total Revenues</b>	<b>823,863,325</b>	<b>161,959,562</b>
	<b>EXPENDITURES</b>		
	<b>Current:</b>		
0011	Instruction	500,502,926	
0012	Instructional Resources and Media Services	8,617,139	
0013	Curriculum and Instructional Staff Development	9,988,031	
0021	Instructional Leadership	6,491,536	
0023	School Leadership	44,308,301	
0031	Guidance, Counseling, and Evaluation Services	36,323,469	
0032	Social Work	64,230	
0033	Health Services	8,590,476	
0034	Student Transportation	18,584,699	
0035	Food Services		
0036	Extracurricular Activities	16,010,545	
0041	General Administration	12,846,638	
0051	Facilities Maintenance and Operations	79,609,885	
0052	Security and Monitoring Services	10,046,278	
0053	Data Processing Services	14,763,537	
0061	Community Services	218,953	
	<b>Debt Service:</b>		
0071	Principal on Long-Term Debt		76,867,982
0072	Interest on Long-Term Debt		78,974,820
0073	Bond Issuance Costs and Fees		161,389,116
0081	<b>Capital Outlay: Facilities Acquisition and Construction</b>	3,470,850	
	<b>Intergovernmental Charges:</b>		
0093	Payments to Fiscal Agents SSA	548,742	
0095	Payments to JJAEP	9,800	
0097	Payments to Tax Increment Reinvestment Zone	4,043,089	
0099	Other Intergovernmental Charges	4,489,151	
6030	<b>Total Expenditures</b>	<b>779,528,275</b>	<b>317,231,918</b>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>44,335,050</b>	<b>(155,272,356)</b>
	<b>OTHER FINANCING SOURCES/(USES)</b>		
7901	Refunding Bonds Issued		304,659,942
7911	Capital-Related Debt Issued		
7912	Sale of Real and Personal Property	93,580	
7915	Transfers In	1,214,879	1,960,689
7916	Premium on Issuance of Bonds		36,387,953
8911	Transfers Out	(8,318,230)	
8940	Payment to Bond Refunding Escrow Agent		(185,668,087)
7080	<b>Total Other Financing Sources/(Uses)</b>	<b>(7,009,771)</b>	<b>157,340,497</b>
1200	Net Change in Fund Balances	37,325,279	2,068,141
0100	Fund Balance - September 1 (Beginning)	258,117,840	58,509,980
	Prior Period Adjustment - Implement GASB 84		
3000	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ 295,443,119</b>	<b>\$ 60,578,121</b>



<b>Capital Projects Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
\$ 1,156,635	\$ 22,784,839	\$ 626,904,970
	11,539,061	384,102,509
348,755	38,911,620	49,556,318
<u>1,505,390</u>	<u>73,235,520</u>	<u>1,060,563,797</u>
	26,728,669	527,231,595
	700,745	9,317,884
	3,681,761	13,669,792
	563,944	7,055,480
	567,242	44,875,543
	3,823,107	40,146,576
		64,230
	190,166	8,780,642
	101,987	18,686,686
	29,759,832	29,759,832
	5,636,634	21,647,179
	348,024	13,194,662
	87,905	79,697,790
	97,141	10,143,419
		14,763,537
	459,043	677,996
		76,867,982
		78,974,820
1,184,934		162,574,050
152,023,133	4,092,742	159,586,725
		548,742
		9,800
		4,043,089
		4,489,151
<u>153,208,067</u>	<u>76,838,942</u>	<u>1,326,807,202</u>
<u>(151,702,677)</u>	<u>(3,603,422)</u>	<u>(266,243,405)</u>
		304,659,942
141,240,000		141,240,000
		93,580
	4,514,176	7,689,744
19,944,934		56,332,887
(1,156,635)	(1,214,879)	(10,689,744)
		(185,668,087)
<u>160,028,299</u>	<u>3,299,297</u>	<u>313,658,322</u>
8,325,622	(304,125)	47,414,917
111,335,799	20,278,206	448,241,825
	2,575,817	2,575,817
<u>\$ 119,661,421</u>	<u>\$ 22,549,898</u>	<u>\$ 498,232,559</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, 2020**

Exhibit C-4

Net Change in Fund Balances - Total Governmental Funds (from Exhibit C-3) \$ 47,414,917

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. 444,061

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. 160,884,646

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. (85,106,121)

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. 263,901,069

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. (445,899,942)

Purchase of short term securities for pay off of refunded debt. 158,994,533

Premium received from issuance of long-term debt. (56,332,887)

Interest accrual on capital appreciation bonds and interest accruals  
through year end on bonds are not recorded in the fund financial statements  
but are accrued in the government-wide statements. 1,392,579

Net loss on disposal of assets is not recorded in the fund financial statements  
but is included in the government-wide statements. (229,821)

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. 873,584

Amortization of deferred losses and gains on refunding issues, and bond premiums  
are recorded in the Statement of Activities. 10,977,412



**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, 2020**

Exhibit C-4

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.	\$ 18,485,486
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.	4,674,113
Pension expense for the pension plan measurement year is not recorded in the fund financial statements but are expensed in the government-wide statements.	(48,948,401)
OPEB expense for the OPEB plan measurement year is not recorded in the fund financial statements but are expensed in the government-wide statements.	(11,294,340)
Increase in long-term compensated absence liability is included in the government-wide statements.	<u>(3,148,145)</u>
Change in Net Position of Governmental Activities (see Exhibit B-1)	<u><u>\$ 17,082,743</u></u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**INTERNAL SERVICE FUNDS**  
**AUGUST 31, 2020**

Exhibit D-1

<b>Data Control Codes</b>		<b>Governmental Activities</b>
	<b>ASSETS</b>	
	Current Assets:	
1110	Pooled Cash and Cash Equivalents	\$ 24,287,776
1260	Due from Other Funds	209,094
1290	Other Receivables	3,376,907
1300	Inventories	121,398
	Total Current Assets	27,995,175
	Noncurrent Assets:	
	Capital Assets:	
1540	Furniture and Equipment	1,650,513
1573	Accumulated Depreciation	(1,074,805)
	Total Noncurrent	575,708
1000	<b>Total Assets</b>	28,570,883
	<b>LIABILITIES</b>	
	Current Liabilities:	
2110	Accounts Payable	4,495,330
2200	Accrued Expenses	5,904,751
2000	<b>Total Liabilities</b>	10,400,081
	<b>NET POSITION</b>	
3200	Investment in Capital Assets	575,708
3900	Unrestricted	17,595,094
3000	<b>Total Net Position</b>	\$ 18,170,802



**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, 2020**

Exhibit D-2

<b>Data Control Codes</b>		<b>Governmental Activities</b>
	<b>OPERATING REVENUES</b>	
5754	Charges for Services	\$ 65,752,795
5020	<b>Total Operating Revenues</b>	<u>65,752,795</u>
	<b>OPERATING EXPENSES</b>	
6100	Salary and Benefits	117,700
6200	Administrator Fees	5,477,144
6200	Claims Expense	59,185,234
6200	Repair and Maintenance Expense	10,608
6200	Equipment Rental	114,048
6200	Contracted Services	2,194,988
6300	Supplies	1,340,407
6400	Miscellaneous Operating Expenses	45,312
6400	Depreciation	194,633
6030	<b>Total Operating Expenses</b>	<u>68,680,074</u>
1300	Operating Income (Loss)	<u>(2,927,279)</u>
	<b>NONOPERATING REVENUES (EXPENSES)</b>	
5742	Investment Income	228,701
	<b>Total Net Nonoperating Revenue</b>	<u>228,701</u>
	Income (Loss) before Contributions and Transfers	(2,698,578)
7900	Transfers In	3,000,000
7900	Capital Contributions	<u>142,639</u>
1300	Change in Net Position	444,061
0100	Total Net Position - September 1 (Beginning)	17,726,741
3000	<b>Total Net Position - August 31 (Ending)</b>	<u><u>\$ 18,170,802</u></u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Exhibit D-3

	<b>Governmental Activities</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Receipts from Internal Services Provided	\$ 65,747,071
Cash Payments to Suppliers	(1,487,989)
Cash Payments to Pay Claims	(57,845,499)
Cash Payments for Contracted Services	(7,607,318)
Cash Payments to Employees	(117,700)
<b>Net Cash (Used) by Operating Activities</b>	<u>(1,311,435)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Capital Assets	(7,269)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(7,269)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from Other Funds	3,000,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>3,000,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	228,700
<b>Net Cash Provided by Investing Activities</b>	<u>228,700</u>
Net Increase in Pooled Cash and Cash Equivalents	1,909,996
Pooled Cash and Cash Equivalents at Beginning of Year	22,377,780
<b>Pooled Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 24,287,776</u></u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ (2,927,279)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities	
Depreciation	194,633
Change in Assets and Liabilities:	
(Increase) Decrease in Receivables	(10,329)
(Increase) Decrease in Inventories	(13,318)
Increase (Decrease) in Accounts Payable	1,784,003
Increase (Decrease) in Interfund Payables	4,605
Increase (Decrease) in Accrued Expenses	(343,750)
<b>Net Cash (Used) by Operating Activities</b>	<u><u>\$ (1,311,435)</u></u>
<b>Noncash Investing, Capital, and Financing Activities</b>	
Contributions of Capital Assets from Government	\$ 142,639



**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**AUGUST 31, 2020**

Exhibit E-1

<b>Data Control Codes</b>		<b>Custodial Funds</b>
	<b>ASSETS</b>	
1110	Pooled Cash and Cash Equivalents	\$ 1,322,992
1243	Due from Other Governments	68,186
1000	<b>Total Assets</b>	<u>\$ 1,391,178</u>
	<b>LIABILITIES</b>	
2110	Accounts Payable	\$ 17,860
2000	<b>Total Liabilities</b>	<u>\$ 17,860</u>
	<b>NET POSITION</b>	
3800	Restricted for student activities	\$ 1,373,318
	<b>Total Net Position</b>	<u><u>\$ 1,373,318</u></u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Exhibit E-2

	<u><b>Custodial Funds</b></u>
<b>CONTRIBUTIONS</b>	
Revenues from Student Activities	\$ 2,467,397
<b>Total Contributions</b>	<u>2,467,397</u>
Investment Earning	<u>8,513</u>
<b>Total Additions</b>	<u>2,475,910</u>
<b>DEDUCTIONS</b>	
Payments for Student Activities	<u>1,155,676</u>
<b>Total Deductions</b>	<u>1,155,676</u>
Change in Net Position	1,320,234
Total Net Position - September 1 (Beginning)	-
Prior Period Adjustment - Implement GASB 84	<u>53,084</u>
<b>Total Net Position - August 31 (Ending)</b>	<u><u>\$ 1,373,318</u></u>



# 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 and Fiduciary 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.

**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.

**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.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**D. Fund Accounting (continued)**

**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.

Finally, the District reports the following Fiduciary Funds:

**6. Custodial Funds**

The Custodial Funds are used to account for activities of student groups. The Custodial 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.



**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**

**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.

**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.



**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)**

**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:

<u>Assets</u>	<u>Years</u>
Building & Improvements	10-50
Furniture & Equipment	1-25
Vehicles	15
Library Books & Media	7

Land and construction in progress are not depreciated.

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has 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 fair value.
- Deferred outflows loss on refunding - The 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.



**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)**

- 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.

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 three items that qualify for reporting in this category.

- Deferred inflows gain on refunding - The gain 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 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 item that qualifies for reporting in this category. The unavailable revenue - property taxes is reported as a deferred inflow of resources and will be recognized as collected.



**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)**

**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.

**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.



**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)**

**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, 2020 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.

**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 \$16,000,000 for financial impacts of the COVID-19 Pandemic and \$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 \$50,761,742 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.



**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 (continued)**

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.

**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.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**(Continued)**

**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.

**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.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**A. Budgetary Data (continued)**

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, 2020 the District did not have any expenditures over appropriations in major funds.
6. A reconciliation of fund balances for both appropriated budget and non-appropriated budget Special Revenue Programs is as follows:

	<b>Special Revenue Fund</b>	<b>Unbudgeted Programs</b>	<b>Budgeted Programs</b>
Revenues	\$ 73,235,520	\$ 49,366,593	\$ 23,868,927
Expenditures	76,838,942	50,408,367	26,430,575
Revenues Over (Under) Expenditures	(3,603,422)	(1,041,774)	(2,561,648)
Other Sources (Uses)	3,299,297	(700,703)	4,000,000
Net Change in Fund Balances	(304,125)	(1,742,477)	1,438,352
Fund Balance Beginning	20,278,206	13,683,215	6,594,991
Prior Period Adjustment	2,575,817	2,575,817	
Fund Balance Ending	<u>\$ 22,549,898</u>	<u>\$ 14,516,555</u>	<u>\$ 8,033,343</u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**A. Budgetary Data (continued)**

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

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

<b>Fund</b>	<b>Appropriations as of September 1, 2019 (Original Budget)</b>	<b>Supplemental Appropriations and Revisions</b>	<b>Appropriations as of August 31, 2020 (Amended Budget)</b>
General Fund	\$ 786,596,103	\$ 12,457,096	\$ 799,053,199
Special Revenue Fund	35,058,227	(5,641,887)	29,416,340
Debt Service Fund	166,605,000	151,160,089	317,765,089
Total all Budgeted Funds	<u>\$ 988,259,330</u>	<u>\$ 157,975,298</u>	<u>\$ 1,146,234,628</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, \$2,086,527 of fund balance has been assigned for these outstanding encumbrances.

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

**A. Deposits (Cash)**

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

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

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



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

**NOTE 4 – DEPOSITS (CASH) AND INVESTMENTS (Continued)**

**A. Deposits (Cash) (continued)**

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

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

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

At August 31, 2020 the carrying amount on the District's books of combined deposits was \$323,535,303. 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, 2020, the deposits and amount of pledged collateral and FDIC coverage was as follows:

<b>Financial Institution</b>	<b>Cash in the Bank</b>	<b>Pledged Collateral and Surety Bond</b>	<b>Available FDIC Coverage</b>	<b>Month</b>
Prosperity Bank	\$ 331,033,196	\$ 423,101,883	\$ 500,000	August 31, 2020

**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 270 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.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**B. Investments (continued)**

A summary of the District's cash and investments at August 31, 2020 is shown below.

	<b>Cash on Hand</b>	<b>Bank Deposits</b>	<b>Money Market</b>	<b>Investment Pools</b>	<b>Securities</b>	<b>Total</b>
General	\$ 14,700	\$ 150,285,285	\$ 2,021,420	\$ 151,129,176	\$ 29,615,907	\$ 333,066,488
Debt Service		14,638,671		46,042,412		60,681,083
Capital Projects		146,240,264		6,974,853		153,215,117
Special Revenue Fund	21,018	7,689,458		11,173,239		18,883,715
<b>Total Governmental Funds</b>	<u>35,718</u>	<u>318,853,678</u>	<u>2,021,420</u>	<u>215,319,680</u>	<u>29,615,907</u>	<u>565,846,403</u>
Internal Service Fund		3,358,633		20,929,143		24,287,776
<b>Total Governmental Activities</b>	<u>35,718</u>	<u>322,212,311</u>	<u>2,021,420</u>	<u>236,248,823</u>	<u>29,615,907</u>	<u>590,134,179</u>
<b>Fiduciary Funds</b>						
Custodial		1,322,992				1,322,992
<b>Total</b>	<u>\$ 35,718</u>	<u>\$ 323,535,303</u>	<u>\$ 2,021,420</u>	<u>\$ 236,248,823</u>	<u>\$ 29,615,907</u>	<u>\$ 591,457,171</u>

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

The District generally holds all securities to maturity. The District did not purchase any derivative instrument investment products during the current year nor participate in any reverse repurchase agreements or security lending agreements during the fiscal year 2020.

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, 2020:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percent of Investments</b>	<b>Weighted Avg. Maturity</b>
Money Market	\$ 2,021,420	0.8%	1 day
Local Government Investment Pools: *			
Lone Star - Public Funds Investment Pool	6,399,426	2.4%	24 days
TexPool - Public Funds Investment Pool	190,155,540	71.0%	27 days
Texas CLASS - Public Funds Investment Pool	39,693,857	14.8%	54 days
<b>Total Local Government Investment Pools</b>	<u>236,248,823</u>		
Federal Agency Coupon Securities	10,465,787	3.9%	790 days
Municipal Bonds	19,150,120	7.1%	519 days
<b>Total Investments</b>	<u>\$ 267,886,150</u>	<u>100.0%</u>	

\* 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.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**B. Investments (continued)**

**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 fair 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, 2020, 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.

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, 2020, the District's investments included TexPool, Texas CLASS, and Lone Star Public Funds Investment Pools. The investment pools investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

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



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**B. Investments (continued)**

**Custodial Credit Risk**

The District's agent holds the securities in the General Fund, Debt Service Fund, Capital Projects Fund, and Special Revenue Fund in the District's name; therefore, the District is not exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in 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.

**NOTE 5 – PROPERTY TAXES**

The current assessment ratio of the District is 100% of market valuation of all property within the District's boundaries. The local maintenance and debt service tax rates for the 2019-20 school year were \$1.0531 and \$0.39 respectively per \$100 of assessed valuation. The 2019-20 assessed valuation was \$41,628,778,765 and resulted in a final adjusted tax levy of \$590,007,154.

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, 2020 consisted of the following:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
Property Taxes Receivable-Current Year Levy	\$ 3,217,160	\$ 1,191,427	\$ 4,408,587
Property Taxes Receivable-Prior Years' Levies	4,964,258	1,669,443	6,633,701
Total Property Taxes Receivable	8,181,418	2,860,870	11,042,288
Penalty and Interest on Delinquent Property Taxes	4,089,278	1,400,824	5,490,102
Total Property Taxes and Penalty and Interest	12,270,696	4,261,694	16,532,390
Less Allowance for Uncollectible Taxes	3,515,021	1,215,880	4,730,901
Net Property Taxes Receivable	<u>\$ 8,755,675</u>	<u>\$ 3,045,814</u>	<u>\$ 11,801,489</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 \$2,512,511, \$1,662,585 and \$314,055 respectively in fiscal 2020 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, 2020 include the following:

	<u><b>Interfund Receivables</b></u>	<u><b>Interfund Payables</b></u>
General Fund	\$ 788,167	\$
Debt Service Fund		23,266
Capital Projects Fund		1,172,628
Special Revenue Fund	198,633	
Total - Governmental Funds	<u>986,800</u>	<u>1,195,894</u>
Internal Service Fund	209,094	
Total - All Funds	<u><u>\$ 1,195,894</u></u>	<u><u>\$ 1,195,894</u></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.

Transfers between funds in fiscal year 2020 are as follows:

	<u><b>Transfers In</b></u>	<u><b>Transfers Out</b></u>
Governmental Funds:		
General Fund	\$ 1,214,879	\$ 8,318,230
Debt Service Fund	1,960,689	
Capital Projects Fund		1,156,635
Special Revenue Fund:		
School Breakfast and National School Lunch Program	4,000,000	
Summer Food Service Program for Children	514,176	
Immediate Aid to Restart Schools		629,397
Summer School Program for Limited English Proficiency		85,482
Tax Increment Reinvestment Zone		500,000
Total - Governmental Funds	<u>7,689,744</u>	<u>10,689,744</u>
Internal Service Fund	3,000,000	
Total - All Funds	<u><u>\$ 10,689,744</u></u>	<u><u>\$ 10,689,744</u></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 and Special Revenue Funds, and 4) to transfer funds from the Special Revenue grant programs to reimburse for prior expenditures originally charged to the General Fund.



**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, 2020 consisted of the following:

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
Due from State Agencies:				
State Grant Expenditure				
Reimbursement	\$ 606,952	\$	\$ 8,135,170	\$ 8,742,122
State Summary of Finances	15,459,995			15,459,995
Due from Federal Agencies:				
Federal Grant Expenditure				
Reimbursement	3,625	66,267		69,892
Due from Local Agencies:				
Local Grant Expenditure				
Reimbursement			44,578	44,578
Total Due from Other Governments	<u>\$ 16,070,572</u>	<u>\$ 66,267</u>	<u>\$ 8,179,748</u>	<u>\$ 24,316,587</u>

Payables Due to Other Governments at August 31, 2020 consisted of the following:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Special Revenue Fund</b>	<b>Total</b>
Due to State Agencies:				
Texas Education Agency	\$	\$ 84,680	\$ 711	\$ 85,391
Due to Federal Agencies:				
Federal Emergency Management Agency	1,454			1,454
Due to Local Agencies:				
Katy Development Authority	4,120,477			4,120,477
	<u>\$ 4,121,931</u>	<u>\$ 84,680</u>	<u>\$ 711</u>	<u>\$ 4,207,322</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, 2020 is as follows:

	<b>Balance September 1, 2019</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>Balance August 31, 2020</b>
<b>Governmental Activities</b>				
Capital Assets not being Depreciated:				
Land	\$ 90,675,236	\$ 4,328,667	\$ 13,134	\$ 95,017,037
Construction in Progress	166,849,246	83,997,766	(217,145,969)	33,701,043
Total Capital Assets, not being Depreciated	257,524,482	88,326,433	(217,132,835)	128,718,080
Capital Assets being Depreciated:				
Buildings and Improvements	2,214,915,790	35,817,455	217,326,363	2,468,059,608
Furniture and Equipment	190,721,244	30,765,832	(3,752,503)	217,734,573
Vehicles	68,018,194	5,067,330	(4,153,403)	68,932,121
Library Books and Media	4,544,267	1,057,504	(596,333)	5,005,438
Total Capital Assets, being Depreciated at Historical Cost	2,478,199,495	72,708,121	208,824,124	2,759,731,740
Total Capital Assets	2,735,723,977	161,034,554	(8,308,711)	2,888,449,820
Less: Accumulated Depreciation for:				
Buildings and Improvements	(527,446,478)	(59,042,041)	589,852	(585,898,667)
Furniture and Equipment	(85,551,442)	(21,327,410)	5,662,028	(101,216,824)
Vehicles	(27,618,205)	(4,328,179)	1,187,001	(30,759,383)
Library Books and Media	(2,444,789)	(603,124)	640,008	(2,407,905)
Total Accumulated Depreciation	(643,060,914)	(85,300,754)	8,078,889	(720,282,779)
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<b>\$ 2,092,663,063</b>	<b>\$ 75,733,800</b>	<b>\$ (229,822)</b>	<b>\$ 2,168,167,041</b>

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

	<b>Balance September 1, 2019</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>Balance August 31, 2020</b>
<b>Capital Lease Assets</b>				
Buildings and Improvements	\$ 24,625,372	\$	\$	\$ 24,625,372
Furniture and Equipment	355,247		(28,222)	327,025
Total Capital Lease Assets	24,980,619		(28,222)	24,952,397
Less: Accumulated Depreciation for:				
Buildings and Improvements	(7,037,350)	(506,371)		(7,543,721)
Furniture and Equipment	(282,089)	(9,155)	28,216	(263,028)
Total Accumulated Depreciation	(7,319,439)	(515,526)	28,216	(7,806,749)
<b>Capital Leases, Net</b>	<b>\$ 17,661,180</b>	<b>\$ (515,526)</b>	<b>\$ (6)</b>	<b>\$ 17,145,648</b>



**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	\$ 42,628,191
Instructional Resources and Media Services	2,372,157
Curriculum and Instructional Staff Development	228,807
Instructional Leadership	429,773
School Leadership	2,163,075
Guidance, Counseling, and Evaluation Services	535,118
Health Services	300,973
Student Transportation	4,974,835
Food Service	4,324,808
Extracurricular Activities	11,151,680
General Administration	2,806,630
Facilities Maintenance and Operations	12,700,414
Security and Monitoring Services	236,145
Data Processing Services	448,148
Total Depreciation Expense Governmental Activities	<u>\$ 85,300,754</u>

Construction in progress and remaining commitments under related construction contracts at August 31, 2020 are as follows:

**Construction in Progress:**

<u>Project</u>	<u>Contract Expenditures</u>	<u>Other Project Costs</u>	<u>Construction in Progress</u>
Junior High #17	\$ 14,175,014	\$ 351,038	\$ 14,526,052
High School #10		22,322	22,322
Outdoor Learning Center Renovation	299,242	164,925	464,167
Raines High School Expansion	288,000	25,300	313,300
Transportation Fuel Tank Replacement	3,308,165	60,215	3,368,380
L.D. Robinson Pavilion Repurposement	145,275	14,101	159,376
Vehicle Stacking	1,027,338	322,002	1,349,340
Baseball/Softball Renovations	1,037,144	537,367	1,574,511
Morton Ranch High Life Safety Upgrades	360,234	25,200	385,434
Safety & Security Upgrades	6,509,784	32,103	6,541,887
ESC/LMC Lighting & Controls Upgrades	1,871,346	177,900	2,049,246
Building Controls Upgrades	2,583,989	363,039	2,947,028
	<u>\$ 31,605,531</u>	<u>\$ 2,095,512</u>	<u>\$ 33,701,043</u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

**NOTE 8 – CAPITAL ASSETS (continued)**

**Contract and related commitments:**

<b>Project</b>	<b>Authorized Contract</b>	<b>Contract Expenditures</b>	<b>Remaining Commitment</b>
Junior High #17	\$ 45,282,000	\$ 14,175,014	\$ 31,106,986
Outdoor Learning Center Renovation	6,726,662	299,242	6,427,420
Raines High School Expansion	720,000	288,000	432,000
Transportation Fuel Tank Replacement	3,913,673	3,308,165	605,508
L.D. Robinson Pavilion Repurposement	4,058,500	145,275	3,913,225
Vehicle Stacking	1,157,475	1,027,338	130,137
Baseball/Softball Renovations	3,387,760	1,037,144	2,350,616
Morton Ranch High Life Safety Upgrades	499,484	360,234	139,250
Safety & Security Upgrades	8,828,750	6,509,784	2,318,966
ESC/LMC Lighting & Controls Upgrades	2,132,717	1,871,346	261,371
Building Controls Upgrades	4,404,959	2,583,989	1,820,970
	<u>\$ 81,111,980</u>	<u>\$ 31,605,531</u>	<u>\$ 49,506,449</u>

As explained in Note 3, encumbrance accounting is utilized to assure effective budgetary control. As of August 31, 2020, the General Fund had \$2,086,527, the Debt Service Fund had \$4,500, the Capital Projects Fund had \$59,310,368 and Special Revenue Fund had \$5,799,200 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 April 2020, the District issued \$141,240,000 of Unlimited Tax School Building Bonds, Series 2020. The bonds have interest rates ranging from three to five percent and are the third sale of the 2017 authorization. The District has \$40,000,000 of authorized but unissued bonds remaining at August 31, 2020.

General long-term debt consists of voted bonds payable. Bonds are payable solely from revenues of the Debt Service Fund which consists primarily of property taxes collected by the District 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, 2020 is as follows:

	<b>Balance at September 1, 2019</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at August 31, 2020</b>	<b>Due Within One Year</b>
General Obligation Bonds	\$ 1,843,845,000	\$ 443,275,000	\$ 398,660,000	\$ 1,888,460,000	\$ 74,885,000
Capital Appreciation Bonds		2,624,942	2,377,983	246,959	221,328
Accreted Interest on Capital Appreciation Bonds		111,788	18,266	93,522	73,935
Imputed Borrowing	23,169,615		2,524,483	20,645,132	2,302,137
Bond Issuance Premiums	193,051,387	48,272,660	31,618,114	209,705,933	
Capital Appreciation Bond Issuance Premiums		8,060,227	2,158,751	5,901,476	
Total Bonds Payable	2,060,066,002	502,344,617	437,357,597	2,125,053,022	77,482,400
Capital Leases	8,820,000		1,365,000	7,455,000	1,405,000
Compensated Absences	29,594,543	4,857,417	1,414,018	33,037,942	952,940
Total	<u>\$ 2,098,480,545</u>	<u>\$ 507,202,034</u>	<u>\$ 440,136,615</u>	<u>\$ 2,165,545,964</u>	<u>\$ 79,840,340</u>

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

Outstanding bonded debt at August 31, 2020 consisted of the following:

<b>Issue</b>	<b>Series Description</b>	<b>Interest Rate</b>	<b>Matures</b>	<b>Debt Outstanding</b>
\$ 68,910,000	2010-A Unlimited Tax Refunding Bonds	2.00-5.00	2022	\$ 2,265,000
41,470,000	2010-C Unlimited Tax School Building Bonds	4.00-5.00	2021	3,000,000
147,680,000	2012-A Unlimited Tax School Building & Refunding Bonds	4.00-5.00	2023	19,375,000
103,000,000	2013 Unlimited Tax School Building Bonds	2.00-5.00	2026	13,085,000
133,970,000	2014-A Unlimited Tax Refunding Bonds	1.00-5.00	2036	115,885,000
18,150,000	2014-B Limited Tax Refunding Bonds	3.00-5.00	2028	13,120,000
155,310,000	2015-A Unlimited Tax School Building Bonds	2.00-5.00	2045	134,450,000
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	107,950,000
245,095,000	2016-A Unlimited Tax School Building Bonds	4.00-5.00	2046	229,405,000
23,515,000	2016-B Unlimited Tax Refunding Bonds	3.00-5.00	2038	23,065,000
11,510,000	2016-C Limited Tax Refunding Bonds	5.00	2024	2,080,000
152,315,000	2016-D Unlimited Tax Refunding Bonds	3.00-5.00	2032	130,775,000
261,640,000	2017 Unlimited Tax School Building Bonds	4.00-5.00	2047	243,225,000
186,225,000	2018 Unlimited Tax School Building Bonds	3.00-5.00	2048	174,225,000
190,695,000	2019 Unlimited Tax School Building Bonds	4.00-5.00	2049	181,790,000
169,169,942	2019-A Unlimited Tax Refunding Bonds	1.705-4.00	2043	166,791,959
135,490,000	2019-B Unlimited Tax Refunding Bonds	4.00-5.00	2041	134,025,000
141,240,000	2020 Unlimited Tax School Building Bonds	3.00-5.00	2045	141,240,000
<b>Total Bonded Debt</b>				1,888,706,959
<b>Plus Accreted Interest on CABs</b>				93,522
<b>Plus Unamortized Imputed Borrowing</b>				20,645,132
<b>Plus Unamortized Premiums</b>				215,607,409
<b>Total Bonds Payable</b>				2,125,053,022
<b>Less Amounts Due Within One Year</b>				(77,482,400)
<b>Total Bonded Debt Long-Term</b>				<u>\$ 2,047,570,622</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, 2020 are as follows:

<b>Fiscal Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2021	\$ 75,106,328	\$ 83,421,424	\$ 158,527,752
2022	60,195,631	80,990,156	141,185,787
2023	68,525,000	74,732,815	143,257,815
2024	70,315,000	71,460,573	141,775,573
2025	66,800,000	68,265,743	135,065,743
2026	67,780,000	65,079,212	132,859,212
2027	68,265,000	61,794,498	130,059,498
2028	71,580,000	58,432,025	130,012,025
2029	72,170,000	55,149,690	127,319,690
2030	72,970,000	51,958,846	124,928,846
2031	71,420,000	48,753,978	120,173,978
2032	72,105,000	45,651,419	117,756,419
2033	67,925,000	42,684,463	110,609,463
2034	70,780,000	39,829,675	110,609,675
2035	73,645,000	36,964,255	110,609,255
2036	76,675,000	33,934,765	110,609,765
2037	69,130,000	30,693,677	99,823,677
2038	68,410,000	27,794,298	96,204,298
2039	67,935,000	24,815,588	92,750,588
2040	70,995,000	21,751,959	92,746,959
2041	73,825,000	18,604,132	92,429,132
2042	71,160,000	15,499,753	86,659,753
2043	67,170,000	12,553,771	79,723,771
2044	70,020,000	9,689,150	79,709,150
2045	72,970,000	6,739,075	79,709,075
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
	1,888,706,959	1,095,003,240	2,983,710,199
Less: Current Portion	75,106,328	83,421,424	158,527,752
Long Term Debt	<u>\$ 1,813,600,631</u>	<u>\$ 1,011,581,816</u>	<u>\$ 2,825,182,447</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 \$107,950,000 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, 2020 and the changes in fair values for the year then ended are as follows:

<b>Governmental Activities</b>	<b>Fair Value at August 31, 2020</b>	
	<b>Classification</b>	<b>Amount</b>
Cash Flow Hedge:		
Pay fixed interest rate swap	Liability: Interest Rate Swaps	\$ 8,758,862
	Liability: Imputed Borrowing	20,645,132
	Negative Fair Value	<u>\$ 29,403,994</u>
<b>Governmental Activities</b>	<b>Changes in Fair Value</b>	
	<b>Classification</b>	<b>Amount</b>
Cash Flow Hedge:		
Pay fixed interest rate swap	Deferred Outflows: Interest Rate Swap	\$ 4,042,702

**Terms**

The swaps notional amounts total \$107,950,000, 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 2021 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.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**Interest Rate Swap Agreements (continued)**

**Terms (continued)**

For the fiscal year ending August 31, 2020 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%	<u>(0.74)</u>
Net rate paid/(received) for swaps		3.18
Average variable rate paid on bonds associated with swaps		<u>1.06</u>
Effective rate of bonds associated with swaps		<u><u>4.24%</u></u>

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 \$29,403,994 on August 31, 2020 (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, 2020, 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.

**Basis Risk**

The 2015-C Bonds were issued as Floating Rate Notes. 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 instrument 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.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**Interest Rate Swap Agreements (continued)**

**Termination Risk**

The District has the unilateral right to voluntarily terminate the swap agreements at any time over their term at the then prevailing fair 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 fair 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, 2020, 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 also 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.

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.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**Interest Rate Swap Agreements (continued)**

**Swap Payments and Associated Debt**

As of August 31, 2020, the following are debt service requirements assuming current interest rates during the initial rate period, and rates returning to pre-refunding rates thereafter.

<b>Fiscal Year Ending</b>	<b>Principal</b>	<b>Interest*</b>	<b>Total</b>
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	5,670,000	4,195,592	9,865,592
2026-2030	32,400,000	16,677,438	49,077,438
2031-2035	40,370,000	8,178,861	48,548,861
2036	9,180,000	440,787	9,620,787
Total	<u>\$ 107,950,000</u>	<u>\$ 48,147,274</u>	<u>\$ 156,097,274</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 Refunding and Capital Appreciation Bonds**

In November 2019 the District issued \$169,169,942 in Unlimited Refunding Bonds, Series 2019-A. The refunding bonds have an average interest rate of 3.10% and were issued to refund portions of outstanding Series 2012-A and Series 2013 Bonds with average interest rates of 5.00% and 4.96% respectively. The proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the outstanding bonds. As a result, \$169,170,000 of the Series 2012-A and Series 2013 Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt of the District. There was no balance of outstanding defeased bonds prior to this, therefore at August 31, 2020, \$169,170,000 is the outstanding balance. This refunding reduced the District's total debt service by \$32,028,070 after consideration of a \$6,000,000 District contribution, for an economic gain of \$24,020,655 (the difference between the present values of the debt service payments on the old and new debt). The deferred gain on this refunding is \$3,842,319 and is being amortized over fifteen years.

Also, in November 2019 the District issued \$135,490,000 in Unlimited Tax Refunding Bonds, Series 2019-B. This refunding was treated as a current refunding. The refunding bonds have an average interest rate of 4.44% and were issued to refund \$155,000,000 of outstanding Series 2010-D Build America Bonds with an average interest rate of 6.18%. This refunding reduced the District's total debt service payments by \$34,396,289 for an economic gain of \$22,600,369 (difference between the present value of the debt service payments on the old and new debt). The deferred charge on this refunding is \$3,994,533 and is being amortized over twenty-one years. The escrow proceeds of \$158,994,533 were recorded as debt service expenditures and not other financing uses since the refunding date is within 90 days of the call date of the defeased bonds.

A portion of the Series 2019-A bonds were capital appreciation bonds. These obligations had an original principal value of \$2,624,942 and a maturity value of \$10,915,000, have principal payments ranging from \$3,180,000 to \$4,555,000, interest rates ranging from 1.705% to 1.988%, and mature in the years ending August 31, 2020 through 2022.



**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 has used the subsidy payments to pay principal and interest on the Series 2010-D Bonds. In the fiscal year ended August 31, 2020 the District refunded the Series 2010-D bonds and received a prorated portion of such subsidies in the amount of \$804,054. This included a reduction of the 2019-20 calculated subsidy payment of 5.9% 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.

**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, 2020 were \$24,952,397. Of that amount \$24,625,372 is classified as Buildings and Improvements and \$327,025 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.

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.



**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 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, 2020 are shown below:

<b>Series</b>	<b>Amount Outstanding</b>	<b>Interest Rates</b>	<b>Maturity Date Serially, Beginning/Ending</b>	<b>Interest Payment Dates</b>	<b>Callable Dates</b>
2012	\$ 7,455,000	2.88%	5/15/20 to 5/15/25	May 15/November 15	2020*

\*

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:

<b>Fiscal Year Ended August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Annual Debt Service</b>
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	7,455,000	656,784	8,111,784
Less: Current Portion	1,405,000	214,704	1,619,704
Long Term Lease	<u>\$ 6,050,000</u>	<u>\$ 442,080</u>	<u>\$ 6,492,080</u>

The average annual debt service on the bonds is \$1,622,357 through maturity. The maximum annual debt service on the bonds is \$1,625,504 through maturity.

Through the fiscal year ended August 31, 2020, the District has paid \$54,142,214 in collected tax increments and state revenues to the KDA. The District will pay additional tax increments of \$2,662,131 collected in fiscal 2019-20 and state revenues of \$1,458,346 to the KDA in fiscal 2020-21, and these amounts have been included as a liability in these financial statements. The District estimates that it will collect an additional \$5,267,674 in tax increments and state revenues in fiscal 2020-21 to be paid to the KDA in the 2021-22 fiscal year. The tax increment base value is \$4,397,510 and the certified taxable value before the increment in the Zone for the 2020 tax year is \$327,567,713. The District has received \$19,095,407 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.



**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)**

**Other Significant Information**

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

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

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

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

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

Governmental funds report 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, 2020 reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
<b>Deferred Inflows of Resources</b>		
Net Property Taxes Receivable (General Fund)	\$ 8,755,675	\$
Net Property Taxes Receivable (Debt Service Fund)	3,045,814	
<b>Unearned Revenue</b>		
Proceeds-Expenditure Driven State Grants (Special Revenue Fund)		1,371,645
Revenues Received Prior to Meeting all Expenditure Requirements (General Fund)		51,471
<b>Total</b>	<u>\$ 11,801,489</u>	<u>\$ 1,423,116</u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

**NOTE 12 – FUND EQUITY**

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

A summary of nonspendable, restricted, committed and assigned fund balance at August 31, 2020 is as follows:

<b>Fund Balances:</b>	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Special Revenue</b>
Nonspendable:				
Inventory	\$ 1,206,203	\$	\$	\$ 440,071
Prepaid Items	1,055,528			6,750
Total Nonspendable	<u>\$ 2,261,731</u>	<u>\$</u>	<u>\$</u>	<u>\$ 446,821</u>
Restricted for:				
Long-Term Debt	\$	\$ 60,578,121	\$	\$
Capital Acquisitions and Contracts			119,661,421	
Food Services				7,593,272
Tax Increment Reinvestment Zone				6,483,194
Other Grant Programs				695,143
Total Restricted	<u>\$</u>	<u>\$ 60,578,121</u>	<u>\$ 119,661,421</u>	<u>\$ 14,771,609</u>
Committed to:				
Self Funded Insurance	\$ 5,000,000	\$	\$	\$
COVID-19 Pandemic Financial Impacts	16,000,000			
Campus Activity Funds				7,331,468
Total Committed	<u>\$ 21,000,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 7,331,468</u>
Assigned to:				
Maintain Debt Service Rate	\$ 4,500,000	\$	\$	\$
Maintain Compensation Plan	15,000,000			
Opening Additional Schools	6,575,215			
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	2,086,527			
Total Assigned	<u>\$ 50,761,742</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

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

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Special Revenue</b>	<b>Total</b>
Property Taxes	\$ 428,012,592	\$ 158,515,161	\$	\$	\$ 586,527,753
Penalties, Interest, and					
Other Tax Related Income	2,070,844	734,450			2,805,294
Summer School, Tuition and Fees	2,065,648				2,065,648
Investment Income	4,239,681	962,504	1,156,635	148,163	6,506,983
Food Sales				10,863,596	10,863,596
Facility Rental	2,091,821				2,091,821
Co-curricular Student Activities	1,810,719				1,810,719
Other	2,460,076			11,773,080	14,233,156
<b>Total</b>	<u>\$ 442,751,381</u>	<u>\$ 160,212,115</u>	<u>\$ 1,156,635</u>	<u>\$ 22,784,839</u>	<u>\$ 626,904,970</u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

**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, 2020, follows:

<b>Program or Source</b>	<b>CFDA Number</b>	<b>Amount</b>
Naval Junior Reserve Officers Training Program	n/a	\$ 78,589
SHARS	93.778	6,737,906
E-Rate School and Libraries Universal Support	n/a	10,016
Build America Bonds Subsidy	n/a	804,053
Disaster Relief and Emergency Assistance	97.036	(25,955)
<b>Indirect Costs</b>		
National School Breakfast Program	10.553	322,809
National School Lunch Program	10.555	1,365,989
Summer Food Service Program	10.559	227,664
ESEA Title I, Part A - Improving Basic Programs	84.010A	202,259
IDEA Part B - Formula	84.027A	389,509
IDEA Part B - Preschool	84.173A	4,106
Texas Education for Homeless Children & Youth	84.196A	1,622
Carl D. Perkins Basic Grant	84.048A	14,950
ESEA Title II, Part A - Supporting Effective Instruction	84.367A	27,457
ESEA Title III, Part A	84.365A	51,539
Title IV, Part A, Subpart 1, Student Support	84.424A	5,152
Early Childhood Intervention	Various	38,977
Immediate Aid to Restart School Operations	84.938A	35,484
IDEA Part B - Deaf	84.027A	3,817
<b>Total</b>		<u><u>\$ 10,295,943</u></u>

**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 [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2019.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf) by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

**NOTE 15 – RETIREMENT PLAN (Continued)**

**Benefit Provisions**

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

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.

In May, 2019, the 86<sup>th</sup> Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13<sup>th</sup> check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

**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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for the fiscal years 2020 thru 2025.

**Contribution Rates**

	<b><u>2019</u></b>	<b><u>2020</u></b>
Member (Employee)	7.7%	7.7%
Non-employer contributing agency (State)	6.8%	7.5%
District (Employer)	6.8%	7.5%

	<b><u>Measurement Year 2019</u></b>		<b><u>Fiscal Year 2020</u></b>
	<b><u>Contributions Required and Made</u></b>	<b><u>Pension Expense</u></b>	<b><u>TRS Contributions</u></b>
Member (Employee)	\$ 40,529,548	\$	\$ 44,916,226
Non-employer contributing agency (State)	26,308,783	61,381,253	31,816,589
District (Employer)	15,056,236	48,948,401	18,473,081



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**Contributions (continued)**

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing 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.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

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. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

**NOTE 15 – RETIREMENT PLANS (continued)**

**Contributions (continued)**

**Actuarial Assumptions**

The total pension liability in the August 31, 2018 actuarial valuation rolled forward to August 31, 2019 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	2.63% *
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 2019, 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

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

**Discount Rate**

The single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active member, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**Discount Rate (continued)**

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019, are summarized below:

<b>Asset Class</b>	<b>Target Allocation *</b>	<b>New Target Allocation **</b>	<b>Long-Term Expected Geometric Real Rate of Return ***</b>
<b>Global Equity</b>			
U.S.	18.0 %	18.0	6.4 %
Non-U.S. Developed	13.0	13.0	6.3
Emerging Markets	9.0	9.0	7.3
Directional Hedge Funds	4.0	-	-
Private Equity	13.0	14.0	8.4
<b>Stable Value</b>			
U.S. Treasuries ****	11.0	16.0	3.1
Stable Value Hedge Funds	4.0	5.0	4.5
Absolute Return	-	-	-
<b>Real Return</b>			
Global Inflation Linked Bonds ****	3.0	-	-
Real Assets	14.0	15.0	8.5
Energy, Natural Resources & Infrastructure	5.0	6.0	7.3
Commodities	-	-	-
<b>Risk Parity</b>			
Risk Parity	5.0	8.0	5.8 / 6.5 *****
<b>Leverage</b>			
Cash	1.0	2.0	2.5
Asset Allocation Leverage	-	(6.0)	2.7
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>7.23 %</b>

\* Target allocations are based on the Strategic Asset Allocation as of FY2019.

\*\* New allocations are based on the Strategic Asset Allocation to be implemented FY2020.

\*\*\* 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%.

\*\*\*\* New Target Allocation groups Government Bonds within the stable value allocation.

This includes global sovereign nominal and inflation-linked bonds.

\*\*\*\*\* 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	<b>Discount Rate</b>		
	<b>1% Decrease 6.25%</b>	<b>Current Rate 7.25%</b>	<b>1% Increase 8.25%</b>
District's proportional share of the net pension liability	\$ 344,007,883	\$ 223,796,599	\$ 126,402,255

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

At August 31, 2020, the District reported a liability of \$223,796,599 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	\$ 223,796,599
State's proportionate share that is associated with the District	390,749,576
Total	<u>\$ 614,546,175</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 thru August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.4305% which was an increase of 0.00012% 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 pension liability since the prior measurement period.

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13<sup>th</sup> check. All eligible members retired as of December 31, 2018, will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$48,948,401 and revenue of \$61,381,253 for support provided by the State.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

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

At August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 940,146	\$ (7,770,573)
Changes of assumptions	69,432,696	(28,692,875)
Net difference between projected and actual earnings on pension plan investments	2,247,176	
Changes in proportion and differences between District contributions and proportionate share of contributions	23,172,732	(2,551)
District contributions subsequent to the measurement date	18,473,081	
Total	<u>\$ 114,265,831</u>	<u>\$ (36,465,999)</u>

The \$18,473,081 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, 2021. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended August 31,</b>	<b>Amount</b>
2021	\$ 15,956,118
2022	13,231,732
2023	14,417,546
2024	13,223,018
2025	4,556,900
Thereafter	(2,058,563)
	<u>\$ 59,326,751</u>

**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 [https://www.trs.texas.gov/TRS%20Documents/cafr\\_2019.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**Retiree Health Plan (continued)**

**Benefits Provided**

TRS-Care provides health insurance coverage to 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 non-Medicare retirees and their dependents not enrolled in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. 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 retirees are reflected in the following table.

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

**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 0.75% 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>2019</u>	<u>2020</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 2019</u>	<u>Fiscal Year 2020</u>
	<b>Contributions Required and Made</b>	<b>TRC Contributions</b>
Active Employee	\$ 3,421,358	\$ 3,791,637
Non-employer contributing agency (State)	5,607,036	11,130,206
District (Employer)	4,217,204	4,650,683



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

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

**Retiree Health Plan (continued)**

**Contributions (continued)**

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 \$73.6 million in fiscal year 2019.

In addition, \$230,756,971 was transferred to TRS to pay for TRS-Care during the 86th Legislative Session, House Bill 1. GASB Statement No. 85 requires that an on-behalf payment be recorded for the District's proportionate share. The proportionate share was determined using the GASB Statement No. 75 TRS-Care proportionate share allocation. For the year ended August 31, 2020, the District recorded an expenditure for its proportionate share of the funds along with the corresponding revenue of \$1,372,061.

**Actuarial Assumptions**

The total OPEB liability (TOL) in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018, rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.63%
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at 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%, including inflation
Healthcare Trend Rates	7.5% to 10.25%, Initial trend rates are 10.25% for Medicare retirees; 7.50% for non-Medicare retirees.
Ad hoc post-employment benefit changes	None

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions used for members of TRS are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Salary Increases.



**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 active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

**Discount Rate**

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06% 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 (2.63%) in measuring the Net OPEB Liability:

	<b>Discount Rate</b>		
	1% Decrease 1.63%	Current Rate 2.63%	1% Increase 3.63%
District's proportional share of the net OPEB liability	\$ 339,486,015	\$ 281,189,550	\$ 235,584,176

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

At August 31, 2020, the District reported a liability of \$281,189,550 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	\$ 281,189,550
State's proportionate share that is associated with the District	373,638,019
Total	<u>\$ 654,827,569</u>

The Net OPEB Liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 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, 2018 thru August 31, 2019.

At August 31, 2019 the employer’s proportion of the collective Net OPEB Liability was 0.5946% which was an increase of 0.0008% from its proportion measured as of 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)**

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

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate used.

	<b>Discount Rate</b>		
	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
District's proportional share of the net OPEB liability	\$ 229,384,573	\$ 281,189,550	\$ 350,584,437

**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:

- The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the Total OPEB Liability.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the Total OPEB Liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the Total OPEB Liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the Total OPEB Liability.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$11,294,340 and revenue of \$9,847,564 for support provided by the State.

At August 31, 2020, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 13,794,738	\$ (46,013,688)
Changes of assumptions	15,617,887	(75,633,088)
Net difference between projected and actual earnings on OPEB investments	30,336	
Changes in proportion and differences between District contributions and proportionate share of contributions	26,344,002	
District contributions subsequent to the measurement date	4,650,683	
Total	<u>\$ 60,437,646</u>	<u>\$ (121,646,776)</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 \$4,650,683 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, 2021. 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:

<u>Year ended August 31,</u>	<u>Amount</u>
2021	\$ (11,851,587)
2022	(11,851,587)
2023	(11,861,406)
2024	(11,867,022)
2025	(11,865,485)
Thereafter	(6,562,726)
	<u><u>\$ (65,859,813)</u></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, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on-behalf of the District were \$2,781,166, \$1,952,177, and \$1,487,987, 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 2020, \$1,414,018 was disbursed to 120 members. No assets are being held or accumulated for future distribution. The District has accrued \$33,037,942 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.

**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.

The only settled claim exceeding insurance coverage in the past three years is attributable to Hurricane Harvey, which made land fall in Texas in 2017. The District did experience damage to some facilities which did not have a substantial negative effect on the operation of the District.

A presidential 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 received reimbursement from the Federal Emergency Management Agency (FEMA) for eligible disaster-related expenses. The District recognized federal revenue of \$4,611,912 in funds received from FEMA and \$20,000,000 in insurance proceeds during 2017-2018 and 2018-2019 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 \$5.4 million has been recorded in the fund as of August 31, 2020. 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.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

**NOTE 17 – RISK MANAGEMENT (continued)**

**Health Insurance (continued)**

At August 31, 2020, the fund had net position of \$15,848,494. 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, 2020 and 2019 are as follows:

	<b>Health Insurance</b>	
	<b>2020</b>	<b>2019</b>
Beginning Accrual	\$ 5,050,000	\$ 2,383,500
Current Estimates	57,174,288	55,564,890
Payments for Claims	(56,831,288)	(52,898,390)
Ending Accrual	<u>\$ 5,393,000</u>	<u>\$ 5,050,000</u>

**Workers' Compensation**

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

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

Workers' Compensation liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but were not reported until after August 31, 2020. 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 2020 compared to 2019 are as follows:

	<b>Workers' Compensation</b>	
	<b>2020</b>	<b>2019</b>
Beginning Accrual	\$ 1,198,501	\$ 46,346
Current Estimates	327,461	2,463,349
Payments for Claims	(1,014,211)	(1,311,194)
Ending Accrual	<u>\$ 511,751</u>	<u>\$ 1,198,501</u>

At August 31, 2020, the District had \$1.7 million in cash available for payment of Workers' Compensation claims. The District has also purchased an excess Workers' Compensation policy for coverage relating to excessive Workers' Compensation claims. The District has a \$550,000 Self-Insured Retention (SIR) per any one occurrence. The policy has an obligation to pay all costs required by the Texas Workers' Compensation Act in excess of the District's SIR for each workers' compensation occurrence.



**KATY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**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, 2020. Based on arbitrage calculations as of August 31, 2020 there was no arbitrage liability.

**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, 2020 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	\$ 92,175	\$ 2,851	\$ 950	\$ 5,702	\$ 4,751
IDEA-C Early Intervention	2,343	72	24	145	121
Regional Day School For the Deaf	617,498	19,098	6,366	38,196	31,830
Local Share, Deaf	552,952	16,971	5,657	33,943	28,286
	<u>\$ 1,264,968</u>	<u>\$ 38,992</u>	<u>\$ 12,997</u>	<u>\$ 77,986</u>	<u>\$ 64,988</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 – PRIOR PERIOD ADJUSTMENT**

In the current 2019-2020 fiscal year, the District implemented GASB Statement No. 84, Fiduciary Activities which resulted in a prior period adjustment of \$53,084.

**NOTE 22 – SUBSEQUENT EVENTS**

**KDA Bond Refunding**

In October 2020, the Katy Development Authority issued Tax Increment Contract Revenue Refunding Bonds (Katy ISD Contract), Series 2020 in the amount of \$6,270,000 to refund \$6,050,000 of callable debt from the Tax Increment Contract Revenue Refunding Bonds (Katy ISD Contract), Series 2012. The refunded bonds had maturity dates of 2022 -2025. The gross debt service savings was \$208,066. The present value savings was \$204,695 or 3.38% of the refunded par value of the refunded bonds.



**KATY INDEPENDENT SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS (continued)

**NOTE 22 – SUBSEQUENT EVENTS (continued)**

**COVID-19 Pandemic**

On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in Texas in response to the COVID-19, which disaster declaration he has subsequently extended. In addition, certain local officials, including the County Judge of Harris County, also declared a local state of disaster.

TEA will institute the ADA hold harmless for the first two six-week attendance reporting periods as follows: if an LEA’s Refined ADA counts during those first two six-week reporting periods are less than the ADA hold harmless projections (described in the paragraph below), the first two six-week attendance reporting periods for 2020–2021 will be excluded from the calculation of ADA and student FTEs for FSP funding purposes and will be replaced with the ADA hold harmless projections. For purposes of the hold harmless calculation, TEA will not consider each six weeks’ attendance period independent of each other. TEA will replace attendance numbers for each eligible LEA’s 2020-2021 first two six-week attendance periods with projected ADA and student FTE numbers calculating using a three-year average trend of final numbers from the 2017-2018 through the 2019-2020 school years, unless this projection is both 15% higher and 100 ADA higher than the 2020-2021 LPE projections. In the latter case, 2020-2021 LPE counts will be used.

The full extent of the ongoing impact of COVID-19 on the District’s 2020-21 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.



# Required Supplementary Information



**K<sup>A</sup>Y**



**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, 2020**

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

<b>Data Control Codes</b>		<b>2020</b>	
		<b>Budgeted Amounts</b>	
		<b>Original</b>	<b>Final</b>
	<b>REVENUES</b>		
5700	Local, Intermediate, and Out-of-State	\$ 439,121,117	\$ 442,214,868
5800	State Program Revenues	343,745,780	366,246,131
5900	Federal Program Revenues	12,194,775	9,778,579
5020	<b>Total Revenues</b>	<b>795,061,672</b>	<b>818,239,578</b>
	<b>EXPENDITURES</b>		
	Current:		
0011	Instruction	507,419,656	508,664,472
0012	Instructional Resources and Media Services	8,538,571	8,733,598
0013	Curriculum and Instructional Staff Development	10,400,574	10,302,892
0021	Instructional Leadership	6,653,867	6,712,659
0023	School Leadership	43,883,468	44,861,255
0031	Guidance, Counseling, and Evaluation Services	36,165,389	37,507,708
0032	Social Work		81,500
0033	Health Services	8,349,092	9,692,809
0034	Student Transportation	22,367,272	20,782,752
0036	Extracurricular Activities	16,863,245	16,729,738
0041	General Administration	15,241,165	14,224,396
0051	Facilities Maintenance and Operations	71,785,326	81,523,872
0052	Security and Monitoring Services	11,069,517	10,376,815
0053	Data Processing Services	15,262,333	15,503,459
0061	Community Services	305,151	283,436
0081	Facilities Acquisition and Construction	2,432,418	3,591,554
0093	Payments to Fiscal Agents SSA	698,200	698,200
0095	Payments to JJAEP	123,577	113,577
0097	Payments to Tax Increment Reinvestment Zone	4,349,282	4,130,507
0099	Other Intergovernmental Charges	4,688,000	4,538,000
6030	<b>Total Expenditures</b>	<b>786,596,103</b>	<b>799,053,199</b>
1100	Excess (Deficiency) of Revenues Over Expenditures	8,465,569	19,186,379
	<b>OTHER FINANCING SOURCES/(USES)</b>		
7912	Sales of Real and Personal Property		75,784
7915	Transfers In	500,000	1,100,000
8911	Transfers Out	(6,037,227)	(8,300,644)
7080	<b>Total Other Financing Sources/(Uses)</b>	<b>(5,537,227)</b>	<b>(7,124,860)</b>
	<b>EXTRAORDINARY ITEMS</b>		
7919	Insurance Recovery		
1200	Net Change in Fund Balances	2,928,342	12,061,519
0100	Fund Balances - Beginning	258,117,840	258,117,840
3000	<b>Fund Balances - Ending</b>	<b>\$ 261,046,182</b>	<b>\$ 270,179,359</b>

See accompanying notes to the Required Supplementary Information



		2019
Actual	Variance with Final Budget Positive (Negative)	Actual
\$ 442,751,381	\$ 536,513	\$ 452,020,019
370,816,001	4,569,870	292,379,255
10,295,943	517,364	23,937,282
823,863,325	5,623,747	768,336,556
500,502,926	8,161,546	452,758,768
8,617,139	116,459	8,284,336
9,988,031	314,861	9,421,981
6,491,536	221,123	5,969,633
44,308,301	552,954	40,705,308
36,323,469	1,184,239	31,364,974
64,230	17,270	
8,590,476	1,102,333	7,293,402
18,584,699	2,198,053	22,491,858
16,010,545	719,193	15,521,883
12,846,638	1,377,758	13,558,104
79,609,885	1,913,987	67,044,502
10,046,278	330,537	9,000,306
14,763,537	739,922	14,183,673
218,953	64,483	287,593
3,470,850	120,704	4,339,232
548,742	149,458	630,385
9,800	103,777	5,500
4,043,089	87,418	4,155,711
4,489,151	48,849	4,272,945
779,528,275	19,524,924	711,290,094
44,335,050	25,148,671	57,046,462
93,580	17,796	53,539
1,214,879	114,879	500,000
(8,318,230)	(17,586)	(22,977,873)
(7,009,771)	115,089	(22,424,334)
		10,000,000
37,325,279	25,263,760	44,622,128
258,117,840		213,495,712
\$ 295,443,119	\$ 25,263,760	\$ 258,117,840



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**KATY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**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, 2020 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 SIX MEASUREMENT YEARS ENDED AUGUST 31**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's Proportion of the Net Pension Liability	0.23%	0.40%	0.39%
District's Proportionate Share of Net Pension Liability	\$ 61,442,566	\$ 141,271,770	\$ 148,128,053
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>
Total	<u>\$ 278,557,282</u>	<u>\$ 409,168,445</u>	<u>\$ 435,936,950</u>
District's Covered Payroll	\$ 384,948,688	\$ 426,358,194	\$ 452,806,263
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	15.96%	33.13%	32.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability *	83.25%	78.43%	78.00%
Plan's Net Pension Liability as a Percentage of Covered Payroll *	72.89%	91.94%	92.75%

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.



<u>2017</u>	<u>2018</u>	<u>2019</u>
0.40%	0.43%	0.43%
\$ 129,492,973	\$ 236,900,889	\$ 223,796,599
<u>243,448,882</u>	<u>415,190,842</u>	<u>390,749,576</u>
<u><u>\$ 372,941,855</u></u>	<u><u>\$ 652,091,731</u></u>	<u><u>\$ 614,546,175</u></u>
\$ 475,674,264	\$ 504,268,992	\$ 526,358,404
27.22%	46.98%	42.52%
82.17%	73.74%	75.24%
75.93%	126.11%	114.93%



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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Contractually Required Contribution	\$ 4,731,099	\$ 3,783,874	\$ 4,751,427	\$ 5,831,753
Contribution in Relation to the Contractually Required Contribution	<u>4,731,099</u>	<u>3,783,874</u>	<u>4,751,427</u>	<u>5,831,753</u>
<b>Contribution Deficiency (Excess)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>District's Covered Payroll</b>	\$ 355,508,558	\$ 328,345,312	\$ 352,558,343	\$ 384,948,688
Contributions as a Percentage of Covered Payroll	1.33%	1.15%	1.35%	1.51%



<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 11,839,803	\$ 12,454,547	\$ 13,273,105	\$ 14,500,023	\$ 15,056,236	\$ 18,473,081
<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>18,473,081</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 426,358,194	\$ 452,806,263	\$ 475,674,264	\$ 504,268,992	\$ 526,358,404	\$ 579,192,169
2.78%	2.75%	2.79%	2.88%	2.86%	3.19%



**KATY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

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 single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.

**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 THREE MEASUREMENTS YEAR ENDED AUGUST 31**

Exhibit F-4

	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's Proportion of the Net OPEB Liability	0.54%	0.59%	0.59%
District's Proportionate Share of Net OPEB Liability	\$ 235,241,949	\$ 292,809,737	\$ 281,189,550
State's Proportionate Share of the Net OPEB Liability associated with the District	<u>380,851,640</u>	<u>439,287,541</u>	<u>373,638,019</u>
Total	<u>\$ 616,093,589</u>	<u>\$ 732,097,278</u>	<u>\$ 654,827,569</u>
District's Covered Payroll	\$ 475,674,264	\$ 504,268,992	\$ 526,358,404
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	49.45%	58.07%	53.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability *	0.91%	1.57%	2.66%
Plan's Net OPEB Liability as a Percentage of Covered Payroll *	132.55%	146.64%	135.21%

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,090,397	\$ 1,920,613	\$ 2,000,191	\$ 2,242,087
Contribution in Relation to the Contractually Required Contribution	<u>2,090,397</u>	<u>1,920,613</u>	<u>2,000,191</u>	<u>2,242,087</u>
<b>Contribution Deficiency (Excess)</b>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>
<b>District's Covered Payroll</b>	\$ 355,508,558	\$ 328,345,312	\$ 352,558,343	\$ 384,948,688
Contributions as a Percentage of Covered Payroll	0.59%	0.58%	0.57%	0.58%



<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 2,493,897	\$ 2,648,206	\$ 2,812,442	\$ 4,046,597	\$ 4,217,204	\$ 4,650,683
<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>4,650,683</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 426,358,194	\$ 452,806,263	\$ 475,674,264	\$ 504,268,992	\$ 526,358,404	\$ 579,192,169
0.58%	0.58%	0.59%	0.80%	0.80%	0.80%



**KATY INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY OTHER POST-EMPLOYMENT**  
**BENEFIT INFORMATION**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**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 discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the Total OPEB Liability.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the Total OPEB Liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the Total OPEB Liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the Total OPEB Liability.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

**Changes in Benefit Terms**

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



**K<sup>A+</sup>Y**



**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, 2020 and 2019**

Exhibit G-1

<b>Data Control Codes</b>		<b>August 31, 2020</b>	<b>August 31, 2019</b>
	<b>ASSETS</b>		
1110	Pooled Cash and Cash Equivalents	\$ 303,450,581	\$ 285,024,654
1120	Current Investments	7,383,176	19,230,810
	Receivables:		
1225	Property Taxes Receivable (net)	8,755,675	8,186,402
1240	Due from Other Governments	16,070,572	742,123
1250	Accrued Interest	6,841	
1260	Due from Other Funds	788,167	
1290	Other Receivables	272,745	317,900
1300	Inventories, at Cost	1,206,203	1,131,442
1410	Prepaid Items	1,055,528	1,047,673
1910	Long-Term Investments	22,232,731	11,373,527
1000	<b>Total Assets</b>	<u>\$ 361,222,219</u>	<u>\$ 327,054,531</u>
	<b>LIABILITIES</b>		
	Current Liabilities:		
2110	Accounts Payable	\$ 20,323,324	\$ 12,757,957
2150	Payroll Withholding Payable	6,351,927	5,831,473
2160	Accrued Wages Payable	25,283,327	27,556,844
2170	Due to Other Funds		5,013,373
2180	Due to Other Governments	4,121,931	8,836,181
2200	Accrued Expenditures	891,445	596,191
2300	Unearned Revenue	51,471	158,270
2000	<b>Total Liabilities</b>	<u>57,023,425</u>	<u>60,750,289</u>
	<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600	Unavailable Revenue - Property Taxes	8,755,675	8,186,402
2600	<b>Total Deferred Inflows or Resources</b>	<u>8,755,675</u>	<u>8,186,402</u>
	<b>FUND BALANCE</b>		
	Fund Balances:		
3410/30	Nonspendable	2,261,731	2,179,115
3540	Committed	21,000,000	5,000,000
3580	Assigned	50,761,742	52,716,009
3600	Unassigned	221,419,646	198,222,716
3000	<b>Total Fund Balance</b>	<u>295,443,119</u>	<u>258,117,840</u>
4000	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 361,222,219</u>	<u>\$ 327,054,531</u>



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

Exhibit G-2

YEAR ENDED AUGUST 31, 2020

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

	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Local Sources</b>				
Real and Personal Property Taxes	\$ 427,304,562	\$ 427,421,305	\$ 116,743	\$ 431,343,104
Taxes Collected on Tax				
Increment Zone	2,647,879	2,662,131	14,252	2,923,275
Tuition and Fees from Patrons	1,997,972	2,065,648	67,676	2,401,303
Investment Income	4,269,317	4,239,681	(29,636)	7,217,641
Rental Income	2,048,818	2,091,821	43,003	3,169,284
Athletics	1,803,935	1,810,719	6,784	2,215,566
Other	2,142,385	2,460,076	317,691	2,749,846
Revenues - Local Sources	<u>442,214,868</u>	<u>442,751,381</u>	<u>536,513</u>	<u>452,020,019</u>
<b>State Sources</b>				
Per Capita and Foundation	323,264,472	326,995,618	3,731,146	216,020,465
TRS On-Behalf Benefit	42,144,349	42,946,749	802,400	35,388,206
Other State Revenue	837,310	873,634	36,324	40,970,584
Revenues - State Sources	<u>366,246,131</u>	<u>370,816,001</u>	<u>4,569,870</u>	<u>292,379,255</u>
<b>Federal Sources</b>				
Indirect Costs - Federal Grants	2,174,025	2,691,334	517,309	1,966,950
Federal Grants	80,652	62,650	(18,002)	4,380,828
SHARS	6,719,849	6,737,906	18,057	14,552,277
Build America Bonds Subsidy	804,053	804,053		3,037,227
Revenues - Federal Sources	<u>9,778,579</u>	<u>10,295,943</u>	<u>517,364</u>	<u>23,937,282</u>
<b>Total Revenues</b>	<u>\$ 818,239,578</u>	<u>\$ 823,863,325</u>	<u>\$ 5,623,747</u>	<u>\$ 768,336,556</u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2020**  
with comparative actual balances for the year ended August 31, 2019

Exhibit G-3  
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Function	2020		Variance Positive (Negative)	2019
	Budget	Actual		Actual
<b>Instruction and Instruction-Related Services</b>				
Instruction				
6100 Payroll Costs	\$ 480,312,313	\$ 477,828,042	\$ 2,484,271	\$ 435,402,648
6200 Purchased and Contracted Services	3,612,987	3,358,781	254,206	2,940,936
6300 Supplies and Materials	24,126,132	18,790,244	5,335,888	13,893,013
6400 Other Operating Expenditures	511,975	424,898	87,077	400,783
6600 Capital Outlay	101,065	100,961	104	121,388
Total Instruction	508,664,472	500,502,926	8,161,546	452,758,768
Instructional Resources and Media Services				
6100 Payroll Costs	7,927,063	7,843,248	83,815	7,416,068
6200 Purchased and Contracted Services	6,555	3,185	3,370	4,045
6300 Supplies and Materials	787,490	762,828	24,662	855,736
6400 Other Operating Expenditures	12,490	7,878	4,612	8,487
Total Instructional Resources/Media Svc.	8,733,598	8,617,139	116,459	8,284,336
Curriculum and Instructional Staff Development				
6100 Payroll Costs	8,535,402	8,617,049	(81,647)	7,785,716
6200 Purchased and Contracted Services	388,625	294,816	93,809	285,257
6300 Supplies and Materials	460,480	379,057	81,423	384,431
6400 Other Operating Expenditures	918,385	697,109	221,276	966,577
Total Curriculum/Instr. Staff Development	10,302,892	9,988,031	314,861	9,421,981
<b>Total Instruction and Instruction-Related Services</b>	<b>527,700,962</b>	<b>519,108,096</b>	<b>8,592,866</b>	<b>470,465,085</b>
<b>Instruction and School Leadership</b>				
Instructional Leadership				
6100 Payroll Costs	6,357,793	6,270,127	87,666	5,677,905
6200 Purchased and Contracted Services	105,693	64,180	41,513	81,518
6300 Supplies and Materials	124,792	78,006	46,786	91,041
6400 Other Operating Expenditures	124,381	79,223	45,158	119,169
Total Instructional Leadership	6,712,659	6,491,536	221,123	5,969,633
School Leadership				
6100 Payroll Costs	43,800,148	43,461,991	338,157	39,899,551
6200 Purchased and Contracted Services	57,641	44,285	13,356	13,763
6300 Supplies and Materials	546,930	457,443	89,487	365,205
6400 Other Operating Expenditures	456,536	344,582	111,954	426,789
Total School Leadership	44,861,255	44,308,301	552,954	40,705,308
<b>Total Instruction and School Leadership</b>	<b>51,573,914</b>	<b>50,799,837</b>	<b>774,077</b>	<b>46,674,941</b>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2020**  
with comparative actual balances for the year ended August 31, 2019

Exhibit G-3  
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	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Support Services - Student</b>				
Guidance, Counseling and Evaluation Services				
6100 Payroll Costs	\$ 34,867,299	\$ 34,093,917	\$ 773,382	\$ 29,086,577
6200 Purchased and Contracted Services	828,718	695,055	133,663	692,823
6300 Supplies and Materials	1,578,070	1,340,330	237,740	1,338,678
6400 Other Operating Expenditures	233,621	194,167	39,454	246,896
Total Guidance, Counsel. and Eval. Services	37,507,708	36,323,469	1,184,239	31,364,974
Social Work Services				
6100 Payroll Costs	65,500	58,866	6,634	
6300 Supplies and Materials	15,000	4,163	10,837	
6400 Other Operating Expenditures	1,000	1,201	(201)	
Total Social Work Services	81,500	64,230	17,270	
Health Services				
6100 Payroll Costs	7,668,578	7,539,637	128,941	6,885,521
6200 Purchased and Contracted Services	327,086	236,646	90,440	261,939
6300 Supplies and Materials	1,663,948	791,757	872,191	132,657
6400 Other Operating Expenditures	19,382	8,671	10,711	13,285
6600 Capital Outlay	13,815	13,765	50	
Total Health Services	9,692,809	8,590,476	1,102,333	7,293,402
Student Transportation				
6100 Payroll Costs	16,260,941	15,592,462	668,479	15,422,637
6200 Purchased and Contracted Services	967,725	956,935	10,790	905,072
6300 Supplies and Materials	3,122,165	1,635,048	1,487,117	2,308,146
6400 Other Operating Expenditures	426,811	390,343	36,468	356,003
6600 Capital Outlay	5,110	9,911	(4,801)	3,500,000
Total Student Transportation	20,782,752	18,584,699	2,198,053	22,491,858
Extracurricular Activities				
6100 Payroll Costs	10,623,577	10,564,477	59,100	10,001,099
6200 Purchased and Contracted Services	1,129,108	1,046,882	82,226	1,249,522
6300 Supplies and Materials	2,542,114	2,132,894	409,220	2,098,664
6400 Other Operating Expenditures	1,714,014	1,529,982	184,032	2,049,649
6600 Capital Outlay	720,925	736,310	(15,385)	122,949
Total Extracurricular Activities	16,729,738	16,010,545	719,193	15,521,883
<b>Total Support Services - Student</b>	<b>84,794,507</b>	<b>79,573,419</b>	<b>5,221,088</b>	<b>76,672,117</b>
<b>Administrative Support Services</b>				
General Administration				
6100 Payroll Costs	10,727,059	10,601,838	125,221	11,162,633
6200 Purchased and Contracted Services	1,532,277	1,000,138	532,139	1,225,273
6300 Supplies and Materials	466,068	258,316	207,752	312,875
6400 Other Operating Expenditures	1,498,992	986,346	512,646	857,323
<b>Total Administrative Support Services</b>	<b>14,224,396</b>	<b>12,846,638</b>	<b>1,377,758</b>	<b>13,558,104</b>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2020**  
with comparative actual balances for the year ended August 31, 2019

Exhibit G-3  
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	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Support Services - Nonstudent Based</b>				
Facilities Maintenance and Operations				
6100 Payroll Costs	\$ 37,048,548	\$ 36,839,940	\$ 208,608	\$ 33,016,268
6200 Purchased and Contracted Services	30,468,399	29,769,837	698,562	25,315,556
6300 Supplies and Materials	9,183,731	8,177,622	1,006,109	4,573,097
6400 Other Operating Expenditures	4,253,904	4,188,480	65,424	2,835,914
6600 Capital Outlay	569,290	634,006	(64,716)	1,303,667
Total Facilities Maintenance and Operations	81,523,872	79,609,885	1,913,987	67,044,502
Security and Monitoring Services				
6100 Payroll Costs	9,264,123	9,126,446	137,677	7,974,661
6200 Purchased and Contracted Services	269,460	191,306	78,154	173,733
6300 Supplies and Materials	414,955	336,086	78,869	398,404
6400 Other Operating Expenditures	50,827	27,487	23,340	26,466
6600 Capital Outlay	377,450	364,953	12,497	427,042
Total Security and Monitoring Services	10,376,815	10,046,278	330,537	9,000,306
Data Processing Services				
6100 Payroll Costs	10,042,760	9,998,289	44,471	9,015,458
6200 Purchased and Contracted Services	498,219	371,127	127,092	536,008
6300 Supplies and Materials	4,827,891	4,320,470	507,421	3,782,698
6400 Other Operating Expenditures	134,589	73,651	60,938	101,520
6600 Capital Outlay				747,989
Total Data Processing Services	15,503,459	14,763,537	739,922	14,183,673
<b>Total Support Services - Nonstudent Based</b>	<b>107,404,146</b>	<b>104,419,700</b>	<b>2,984,446</b>	<b>90,228,481</b>
<b>Ancillary Services</b>				
Community Services				
6100 Payroll Costs	159,031	139,867	19,164	167,355
6200 Purchased and Contracted Services	62,732	35,822	26,910	63,327
6300 Supplies and Materials	49,347	34,896	14,451	48,592
6400 Other Operating Expenditures	12,326	8,368	3,958	8,319
<b>Total Ancillary Services</b>	<b>283,436</b>	<b>218,953</b>	<b>64,483</b>	<b>287,593</b>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED AUGUST 31, 2020**  
with comparative actual balances for the year ended August 31, 2019

Exhibit G-3  
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	<b>2020</b>			<b>2019</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Capital Outlay</b>				
Facilities Acquisition and Construction				
6100 Payroll Costs	\$ 795,616	\$ 762,718	\$ 32,898	\$ 819,558
6200 Purchased and Contracted Services	2,370	2,369	1	4,854
6300 Supplies and Materials				26,502
6400 Other Operating Expenditures	7,800	1,622	6,178	6,946
6600 Capital Outlay	2,785,768	2,704,141	81,627	3,481,372
<b>Total Capital Outlay</b>	<b>3,591,554</b>	<b>3,470,850</b>	<b>120,704</b>	<b>4,339,232</b>
<b>Intergovernmental Charges</b>				
Payments to Fiscal Agents				
6400 Other Operating Expenditures	698,200	548,742	149,458	630,385
Payments to JJAEP				
6200 Purchased and Contracted Services	113,577	9,800	103,777	5,500
Payments to Tax Increment Reinvestment Zone				
6400 Other Operating Expenditures	4,130,507	4,043,089	87,418	4,155,711
Other Intergovernmental Charges				
6200 Purchased and Contracted Services	4,538,000	4,489,151	48,849	4,272,945
<b>Total Intergovernmental Charges</b>	<b>9,480,284</b>	<b>9,090,782</b>	<b>389,502</b>	<b>9,064,541</b>
<b>6030 Total Expenditures</b>	<b>\$ 799,053,199</b>	<b>\$ 779,528,275</b>	<b>\$ 19,524,924</b>	<b>\$ 711,290,094</b>



## **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, 2020 and 2019**

Exhibit H-1

<b>Data Control Codes</b>		<b>August 31, 2020</b>	<b>August 31, 2019</b>
	<b>ASSETS</b>		
1110	Pooled Cash and Cash Equivalents	\$ 60,681,083	\$ 58,505,570
	Receivables:		
1225	Property Taxes Receivable (net)	3,045,814	2,741,502
1290	Other Receivables (Net)	4,984	67,496
1000	<b>Total Assets</b>	<u>\$ 63,731,881</u>	<u>\$ 61,314,568</u>
	<b>LIABILITIES</b>		
	Current Liabilities:		
2170	Due to Other Funds	\$ 23,266	\$ 63,086
2180	Due to Other Governments	84,680	
2000	<b>Total Liabilities</b>	<u>107,946</u>	<u>63,086</u>
	<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600	Unavailable Revenue - Property Taxes	<u>3,045,814</u>	<u>2,741,502</u>
	<b>FUND BALANCE</b>		
	Restricted For:		
3480	Retirement of Long-term Debt	<u>60,578,121</u>	<u>58,509,980</u>
3000	<b>Total Fund Balance</b>	<u>60,578,121</u>	<u>58,509,980</u>
4000	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 63,731,881</u>	<u>\$ 61,314,568</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, 2020**  
with comparative actual balances for the year ended August 31, 2019

<b>Data Control Codes</b>		<b>2020</b>	
		<b>Budgeted Amounts</b>	
		<b>Original</b>	<b>Final</b>
	<b>REVENUES</b>		
5700	Local, Intermediate, and Out-of-State	\$ 160,654,369	\$ 160,150,243
5800	State Program Revenues	1,750,000	1,832,127
5020	<b>Total Revenues</b>	<u>162,404,369</u>	<u>161,982,370</u>
	<b>EXPENDITURES</b>		
	Debt Service:		
0071	Principal on Long-Term Debt	79,150,000	76,992,984
0072	Interest on Long-Term Debt	86,953,629	79,078,489
0073	Bond Issuance Costs and Fees	501,371	161,693,616
6030	<b>Total Expenditures</b>	<u>166,605,000</u>	<u>317,765,089</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,200,631)</u>	<u>(155,782,719)</u>
	<b>OTHER FINANCING SOURCES/(USES)</b>		
7901	Refunding Bonds Issued		304,659,942
7915	Transfers In	4,637,227	1,958,099
7916	Premium on Issuance of Bonds		36,387,953
8940	Payment to Bond Refunding Escrow Agent		(185,668,087)
7080	<b>Total Other Financing Sources/(Uses)</b>	<u>4,637,227</u>	<u>157,337,907</u>
1200	Net Change in Fund Balance	436,596	1,555,188
0100	Fund Balances - Beginning	58,509,980	58,509,980
3000	<b>Fund Balances - Ending</b>	<u>\$ 58,946,576</u>	<u>\$ 60,065,168</u>



		2019
Actual	Variance with Final Budget Positive (Negative)	Actual
\$ 160,212,115	\$ 61,872	\$ 142,185,153
1,747,447	(84,680)	1,892,985
161,959,562	(22,808)	144,078,138
76,867,982	125,002	84,235,000
78,974,820	103,669	81,419,061
161,389,116	304,500	467,399
317,231,918	533,171	166,121,460
(155,272,356)	510,363	(22,043,322)
304,659,942		
1,960,689	2,590	23,106,508
36,387,953		
(185,668,087)		
157,340,497	2,590	23,106,508
2,068,141	512,953	1,063,186
58,509,980		57,446,794
\$ 60,578,121	\$ 512,953	\$ 58,509,980



### **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, 2020 and 2019**

Exhibit I-1

<b>Data Control Codes</b>		<b>August 31, 2020</b>	<b>August 31, 2019</b>
	<b>ASSETS</b>		
1110	Pooled Cash and Cash Equivalents	\$ 153,215,117	\$ 142,365,199
	Receivables:		
1240	Due from Other Governments	66,267	1,434,858
1260	Due from Other Funds		5,258,214
1290	Other Receivables		3,032
1000	<b>Total Assets</b>	<u>\$ 153,281,384</u>	<u>\$ 149,061,303</u>
	<b>LIABILITIES</b>		
	Current Liabilities:		
2110	Accounts Payable	\$ 32,447,335	\$ 37,725,504
2170	Due to Other Funds	1,172,628	
2000	<b>Total Liabilities</b>	<u>33,619,963</u>	<u>37,725,504</u>
	<b>FUND BALANCE</b>		
	Restricted For:		
3470	Capital Acquisitions and Contracts	119,661,421	111,335,799
3000	<b>Total Fund Balance</b>	<u>119,661,421</u>	<u>111,335,799</u>
4000	<b>Total Liabilities and Fund Balance</b>	<u>\$ 153,281,384</u>	<u>\$ 149,061,303</u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**CAPITAL PROJECTS FUND**  
**YEAR ENDED AUGUST 31, 2020 and 2019**

Exhibit I-2

<b>Data Control Codes</b>		<b>August 31, 2020</b>	<b>August 31, 2019</b>
	<b>REVENUES</b>		
5700	Local, Intermediate, and Out-of-State	\$ 1,156,635	\$ 2,128,635
5900	Federal Program Revenues	348,755	1,434,858
5020	<b>Total Revenues</b>	<u>1,505,390</u>	<u>3,563,493</u>
	<b>EXPENDITURES</b>		
0073	Bond Issuance Cost and Fees	1,184,934	1,532,017
0081	Facilities Acquisition and Construction:		
	Land and Improvements	4,304,799	6,780,490
	Building and Improvements	114,063,943	208,699,635
	Furniture & Equip, Vehicles, and Library & Media	33,654,391	25,651,188
	Total Facilities Acquisition and Construction	<u>152,023,133</u>	<u>241,131,313</u>
6030	<b>Total Expenditures</b>	<u>153,208,067</u>	<u>242,663,330</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(151,702,677)</u>	<u>(239,099,837)</u>
	<b>OTHER FINANCING SOURCES/(USES)</b>		
7911	Capital Related Debt Issued	141,240,000	190,695,000
7916	Premium on Issuance of Bonds	19,944,934	20,037,017
8911	Transfers Out	<u>(1,156,635)</u>	<u>(2,128,635)</u>
7080	<b>Total Other Financing Sources/(Uses)</b>	<u>160,028,299</u>	<u>208,603,382</u>
1200	Net Change in Fund Balance	8,325,622	(30,496,455)
0100	Fund Balances - Beginning	<u>111,335,799</u>	<u>141,832,254</u>
3000	<b>Fund Balances - Ending</b>	<u>\$ 119,661,421</u>	<u>\$ 111,335,799</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.

**Summer Food Service Program** – Funds are used to account for amounts received from the Texas Department of Agriculture for meals provided to the community based on the average number of daily participants.

**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.



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SPECIAL REVENUE PROGRAM DESCRIPTIONS (continued)**

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

**State 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**  
**YEAR ENDED AUGUST 31, 2020**

<b>Data Control Codes</b>		<b>206 McKinney Vento TEHCY</b>	<b>211 ESEA Title I Part A</b>	<b>224 IDEA Part B Formula</b>
	<b>REVENUES</b>			
5700	Local, Intermediate, and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	52,948	5,786,883	10,897,391
5020	<b>Total Revenues</b>	<u>52,948</u>	<u>5,786,883</u>	<u>10,897,391</u>
	<b>EXPENDITURES</b>			
0011	Instruction	39,784	4,914,957	6,754,338
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	7,017	618,095	642,932
0021	Instructional Leadership		55,656	
0023	School Leadership		21,701	
0031	Guidance, Counseling, and Evaluation Services		220	3,461,271
0033	Health Services			38,850
0034	Student Transportation			
0035	Food Services			
0036	Extracurricular Activities			
0041	General Administration			
0051	Facilities Maintenance and Operations	6,147		
0052	Security and Monitoring Services			
0061	Community Services		176,254	
0081	Facilities Acquisition and Construction			
6030	<b>Total Expenditures</b>	<u>52,948</u>	<u>5,786,883</u>	<u>10,897,391</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures			
	<b>OTHER FINANCING SOURCES/(USES)</b>			
7915	Operating Transfer In			
8911	Transfers Out			
7080	<b>Total Other Financing Sources/(Uses)</b>			
1200	Net Change in Fund Balance			
0100	Fund Balance - September 1 (Beginning)			
	Prior Period Adjustment - Implement GASB 84			
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>



<b>225 IDEA Part B Preschool</b>	<b>226 IDEA Part B Discretionary</b>	<b>240 Nutrition and Food Services</b>	<b>242 Summer Food Service Program</b>	<b>244 Carl D. Perkins Grant</b>	<b>255 ESEA Title II Part A</b>	<b>263 ESEA Title III Part A</b>
\$	\$	\$ 10,932,774	\$	\$	\$	\$
		178,756				
130,081		12,757,397	2,785,550	516,483	829,161	2,275,321
130,081		23,868,927	2,785,550	516,483	829,161	2,275,321
130,081				300,237	86,361	742,548
				214,882	718,516	1,189,452
				1,364		
					24,284	
						101,030
		26,430,575	3,299,726			
						242,291
130,081		26,430,575	3,299,726	516,483	829,161	2,275,321
		(2,561,648)	(514,176)			
		4,000,000	514,176			
		4,000,000	514,176			
		1,438,352				
		6,594,991				
\$	\$	\$ 8,033,343	\$	\$	\$	\$



**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS**  
**YEAR ENDED AUGUST 31, 2020**

<b>Data Control Codes</b>		<b>272 Medicaid Administrative Claiming</b>	<b>289 Federally Funded Special Rev.</b>	<b>315 SSA IDEA B Discretionary</b>
	<b>REVENUES</b>			
5700	Local, Intermediate, and Out-of-State	\$	\$ 119,478	\$
5800	State Program Revenues		518,154	
5900	Federal Program Revenues	103,788	2,666,344	106,429
5020	<b>Total Revenues</b>	<u>103,788</u>	<u>3,303,976</u>	<u>106,429</u>
	<b>EXPENDITURES</b>			
0011	Instruction		1,632,416	106,429
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development		30,120	
0021	Instructional Leadership		379,142	
0023	School Leadership			
0031	Guidance, Counseling, and Evaluation Services		183,322	
0033	Health Services	16,062	11,882	
0034	Student Transportation			
0035	Food Services			
0036	Extracurricular Activities			
0041	General Administration		347,785	
0051	Facilities Maintenance and Operations			
0052	Security and Monitoring Services			
0061	Community Services		4,430	
0081	Facilities Acquisition and Construction			
6030	<b>Total Expenditures</b>	<u>16,062</u>	<u>2,589,097</u>	<u>106,429</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>87,726</u>	<u>714,879</u>	
	<b>OTHER FINANCING SOURCES/(USES)</b>			
7915	Operating Transfer In			
8911	Transfers Out		(714,879)	
7080	<b>Total Other Financing Sources/(Uses)</b>		<u>(714,879)</u>	
1200	Net Change in Fund Balance	87,726		
0100	Fund Balance - September 1 (Beginning)	530,744		
	Prior Period Adjustment - Implement GASB 84			
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$ 618,470</u>	<u>\$</u>	<u>\$</u>



<b>340 SSA IDEA C Early Intervention</b>	<b>385 State Visually Impaired</b>	<b>397 Advanced Placement Incentive</b>	<b>410 Instructional Materials Allotment</b>	<b>429 State Funded Special Revenue</b>	<b>435 SSA Regional Deaf CO-OP</b>
\$	\$	\$	\$	\$	\$
	40,000	19,500	183 8,951,238	1,118,426	712,987
2,706					
2,706	40,000	19,500	8,951,421	1,118,426	712,987
2,706	40,000		8,951,238	176,797	631,984
		19,500		206 2,200	
				55,373	81,003
				28	
				3,605	
				880,217	
2,706	40,000	19,500	8,951,238	1,118,426	712,987
			183		
			183 76,490		
\$	\$	\$	\$ 76,673	\$	\$



**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS**  
**YEAR ENDED AUGUST 31, 2020**

<b>Data Control Codes</b>		<b>455 SSA Deaf Local Share</b>	<b>461 Campus Activity Funds</b>	<b>480 Locally Funded Special Revenue</b>
	<b>REVENUES</b>			
5700	Local, Intermediate, and Out-of-State	\$ 637,809	\$ 7,925,228	\$ 323,856
5800	State Program Revenues			
5900	Federal Program Revenues		1,138	
5020	<b>Total Revenues</b>	<u>637,809</u>	<u>7,926,366</u>	<u>323,856</u>
	<b>EXPENDITURES</b>			
0011	Instruction	438,222	1,372,094	117,984
0012	Instructional Resources and Media Services		697,721	
0013	Curriculum and Instructional Staff Development	3,418	163,597	72,032
0021	Instructional Leadership	112,476	15,031	275
0023	School Leadership		521,257	
0031	Guidance, Counseling, and Evaluation Services	47,356	25,773	39,415
0033	Health Services	36,337	6,032	
0034	Student Transportation		957	
0035	Food Services			29,531
0036	Extracurricular Activities		5,632,154	4,452
0041	General Administration		204	35
0051	Facilities Maintenance and Operations		80,758	1,000
0052	Security and Monitoring Services		38,732	54,804
0061	Community Services		36,068	
0081	Facilities Acquisition and Construction		386,286	4,328
6030	<b>Total Expenditures</b>	<u>637,809</u>	<u>8,976,664</u>	<u>323,856</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(1,050,298)</u>	
	<b>OTHER FINANCING SOURCES/(USES)</b>			
7915	Operating Transfer In			
8911	Transfers Out			
7080	<b>Total Other Financing Sources/(Uses)</b>			
1200	Net Change in Fund Balance		(1,050,298)	
0100	Fund Balance - September 1 (Beginning)		5,812,699	
	Prior Period Adjustment - Implement GASB 84		2,575,817	
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$</u>	<u>\$ 7,338,218</u>	<u>\$</u>



<b>495 Tax Increment Reinvestment Zone</b>	<b>499 Katy ISD Education Found. Grants</b>	<b>Special Revenue Fund August 31, 2020</b>
\$ 2,536,823	\$ 308,688	\$ 22,784,839
		11,539,061
		38,911,620
<u>2,536,823</u>	<u>308,688</u>	<u>73,235,520</u>
	290,493	26,728,669
	2,818	700,745
		3,681,761
		563,944
		567,242
	10,377	3,823,107
		190,166
		101,987
		29,759,832
		5,636,634
		348,024
		87,905
		97,141
		459,043
<u>2,816,911</u>	<u>5,000</u>	<u>4,092,742</u>
<u>2,816,911</u>	<u>308,688</u>	<u>76,838,942</u>
<u>(280,088)</u>		<u>(3,603,422)</u>
		4,514,176
<u>(500,000)</u>		<u>(1,214,879)</u>
<u>(500,000)</u>		<u>3,299,297</u>
(780,088)		(304,125)
7,263,282		20,278,206
		2,575,817
<u>\$ 6,483,194</u>	<u>\$</u>	<u>\$ 22,549,898</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, 2020**  
with comparative actual balances for the Year Ended August 31, 2019

Data Control Codes		2020	
		NUTRITION AND	
		Budgeted Amounts	
		Original	Final
	<b>REVENUES</b>		
5700	Local, Intermediate, and Out-of-State	\$ 15,352,000	\$ 11,133,184
5800	State Program Revenues	180,000	178,756
5900	Federal Program Revenues	17,560,233	12,869,503
5020	<b>Total Revenues</b>	<b>33,092,233</b>	<b>24,181,443</b>
	<b>EXPENDITURES</b>		
0035	Food Services		
	Payroll Costs	15,524,216	13,440,659
	Professional and Contracted Services	93,000	112,092
	Supplies and Materials	19,391,911	15,829,072
	Other Operating Expenses	49,100	34,517
	Total Food Service	35,058,227	29,416,340
6030	<b>Total Expenditures</b>	<b>35,058,227</b>	<b>29,416,340</b>
1100	Excess (Deficiency) of Revenues		
	Over (Under) Expenditures	(1,965,994)	(5,234,897)
	<b>OTHER FINANCING SOURCES/(USES)</b>		
7912	Sale of Real and Personal Property		
7915	Operating Transfer		4,000,000
	<b>Total Other Financing Sources/(Uses)</b>		<b>4,000,000</b>
1200	Net Change in Fund Balance	(1,965,994)	(1,234,897)
0100	Fund Balance - September 1 (Beginning)	6,594,991	6,594,991
3000	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ 4,628,997</b>	<b>\$ 5,360,094</b>



<b>FOOD SERVICE</b>		
<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>	<b>2019 Actuals</b>
\$ 10,932,774	\$ (200,410)	\$ 15,665,132
178,756		179,636
12,757,397	(112,106)	16,659,793
23,868,927	(312,516)	32,504,561
11,849,565	1,591,094	12,665,120
101,792	10,300	85,865
14,447,374	1,381,698	18,766,206
31,844	2,673	38,596
26,430,575	2,985,765	31,555,787
26,430,575	2,985,765	31,555,787
(2,561,648)	2,673,249	948,774
		54,913
4,000,000		
4,000,000		54,913
1,438,352	2,673,249	1,003,687
6,594,991		5,591,304
\$ 8,033,343	\$ 2,673,249	\$ 6,594,991



## **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, 2020**

Exhibit K-1

<b>Data Control Codes</b>		<b>Governmental Activities</b>			<b>Total Internal Service Funds</b>
		<b>Health Insurance</b>	<b>Workers' Compensation</b>	<b>Print Shop</b>	
	<b>ASSETS</b>				
	Current Assets:				
1110	Pooled Cash and Cash Equivalents	\$ 21,213,905	\$ 1,735,326	\$ 1,338,545	\$ 24,287,776
1260	Due from Other Funds	209,094			209,094
1290	Other Receivables	3,376,907			3,376,907
1300	Inventories			121,398	121,398
	Total Current Assets	<u>24,799,906</u>	<u>1,735,326</u>	<u>1,459,943</u>	<u>27,995,175</u>
	Noncurrent Assets:				
	Capital Assets:				
1540	Furniture and Equipment			1,650,513	1,650,513
1573	Accumulated Depreciation			(1,074,805)	(1,074,805)
	Total Noncurrent Assets			<u>575,708</u>	<u>575,708</u>
1000	<b>Total Assets</b>	<u>24,799,906</u>	<u>1,735,326</u>	<u>2,035,651</u>	<u>28,570,883</u>
	<b>LIABILITIES</b>				
	Current Liabilities:				
2110	Accounts Payable	3,558,412	522,551	414,367	4,495,330
2200	Accrued Expenses	<u>5,393,000</u>	<u>511,751</u>		<u>5,904,751</u>
2000	<b>Total Liabilities</b>	<u>8,951,412</u>	<u>1,034,302</u>	<u>414,367</u>	<u>10,400,081</u>
	<b>NET POSITION</b>				
3200	Investment in Capital Assets			575,708	575,708
3900	Unrestricted	<u>15,848,494</u>	<u>701,024</u>	<u>1,045,576</u>	<u>17,595,094</u>
3000	<b>Total Net Position</b>	<u>\$ 15,848,494</u>	<u>\$ 701,024</u>	<u>\$ 1,621,284</u>	<u>\$ 18,170,802</u>



**KATY INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN

FUND NET POSITION

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

Exhibit K-2

Data Control Codes		Governmental Activities			Total Internal Service Funds
		Health Insurance	Workers' Compensation	Print Shop	
	<b>OPERATING REVENUES</b>				
5754	Charges for Services	\$ 60,921,452	\$ 1,315,367	\$ 3,515,976	\$ 65,752,795
5020	<b>Total Operating Revenues</b>	<u>60,921,452</u>	<u>1,315,367</u>	<u>3,515,976</u>	<u>65,752,795</u>
	<b>OPERATING EXPENSES</b>				
6100	Salary and Benefits	117,700			117,700
6200	Administrator Fees	4,950,774	526,370		5,477,144
6200	Claims Expense	58,901,918	283,316		59,185,234
6200	Repair and Maintenance Expense			10,608	10,608
6200	Equipment Rental			114,048	114,048
6200	Contracted Services	120,452		2,074,536	2,194,988
6300	Supplies	7,035	4,240	1,329,132	1,340,407
6400	Miscellaneous Operating Expenses	34,600	10,712		45,312
6400	Depreciation			194,633	194,633
6030	<b>Total Operating Expenses</b>	<u>64,132,479</u>	<u>824,638</u>	<u>3,722,957</u>	<u>68,680,074</u>
1300	Operating Income (Loss)	<u>(3,211,027)</u>	<u>490,729</u>	<u>(206,981)</u>	<u>(2,927,279)</u>
	<b>NONOPERATING REVENUES (EXPENSES)</b>				
5742	Investment Income	191,700	24,653	12,348	228,701
	Total Net Nonoperating Revenue	<u>191,700</u>	<u>24,653</u>	<u>12,348</u>	<u>228,701</u>
	Income (Loss) before Contributions & Transfers	<u>(3,019,327)</u>	<u>515,382</u>	<u>(194,633)</u>	<u>(2,698,578)</u>
7900	Transfers In	3,000,000			3,000,000
7900	Capital Contributions			142,639	142,639
1300	Change in Net Position	(19,327)	515,382	(51,994)	444,061
0100	Total Net Position September 1 (Beginning)	15,867,821	185,642	1,673,278	17,726,741
3000	<b>Total Net Position August 31 (Ending)</b>	<u>\$ 15,848,494</u>	<u>\$ 701,024</u>	<u>\$ 1,621,284</u>	<u>\$ 18,170,802</u>



**KATY INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Exhibit K-3

	<b>Governmental Activities</b>			<b>Total</b>
	<b>Health Insurance</b>	<b>Workers' Compensation</b>	<b>Print Shop</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Receipts from Internal Services Provided	\$ 60,915,743	\$ 1,315,352	\$ 3,515,976	\$ 65,747,071
Cash Payments to Suppliers	(41,635)	(94,880)	(1,351,474)	(1,487,989)
Cash Payments to Pay Claims	(56,831,288)	(1,014,211)		(57,845,499)
Cash Payments for Contracted Services	(5,068,004)	(483,770)	(2,055,544)	(7,607,318)
Cash Payments to Employees	(117,700)			(117,700)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(1,142,884)</b>	<b>(277,509)</b>	<b>108,958</b>	<b>(1,311,435)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets			(7,269)	(7,269)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>			<b>(7,269)</b>	<b>(7,269)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from Other Funds	3,000,000			3,000,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>3,000,000</b>			<b>3,000,000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	191,699	24,653	12,348	228,700
<b>Net Cash Provided by Investing Activities</b>	<b>191,699</b>	<b>24,653</b>	<b>12,348</b>	<b>228,700</b>
Net Increase (Decrease) in Cash and Cash Equivalents	2,048,815	(252,856)	114,037	1,909,996
Pooled Cash and Cash Equivalents at Beginning of Year	19,165,090	1,988,182	1,224,508	22,377,780
<b>Pooled Cash and Cash Equivalents at End of Year</b>	<b>\$ 21,213,905</b>	<b>\$ 1,735,326</b>	<b>\$ 1,338,545</b>	<b>\$ 24,287,776</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (3,211,027)	\$ 490,729	\$ (206,981)	\$ (2,927,279)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation			194,633	194,633
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	(10,329)			(10,329)
(Increase) Decrease in Inventories			(13,318)	(13,318)
Increase (Decrease) in Accounts Payable	1,730,852	(81,473)	134,624	1,784,003
Increase (Decrease) in Interfund Payables	4,620	(15)		4,605
Increase (Decrease) in Accrued Expenses	343,000	(686,750)		(343,750)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (1,142,884)</b>	<b>\$ (277,509)</b>	<b>\$ 108,958</b>	<b>\$ (1,311,435)</b>
<b>Noncash Investing, Capital, and Financing Activities</b>				
Contributions of Capital Assets from Government			\$ 142,639	\$ 142,639



## **COMPLIANCE SCHEDULES**



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES TO SELECTED**  
**SCHOOL FIRST INDICATORS**  
**YEAR ENDED AUGUST 31, 2020**

Exhibit L-1

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
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
SF3	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
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
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 post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end	\$ 93,522



**KATY INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**FISCAL YEAR ENDED AUGUST 31, 2020**

<b>Fiscal Year</b>	<b>Tax Rates</b>			<b>Assessed/Appraised Value For School Tax Purposes</b>	<b>Beginning Balance September 1</b>
	<b>Maintenance</b>	<b>Debt Service</b>	<b>Total</b>		
2011 and prior	Various	Various	Various	Various	\$ 1,070,568
2012	1.1266	0.4000	1.5266	\$ 20,727,521,751	309,232
2013	1.1266	0.4000	1.5266	22,083,259,111	344,226
2014	1.1266	0.4000	1.5266	24,283,430,990	434,527
2015	1.1266	0.4000	1.5266	28,605,871,081	611,876
2016	1.1266	0.3900	1.5166	32,904,425,128	718,074
2017	1.1266	0.3900	1.5166	36,351,443,912	949,457
2018	1.1466	0.3700	1.5166	37,980,513,157	1,505,916
2019	1.1466	0.3700	1.5166	38,946,447,913	4,368,875
2020	1.0531	0.3900	1.4431	41,628,778,765	
<b>1000 Totals</b>					<u><u>\$ 10,312,751</u></u>
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code				<u><u>\$ 252,789,980</u></u>	<u><u>\$ 23,946</u></u>

Note: Tax rates are per \$100 valuation.



<b>Current Year's Total Levy</b>	<b>Maintenance and Operations Collections</b>	<b>Interest and Sinking Fund Collections</b>	<b>Total Collections</b>	<b>Entire Year's Adjustments</b>	<b>Ending Balance August 31</b>
\$	\$ 15,872	\$ 5,311	\$ 21,183	\$ (110,339)	\$ 939,046
	15,765	5,597	21,362	8,986	296,856
	33,999	12,071	46,070	13,788	311,944
	152,141	54,018	206,159	140,574	368,942
	428,045	151,977	580,022	482,772	514,626
	391,888	135,661	527,549	379,520	570,045
	396,760	137,348	534,108	411,749	827,098
	117,966	38,067	156,033	(84,176)	1,265,707
	(879,494)	(283,807)	(1,163,301)	(3,992,738)	1,539,438
<u>590,007,154</u>	<u>427,339,650</u>	<u>158,258,918</u>	<u>585,598,568</u>		<u>4,408,586</u>
<u>\$ 590,007,154</u>	<u>\$ 428,012,592</u>	<u>\$ 158,515,161</u>	<u>\$ 586,527,753</u>	<u>\$ (2,749,864)</u>	<u>11,042,288</u>
Penalty and Interest Receivable on Taxes					5,490,102
Less Allowance					(4,730,901)
Total Property Taxes Receivable (net) per Exhibit C-1					<u>\$ 11,801,489</u>
<u>\$ 2,662,131</u>	<u>\$ 2,583,748</u>	<u>\$</u>	<u>\$ 2,583,748</u>	<u>\$ (102,329)</u>	<u>\$</u>



## **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.



## **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>2011</u>	<u>2012 (1)</u>	<u>2013</u>	<u>2014</u>
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 21,482,594	\$ 25,842,564	\$ 14,038,245	\$ 18,488,857
Restricted	53,397,875	56,177,142	58,244,628	62,159,491
Unrestricted	89,003,969	114,349,856	142,191,271	159,985,665
Total Governmental Activities				
Net Position	<u>\$ 163,884,438</u>	<u>\$ 196,369,562</u>	<u>\$ 214,474,144</u>	<u>\$ 240,634,013</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$ 21,482,594	\$ 25,842,564	\$ 14,038,245	\$ 18,488,857
Restricted	53,397,875	56,177,142	58,244,628	62,159,491
Unrestricted	89,003,969	114,349,856	142,191,271	159,985,665
Total Primary Government				
Net Position	<u>\$ 163,884,438</u>	<u>\$ 196,369,562</u>	<u>\$ 214,474,144</u>	<u>\$ 240,634,013</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



<b>2015 (2)</b>	<b>2016</b>	<b>2017</b>	<b>2018 (3)</b>	<b>2019 (4)</b>	<b>2020</b>
\$ 42,267,486	\$ 78,027,768	\$ 82,852,902	\$ 124,413,226	\$ 174,206,102	\$ 191,834,640
61,083,366	62,162,827	65,667,551	68,233,054	72,409,538	74,855,511
114,283,057	124,728,667	122,630,464	(199,949,188)	(191,087,409)	(191,503,360)
<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>	<u>\$ 75,186,791</u>
\$ 42,267,486	\$ 78,027,768	\$ 82,852,902	\$ 124,413,226	\$ 174,206,102	\$ 191,834,640
61,083,366	62,162,827	65,667,551	68,233,054	72,409,538	74,855,511
114,283,057	124,728,667	122,630,464	(199,949,188)	(191,087,409)	(191,503,360)
<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>	<u>\$ 75,186,791</u>



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

<b>Expenses</b>	<b>2011</b>	<b>2012 (1)</b>	<b>2013</b>	<b>2014</b>
Governmental Activities:				
Instruction	\$ 321,361,278	\$ 311,062,572	\$ 333,099,527	\$ 379,326,682
Instructional Resources and Media Services	8,694,209	8,525,841	9,015,595	9,458,754
Curriculum and Instructional Staff Development	8,323,619	6,942,069	7,871,530	9,222,524
Instructional Leadership	4,078,594	3,798,441	4,059,587	4,795,027
School Leadership	29,459,540	28,339,372	30,333,001	33,654,588
Guidance, Counseling, and Evaluation Services	19,932,124	19,103,538	21,261,678	23,634,110
Social Work				
Health Services	5,410,272	4,932,619	5,407,237	5,960,105
Student Transportation	16,776,762	16,917,348	17,006,681	18,117,006
Food Services	25,802,502	26,234,107	27,993,364	29,705,565
Extracurricular Activities	12,465,039	11,808,768	12,246,444	13,922,981
General Administration	10,142,271	9,799,768	9,484,422	10,445,330
Facilities Maintenance and Operations	48,326,942	45,314,890	47,106,425	52,109,678
Security and Monitoring Services	5,162,174	4,893,473	5,388,225	6,457,842
Data Processing Services	11,894,172	11,368,931	12,031,043	13,588,172
Community Services	1,159,882	1,278,824	1,036,286	900,660
Interest and Issuance Costs on Long-term Debt	41,206,516	50,383,193	55,659,332	56,831,827
Facilities Planning	623,871	2,103,510	1,502,445	841,035
Payments to Shared Service Arrangements	300,087	232,862	204,065	208,693
Payments to JJAEP	47,890	32,924	18,088	39,240
Payments to Tax Increment Reinvestment Zone	306,098	452,731	1,122,877	1,252,136
Payments to Appraisal Districts	2,242,299	2,348,096	2,455,136	2,604,686
Total Primary Government Expenses	<u>573,716,141</u>	<u>565,873,877</u>	<u>604,302,988</u>	<u>673,076,641</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Instruction	1,043,362	907,065	1,033,348	934,922
Food Services	14,375,772	10,456,147	12,699,017	15,120,998
Extracurricular Activities	2,023,554	1,952,969	2,252,426	1,886,069
Facilities Maintenance and Operations	1,876,929	2,426,812	2,232,762	2,896,388
Community Services	174,218	149,276	156,057	180,555
Facilities Planning		3,325,766	1,219,902	
Other Activities	156,749	370,651	324,107	724,219
Operating Grants and Contributions	92,971,578	79,970,734	77,328,433	83,729,556
Total Primary Government Program Revenues	<u>112,622,162</u>	<u>99,559,420</u>	<u>97,246,052</u>	<u>105,472,707</u>
<b>Net (Expense)/Revenue</b>				
Total Primary Government Net Expense	<u>\$ (461,093,979)</u>	<u>\$ (466,314,457)</u>	<u>\$ (507,056,936)</u>	<u>\$ (567,603,934)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes, Levied for General Purposes	\$ 223,109,407	\$ 232,528,594	\$ 248,945,316	\$ 274,072,603
Property Taxes, Levied for Debt Service	79,267,758	82,571,766	88,449,282	97,327,086
State Aid - Formula Grants	181,203,466	173,734,050	195,933,554	219,955,117
Investment Earnings	1,275,513	1,171,162	1,140,128	1,277,872
Miscellaneous	783,256	946,468	870,835	1,131,125
Extraordinary Item - Insurance Proceeds				
Special Items		7,847,541	468,634	
Total Primary Government General Revenues and Special Items	<u>485,639,400</u>	<u>498,799,581</u>	<u>535,807,749</u>	<u>593,763,803</u>
<b>Change in Net Position</b>				
Total Primary Government	<u>\$ 24,545,421</u>	<u>\$ 32,485,124</u>	<u>\$ 28,750,813</u>	<u>\$ 26,159,869</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



## Exhibit II

2015 (2)	2016	2017	2018 (3)	2019 (4)	2020
\$ 417,723,329	\$ 463,004,721	\$ 499,089,811	\$ 332,524,107	\$ 573,349,689	\$ 621,829,003
10,448,836	11,092,997	12,273,284	9,471,060	12,518,443	12,435,953
11,408,842	12,571,661	12,472,927	8,688,155	14,427,816	15,295,923
5,475,459	6,084,697	6,057,793	3,850,220	7,222,391	8,237,081
35,148,787	39,272,358	41,475,495	28,413,536	47,260,431	51,430,448
27,693,860	31,395,110	32,968,404	21,589,973	39,008,524	45,014,013
					74,476
6,442,002	7,098,188	8,143,076	5,684,111	8,454,378	9,836,546
19,926,295	21,738,829	23,746,998	20,470,400	24,784,241	24,558,497
31,336,015	33,037,502	36,363,758	31,430,840	37,436,358	35,414,283
15,033,286	16,523,156	21,460,317	20,168,678	32,278,464	32,949,881
11,577,316	7,608,850	12,977,024	10,705,270	14,159,655	16,705,082
54,724,812	66,746,993	65,888,818	71,530,944	79,395,627	93,359,935
7,208,059	7,944,254	8,022,653	6,799,265	9,111,360	10,512,706
14,528,909	15,527,959	14,199,302	12,486,010	13,664,335	15,766,025
797,196	1,436,184	867,309	576,779	926,063	763,745
57,765,290	62,022,560	64,227,782	71,117,461	74,956,508	70,438,366
1,009,182	859,056	836,105	657,421	901,061	792,361
175,830	330,796	315,376	428,982	630,385	548,742
35,805	37,893	35,755	26,124	5,500	9,800
1,281,931	1,500,033	1,787,431	1,951,121	2,538,535	2,424,073
3,107,984	3,508,948	3,851,222	4,377,773	4,272,945	4,489,151
<u>732,849,025</u>	<u>809,342,745</u>	<u>867,060,640</u>	<u>662,948,230</u>	<u>997,302,709</u>	<u>1,072,886,090</u>
1,104,420	1,294,417	1,395,102	1,342,152	1,507,303	1,582,413
16,094,307	16,060,740	16,520,390	12,306,498	15,517,404	10,866,658
1,983,194	2,437,040	2,150,542	3,177,866	3,653,829	2,598,430
2,847,061	2,823,800	3,029,620	3,953,990	3,548,280	2,616,700
170,961	146,048	147,467	144,755	111,673	79,792
378,370	563,700	1,455,789	679,928	911,939	874,046
87,414,257	108,517,945	103,725,938	(29,607,127)	140,185,794	144,751,022
<u>109,992,570</u>	<u>131,843,690</u>	<u>128,424,848</u>	<u>(8,001,938)</u>	<u>165,436,222</u>	<u>163,369,061</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>	<u>\$ (909,517,029)</u>
\$ 319,183,036	\$ 365,143,237	\$ 400,420,348	\$ 425,166,477	\$ 435,057,208	\$ 430,652,708
113,362,401	126,545,712	138,712,572	137,151,351	140,419,036	159,553,923
233,974,886	228,854,642	199,890,131	217,776,729	256,991,049	326,995,618
1,339,493	2,601,510	3,684,638	7,840,730	12,055,061	6,734,460
1,611,220	1,639,307	2,159,758	2,056,393	2,211,843	2,663,063
			15,000,000	10,000,000	
<u>669,471,036</u>	<u>724,784,408</u>	<u>744,867,447</u>	<u>804,991,680</u>	<u>856,734,197</u>	<u>926,599,772</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>	<u>\$ 17,082,743</u>



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

<b>Fiscal Year Ended 08/31:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>General Fund</b>				
Non-spendable	\$ 1,421,067	\$ 1,236,844	\$ 2,453,621	\$ 1,632,902
Committed	5,000,000	5,000,000	5,000,000	5,000,000
Assigned	8,940,358	34,873,093	22,273,650	38,313,114
Unassigned	83,922,091	85,796,245	119,478,591	122,079,868
Total General Fund	<u>\$ 99,283,516</u>	<u>\$ 126,906,182</u>	<u>\$ 149,205,862</u>	<u>\$ 167,025,884</u>
<b>All Other Governmental Funds</b>				
Non-spendable	\$ 218,906	\$ 239,268	\$ 329,238	\$ 257,088
Restricted (1)	181,202,286	138,769,172	163,803,381	111,246,054
Committed	2,565,430	2,807,308	2,803,515	2,968,982
Total All Other Governmental Funds	<u>\$ 183,986,622</u>	<u>\$ 141,815,748</u>	<u>\$ 166,936,134</u>	<u>\$ 114,472,124</u>

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

Source: District Financial Statements



<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 1,676,224	\$ 1,682,389	\$ 1,948,897	\$ 1,848,633	\$ 2,179,115	\$ 2,261,731
5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	21,000,000
33,345,793	59,718,583	45,262,824	62,918,089	52,716,009	50,761,742
142,300,585	131,220,046	150,613,416	143,728,990	198,222,716	221,419,646
<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>	<u>\$ 295,443,119</u>
\$ 298,222	\$ 331,870	\$ 331,544	\$ 207,179	\$ 260,761	\$ 446,821
217,899,330	217,167,264	221,277,995	210,979,294	184,050,525	195,011,151
3,877,399	5,187,661	5,576,420	5,842,269	5,812,699	7,331,468
<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>	<u>\$ 202,789,440</u>



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

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>REVENUES</b>				
Local, Intermediate, and Out-of-State	\$ 329,823,325	\$ 340,712,386	\$ 364,676,808	\$ 400,850,779
State Programs	213,715,690	202,618,331	225,451,668	258,627,309
Federal Programs	57,953,778	43,429,299	40,873,475	40,341,603
<b>Total Revenues</b>	<u>601,492,793</u>	<u>586,760,016</u>	<u>631,001,951</u>	<u>699,819,691</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	301,529,674	285,930,849	307,311,490	352,095,091
Instructional Resources and Media Services	6,942,900	6,524,212	7,019,390	7,385,250
Curriculum and Instructional Staff Development	8,324,803	6,898,759	7,797,437	9,168,624
Instructional Leadership	4,057,656	3,736,648	3,981,530	4,766,798
School Leadership	27,969,423	26,462,148	28,383,632	31,697,268
Guidance, Counseling, and Evaluation Services	19,276,983	18,236,935	20,309,986	22,735,997
Social Work				
Health Services	4,746,316	4,159,915	4,629,497	5,156,712
Student Transportation	17,673,359	13,972,298	13,634,988	15,442,251
Food Services	22,740,357	23,048,070	24,583,868	26,092,121
Extracurricular Activities	9,969,462	9,176,420	9,925,589	11,431,026
General Administration	9,556,448	9,145,782	8,814,839	9,999,472
Facilities Maintenance and Operations	46,003,543	42,901,346	45,126,472	50,528,784
Security and Monitoring Services	5,309,484	4,847,057	5,435,400	7,077,700
Data Processing Services	8,203,034	7,436,616	8,775,464	9,910,686
Community Services	1,160,407	1,300,534	1,031,636	898,736
Debt Service:				
Principal on Long-term Debt	33,038,949	35,181,136	35,255,000	40,152,444
Interest on Long-term Debt	57,116,297	50,163,326	55,662,253	60,495,882
Bond Issuance Costs and Fees	3,053,887	4,243,024	1,015,900	35,575
Capital Outlay:				
Facilities Acquisition and Construction	88,182,312	199,914,742	98,070,970	60,815,880
Intergovernmental:				
Payments to Shared Service Arrangements	300,087	232,862	204,065	208,693
Payments to JJAEP	47,890	32,924	18,088	39,240
Payments to Tax Increment Reinvestment Zone	2,290,436	2,435,819	2,690,626	2,869,992
Other Intergovernmental Charges	2,242,299	2,348,096	2,455,136	2,604,686
<b>Total Expenditures</b>	<u>679,736,006</u>	<u>758,329,518</u>	<u>692,133,256</u>	<u>731,608,908</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(78,243,213)</u>	<u>(171,569,502)</u>	<u>(61,131,305)</u>	<u>(31,789,217)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bonds Issued	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	47,765	4,259,371	80,252	145,229
Transfers In	2,761,373	4,081,714	3,987,659	3,914,349
Premium/Discount from Issuance of Bonds	5,429,882	29,314,822	7,779,789	
Transfers Out	(2,761,373)	(4,081,714)	(6,487,659)	(6,914,349)
Payment to Bond Refunding Escrow Agent	(6,607,541)	(174,020,686)		
<b>Total Other Financing Sources (Uses)</b>	<u>201,560,106</u>	<u>156,708,507</u>	<u>108,360,041</u>	<u>(2,854,771)</u>
<b>SPECIAL ITEMS</b>				
Insurance Recoveries			191,330	
Extraordinary Item		312,787		
Net Change in Fund Balances	<u>\$ 123,316,893</u>	<u>\$ (14,548,208)</u>	<u>\$ 47,420,066</u>	<u>\$ (34,643,988)</u>
<b>Debt Service as a Percentage of Noncapital Expenditures (1)</b>	15.38%	15.29%	15.32%	15.07%
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	\$ 731,608,908
Less: Capital Expenditures	16,035,610	93,728,031	200,034,542	63,582,450
Total Non-Capital Expenditures	<u>\$ 558,366,648</u>	<u>\$ 586,007,975</u>	<u>\$ 558,294,976</u>	<u>\$ 668,026,458</u>



## Exhibit IV

2015	2016	2017	2018	2019	2020
\$ 465,812,407	\$ 527,631,325	\$ 576,874,276	\$ 603,546,527	\$ 624,762,055	\$ 626,904,970
272,681,653	265,692,757	243,863,371	260,653,526	304,288,538	384,102,509
43,506,099	47,985,831	46,055,262	58,717,189	64,922,155	49,556,318
782,000,159	841,309,913	866,792,909	922,917,242	993,972,748	1,060,563,797
394,990,339	416,482,583	439,624,519	451,424,438	479,928,997	527,231,595
8,427,268	8,519,921	8,599,763	9,077,874	9,129,785	9,317,884
11,521,033	12,088,477	12,137,508	12,435,116	13,478,434	13,669,792
5,493,216	5,797,435	5,841,285	6,105,336	6,567,554	7,055,480
33,625,710	35,609,939	37,228,648	39,391,028	41,493,359	44,875,543
27,191,723	29,156,552	30,580,322	31,893,274	35,313,581	40,146,576
					64,230
5,708,886	5,960,809	6,630,238	6,982,347	7,558,316	8,780,642
18,371,600	17,925,290	18,329,722	18,975,217	22,624,329	18,686,686
27,881,956	28,791,021	29,818,640	29,720,128	31,562,559	29,759,832
12,633,909	13,617,113	14,810,002	18,570,489	19,840,676	21,647,179
10,863,559	11,010,758	11,767,473	12,997,178	13,661,788	13,194,662
52,778,256	60,259,705	61,652,019	82,833,701	67,117,475	79,697,790
7,190,977	8,226,561	7,806,514	8,440,652	9,029,182	10,143,419
10,948,978	11,867,199	12,049,626	13,404,040	14,185,533	14,763,537
808,809	1,395,720	865,482	767,654	859,600	677,996
59,006,822	64,781,333	69,182,539	70,416,790	84,235,000	76,867,982
57,594,953	67,048,851	71,125,300	80,326,526	81,419,061	78,974,820
4,117,255	2,001,218	191,596,866	1,493,821	1,999,416	162,574,050
80,781,635	290,909,587	298,649,086	234,599,020	246,026,660	159,586,725
175,831	330,796	315,376	428,982	630,385	548,742
35,805	37,893	35,755	26,124	5,500	9,800
2,901,667	3,120,641	3,407,903	3,570,449	4,155,711	4,043,089
3,107,984	3,508,948	3,851,222	4,377,773	4,272,945	4,489,151
836,158,171	1,098,448,350	1,335,905,808	1,138,257,957	1,195,095,846	1,326,807,202
(54,158,012)	(257,138,437)	(469,112,899)	(215,340,715)	(201,123,098)	(266,243,405)
320,075,000	23,515,000	163,825,000			304,659,942
155,310,000	245,095,000	261,640,000	186,225,000	190,695,000	141,240,000
171,340	151,785	161,628	3,395,097	108,452	93,580
3,270,784	4,040,477	4,630,440	14,102,249	23,606,508	7,689,744
61,010,989	35,746,877	56,189,554	15,233,976	20,037,017	56,332,887
(8,270,784)	(8,040,477)	(7,630,440)	(18,102,249)	(25,606,508)	(10,689,744)
(354,509,772)	(27,459,965)	(27,459,965)			(185,668,087)
177,057,557	273,048,697	478,816,182	200,854,073	208,840,469	313,658,322
			15,000,000	10,000,000	
\$ 122,899,545	\$ 15,910,260	\$ 9,703,283	\$ 513,358	\$ 17,717,371	\$ 47,414,917
15.49%	16.40%	13.53%	16.84%	17.56%	13.37%
\$ 836,158,171	\$ 1,098,448,350	\$ 1,335,905,808	\$ 1,138,257,957	\$ 1,195,095,846	\$ 1,326,807,202
83,540,938	294,411,021	299,269,468	243,365,797	251,744,339	160,884,646
\$ 752,617,233	\$ 804,037,329	\$ 1,036,636,340	\$ 894,892,160	\$ 943,351,507	\$ 1,165,922,556



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## **REVENUE CAPACITY INFORMATION**

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



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

<b>Fiscal Year Ended 8/31:</b>	<b>Actual Value</b>			
	<b>Residential</b>	<b>Commercial &amp; Industrial</b>	<b>Minerals</b>	<b>Vacant Land</b>
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
2020	30,840,955,596	12,006,108,674	2,834,628	1,883,960,856

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

Source: County Appraisal Districts



<b>Other</b>		<b>Less: Exemptions</b>	<b>Total Assessed Value</b>	<b>Total Direct Rate (1)</b>
\$	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
	451,870,961	3,556,951,950	41,628,778,765	1.4431



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

<b>Taxing Authority</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b><u>District Direct Rates:</u></b>				
Maintenance & Operations	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266
Debt Service	0.4000	0.4000	0.4000	0.4000
<b>Total District Direct Rates</b>	<b>\$ 1.5266</b>	<b>\$ 1.5266</b>	<b>\$ 1.5266</b>	<b>\$ 1.5266</b>
<b><u>Overlapping Rates:</u></b>				
Addicks UD	\$ 0.6550	\$ 0.6550	\$ 0.6550	\$ 0.6550
Baker Road MUD	0.5650	0.5650	0.5000	0.4250
Castlewood MUD	0.8700	0.8500	0.8500	0.8100
Cimarron MUD	0.5700	0.5700	0.5700	0.5700
Cinco MUD #1	0.6450	0.5950	0.5500	0.5000
Cinco MUD #2	0.4750	0.4750	0.4750	0.4750
Cinco MUD #3	0.4700	0.4800	0.4600	0.4200
Cinco MUD #5	0.4950	0.4950	0.4750	0.4450
Cinco MUD #6	0.4800	0.4800	0.4800	0.4100
Cinco MUD #7	0.5200	0.4900	0.4850	0.4850
Cinco MUD #8	0.8500	0.5950	0.8200	0.7600
Cinco MUD #9	0.5950	0.5950	0.5950	0.5700
Cinco MUD #10	0.6100	0.5900	0.5900	0.5800
Cinco MUD #12	0.4300	0.4300	0.3600	0.3600
Cinco MUD #14	0.6350	0.5950	0.5550	0.5450
Cinco SW MUD #1	1.5000	1.5000	1.5000	1.2900
Cinco SW MUD #2	1.5000	1.5000	1.4450	1.3450
Cinco SW MUD #3	1.5000	1.5000	1.5000	1.5000
Cinco SW MUD #4	1.5000	1.5000	1.4800	1.4000
Cornerstone MUD	0.3700	0.3600	0.3600	0.3600
Fort Bend Co.	0.4998	0.4998	0.4998	0.4998
Fort Bend Co. LID #12	0.1400	0.1300	0.1250	0.1250
Fort Bend Co. MUD #34	0.6900	0.6800	0.6800	0.6800
Fort Bend Co. MUD #35	0.6900	0.6300	0.6300	0.6200
Fort Bend Co. MUD #37	0.5200	0.5200	0.5200	0.5200
Fort Bend Co. MUD #57	1.5000	1.4500	1.4500	1.4000
Fort Bend Co. MUD #58	1.5000	1.5000	1.5000	1.4500
Fort Bend Co. MUD #124	0.9200	0.9900	0.9900	0.9900
Fort Bend Co. MUD #130	0.7600	0.7500	0.7400	0.7300
Fort Bend Co. MUD #142	1.3200	1.3200	1.2700	1.1700
Fort Bend Co. MUD #151	1.2700	1.2600	1.2600	1.2600
Fort Bend Co. MUD #156	*N/A	*N/A	1.5000	1.5000
Fort Bend Co. MUD #161	*N/A	*N/A	0.9062	0.9062
Fort Bend Co. MUD #163	*N/A	*N/A	*N/A	0.9000
Fort Bend Co. MUD #171	1.2950	1.2950	1.2833	1.2650
Fort Bend Co. MUD #172	1.2950	1.2950	1.2973	1.3038
Fort Bend Co. MUD #173	1.2950	1.2950	1.2973	1.3038
Fort Bend Co. MUD #182	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #185	1.2500	1.2500	1.2500	1.2000



<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1466	\$ 1.1466	\$ 1.0531
0.4000	0.3900	0.3900	0.3700	0.3700	0.3900
<b>\$ 1.5266</b>	<b>\$ 1.5166</b>	<b>\$ 1.5166</b>	<b>\$ 1.5166</b>	<b>\$ 1.5166</b>	<b>\$ 1.4431</b>
\$ 0.6550	\$ 0.6550	\$ 0.6550	\$ 0.6450	\$ 0.6450	\$ 0.6300
0.3750	0.3400	0.3000	0.3000	0.3000	0.3000
0.7000	0.5800	0.4500	0.4300	0.4100	0.4100
0.5700	0.4200	0.3850	0.3650	0.3650	0.3650
0.4800	0.4400	0.4400	0.4300	0.4278	0.4450
0.4700	0.4500	0.3400	0.2800	0.3100	0.3700
0.4200	0.4000	0.3700	0.3550	0.3550	0.3450
0.4150	0.3800	0.3700	0.3700	0.4900	0.4400
0.3950	0.3550	0.3300	0.3300	0.3850	0.3300
0.4800	0.4800	0.4400	0.4200	0.4800	0.4200
0.7100	0.6400	0.5900	0.5800	0.9600	0.6200
0.5300	0.4300	0.4050	0.3950	0.3950	0.3950
0.5800	0.5300	0.4950	0.4950	0.5050	0.5300
0.3000	0.2700	0.2500	0.2500	0.2500	0.2500
0.5350	0.5200	0.5000	0.4900	0.4900	0.5250
1.0100	0.9050	0.8500	0.7600	0.6800	0.6600
1.2000	1.0400	0.9850	0.9400	0.9100	0.9300
1.4400	1.2000	1.1200	1.0000	0.9350	0.9300
1.2000	1.0300	0.9600	0.9100	0.8300	0.8379
0.3400	0.3300	0.3000	0.3000	0.3000	0.3000
0.4948	0.4860	0.4740	0.4690	0.4640	0.4600
0.1150	0.1000	0.0900	0.0900	0.0850	0.0800
0.6800	0.6300	0.6200	0.6100	0.6100	0.6100
0.5700	0.5150	0.4400	0.4300	0.4250	0.4250
0.5200	0.5000	0.4900	0.4900	0.4900	0.4900
1.2700	1.0500	0.9400	0.9200	0.9000	0.9000
1.2800	1.1600	1.0700	1.0200	0.9500	0.9500
0.9500	0.8600	0.8600	0.8600	0.8600	0.8600
0.7200	0.6600	0.6300	0.6300	0.6300	0.6300
0.9500	0.8500	0.7700	0.7500	0.7500	0.7500
1.2200	1.1100	1.0000	0.9700	0.9500	0.9300
1.4500	1.2500	1.0500	1.0500	1.0500	1.0100
0.9062	0.9000	0.9000	0.9000	0.9000	0.9000
0.9000	0.9000	0.9000	0.9000	0.9000	0.9000
1.2200	1.1600	1.1200	1.1175	1.0650	1.0742
1.3226	1.2818	1.2150	1.1850	1.1600	1.1350
1.3226	1.3393	1.3440	1.3422	1.3384	1.3338
1.5000	1.5000	1.5000	1.5000	1.3500	1.3000
1.1700	1.0400	1.0300	1.0200	1.0000	0.9600



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

<b>Taxing Authority</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b><u>Overlapping Rates:</u></b>				
Fort Bend Co. MUD #199	*N/A	\$ 0.6000	\$ 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	\$ 0.5000	0.5000	0.5000	0.5000
Fulshear MUD #3A	*N/A	*N/A	*N/A	*N/A
Grand Lakes MUD #1	0.6300	0.5400	0.5400	0.5400
Grand Lakes MUD #2	0.4550	0.4450	0.4375	0.3695
Grand Lakes MUD #4	0.7900	0.7700	0.7600	0.7300
Grand Lakes WC & ID	0.0825	0.0825	0.0825	0.0785
Green Trails MUD	0.4400	0.4000	0.2600	0.2100
Harris Co.	0.3881	0.3912	0.4002	0.4146
Harris Co. Dept. of Education	0.0066	0.0066	0.0066	0.0064
Harris Co. Flood Contr. Dist.	0.0292	0.0281	0.0281	0.0283
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	0.7000	0.5900
Harris Co. MUD #64	0.7100	0.7100	0.7100	0.7100
Harris Co. MUD #65	0.8460	0.8960	0.9770	0.9700
Harris Co. MUD #71	1.1000	1.1000	1.1000	1.1000
Harris Co. MUD #81	0.3700	0.3700	0.3700	0.3700
Harris Co. MUD #105	0.9300	0.9300	0.9300	0.9300
Harris Co. MUD #216	1.1600	1.1000	1.0700	0.9900
Harris Co. MUD #238	0.7200	0.7150	0.6950	0.6850
Harris Co. MUD #287	1.3500	1.3500	1.3500	1.3500
Harris Co. MUD #345	0.3900	0.4200	0.4200	0.3800
Harris Co. MUD #346	0.4050	0.2800	0.2000	0.1000
Harris Co. MUD #432	1.5000	1.5000	1.5000	1.5000
Harris Co. MUD #449	*N/A	*N/A	*N/A	1.5000
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 Co. WC & ID #159	*N/A	*N/A	*N/A	*N/A
Harris-Fort Bend Cos. MUD #1	0.7500	0.7300	0.7000	0.6850
Harris-Fort Bend Cos. MUD #3	1.2500	1.2400	1.2400	1.1900
Harris-Fort Bend Cos. MUD #5	0.7300	0.7100	0.7100	0.7000
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	0.4250	0.4200	0.4100



2015	2016	2017	2018	2019	2020
\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6000	\$ 0.6000
0.8000	0.8000	0.8000	0.8000	0.8000	0.8000
*N/A	0.9300	0.9300	0.9300	0.9300	0.9300
1.4500	1.4500	1.4500	1.4500	1.4500	1.4500
0.4850	0.4700	0.4550	0.4400	0.4300	0.4250
*N/A	*N/A	*N/A	1.5000	1.5000	1.5000
0.5400	0.5150	0.4950	0.4950	0.5700	0.5400
0.3500	0.3200	0.3075	0.3000	0.2650	0.2400
0.6800	0.6000	0.5725	0.5525	0.5000	0.5000
0.0730	0.0665	0.0650	0.0650	0.0650	0.0700
0.2000	0.1900	0.2100	0.2100	0.2100	0.2150
0.4173	0.4192	0.4166	0.4180	0.4186	0.4071
0.0060	0.0054	0.0052	0.0052	0.0052	0.0050
0.0274	0.0273	0.0283	0.0283	0.0288	0.0279
0.5700	0.5000	0.4900	0.4800	0.4800	0.4800
0.6200	0.5900	0.5750	0.5750	0.5550	0.5550
0.5200	0.5000	0.4100	0.3300	0.3000	0.2800
0.6900	0.6900	0.6300	0.5800	0.5800	0.5600
0.9300	0.8400	0.7300	0.6700	0.6400	0.6200
1.0600	0.9700	0.8900	0.8000	0.7900	0.7900
0.3700	0.3300	0.3300	0.3300	0.3100	0.3000
0.9000	0.8500	0.8300	0.8000	0.8000	0.7800
0.9500	0.7000	0.5600	0.5000	0.5000	0.4900
0.6350	0.6200	0.5400	0.5100	0.5000	0.4900
1.3500	1.3500	1.2700	1.2200	1.1700	1.1600
0.3475	0.3100	0.2800	0.2500	0.2200	0.1900
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
1.5000	1.4500	1.4000	1.3800	1.3400	1.3200
1.5000	1.5000	1.4400	1.4200	1.3700	1.3200
*N/A	*N/A	1.5000	1.5000	1.5000	1.5000
*N/A	*N/A	*N/A	1.5000	1.5000	1.5000
*N/A	*N/A	1.5000	1.5000	1.5000	1.5000
0.2350	0.2300	0.2200	0.2200	0.2300	0.2025
*N/A	*N/A	*N/A	*N/A	*N/A	0.5000
0.6850	0.6550	0.6100	0.6200	0.6200	0.6400
1.0700	0.9700	0.9200	0.8200	0.8100	0.7300
0.6500	0.5900	0.5400	0.5150	0.5050	0.4800
0.9500	0.9500	0.9500	0.9500	0.9500	0.9500
0.9300	0.9300	0.9300	0.9300	0.9300	0.9300
0.6311	0.6011	0.5864	0.5842	0.5883	0.5679
0.4050	0.4000	0.3950	0.3900	0.3900	0.3900



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

<b>Taxing Authority</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b><u>Overlapping Rates:</u></b>				
Jackrabbit Road PUD	\$ 0.3450	\$ 0.3450	\$ 0.2500	\$ 0.2500
Katy, City of	0.5937	0.5937	0.5867	0.5667
Katy Management District	0.9500	0.9500	0.8800	0.8200
Longhorn Town UD	0.6500	0.6500	0.6300	0.6100
Mason Creek UD	0.3460	0.3460	0.3460	0.0346
Mayde Creek MUD	0.8960	0.8960	0.9150	0.9450
Memorial MUD	0.5550	0.5500	0.5400	0.5400
Morton Road MUD	0.8200	0.8400	0.8400	0.8200
Northwest Harris Co. MUD #12	1.0100	1.0600	1.0600	1.0600
Nottingham Country MUD	0.3950	0.3950	0.3950	0.3950
Port of Houston Authority	0.0205	0.0186	0.0195	0.0172
Ricewood MUD	0.5800	0.5800	0.5800	0.5800
Rolling Creek UD	0.9800	0.9700	0.9700	0.9600
Waller County	0.6484	0.6598	0.6611	0.6511
Waller County RID #1	1.2500	1.2500	1.2500	1.2500
Waller-Harris ESD 200	0.0944	0.0944	0.0995	0.0995
West Harris Co. MUD #2	0.4600	0.5000	0.5000	0.5000
West Harris Co. MUD #5	1.2000	1.2000	1.2000	1.2000
West Harris Co. MUD #7	0.9000	0.9000	0.9000	0.9000
West Harris Co. MUD #17	1.0100	1.2500	1.3100	1.3100
Westlake MUD #1	0.6000	0.6400	0.6325	0.6325
West Memorial MUD	0.4500	0.4500	0.4500	0.4500
Weston MUD	0.6200	0.6100	0.6100	0.6100
Westpark MUD	0.6500	0.7500	0.6700	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	1.5000
WoodCreek Reserve MUD	0.6000	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



<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 0.3000	\$ 0.3000	\$ 0.3000	\$ 0.3000	\$ 0.3000	\$ 0.3000
0.5467	0.5267	0.5067	0.4867	0.4867	0.4800
0.8200	0.8200	0.8000	0.8000	0.8000	0.8000
0.5500	0.5000	0.4600	0.4500	0.4300	0.3800
0.3345	0.3230	0.3230	0.3230	0.3300	0.3510
0.9300	0.9300	0.9300	0.9200	0.8900	0.8600
0.5100	0.4800	0.4400	0.4150	0.4150	0.4050
0.7500	0.6900	0.6600	0.6400	0.6300	0.6200
1.0400	0.9800	0.9300	0.8500	0.8000	0.8000
0.3750	0.3450	0.3400	0.3400	0.3400	0.3400
0.0153	0.0134	0.0133	0.0126	0.0116	0.0107
0.5300	0.4750	0.4200	0.4000	0.3900	0.3900
0.8800	0.8500	0.7800	0.7000	0.7000	0.7000
0.6508	0.6204	0.6004	0.5848	0.6540	0.6301
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
0.0995	0.0995	0.0995	0.0995	0.0995	0.1000
0.5000	0.4800	0.4800	0.4600	0.4500	0.4300
1.1600	1.0900	1.0500	1.0100	1.0000	0.9800
0.8500	0.8400	0.7700	0.6700	0.6400	0.6100
1.2400	1.1900	1.0700	1.0450	1.0450	0.9850
0.5925	0.5625	0.5400	0.5300	0.4900	0.4800
0.4500	0.4300	0.3900	0.3900	0.3900	0.3900
0.5500	0.4800	0.4600	0.4100	0.3700	0.3500
0.6500	0.6500	0.5800	0.4600	0.4200	0.3950
1.2500	1.1500	1.0950	1.0100	1.0400	1.1400
0.1900	0.1850	0.1850	0.1850	0.1850	0.1850
1.5000	1.5000	1.5000	1.5000	1.4800	1.4600
0.5600	0.5600	0.5600	0.5200	0.5050	0.5000



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

Exhibit VII

Taxpayer	2020			2011		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
Amoco Chemical Co.	\$ 421,153,931	1	1.01%	\$ 364,559,302	1	1.84%
Shell Oil Co.	413,862,685	2	0.99	133,322,090	3	0.67
Centerpoint Energy	166,259,638	3	0.40	97,120,819	7	0.49
Academy Ltd.	164,094,054	4	0.39	118,494,772	5	0.60
Katy Mills LP	125,925,069	5	0.30	95,870,583	8	0.48
Westlake Three/Four Owner Corp.	113,243,300	6	0.27	142,835,211	2	0.72
Cole AS Katy TX LP	96,270,726	7	0.23			
Stena Park Inc.	92,070,816	8	0.22			
SCD Memorial Place II LLC	91,033,500	9	0.22			
Oxy Campus LLC	90,000,003	10	0.22			
Conoco Phillips Co.				124,847,903	4	0.63
I10 EC Corridor LP				104,005,866	6	0.52
Wal-Mart				81,076,752	9	0.41
Sercel, Inc.				59,835,658	10	0.30
<b>TOTALS</b>	<u><u>\$ 1,773,913,722</u></u>		<u><u>4.25%</u></u>	<u><u>\$ 1,321,968,956</u></u>		<u><u>6.66%</u></u>

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

(2) Total assessed value equals: \$ 41,628,778,765

(3) Total assessed value equals: \$ 19,819,925,666

Source: County Appraisal Districts



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

Exhibit VIII

<b>Fiscal Year Ended 8/31:</b>	<b>Adjusted Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years (2)</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy (1)</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2011	\$ 300,500,368	\$ 296,166,452	98.56%	\$ 4,035,956	\$ 300,202,408	99.90%
2012	314,716,532	310,257,285	98.58	4,162,391	314,419,676	99.91
2013	334,890,186	331,214,907	98.90	3,363,335	334,578,242	99.91
2014	366,832,664	364,521,121	99.37	1,942,601	366,463,722	99.90
2015	429,987,772	428,272,107	99.60	1,201,039	429,473,146	99.88
2016	487,673,728	487,326,155	99.93	(222,472)	487,103,683	99.88
2017	534,517,932	536,816,559	100.43	(3,125,725)	533,690,834	99.85
2018	556,671,205	560,383,716	100.67	(4,978,218)	555,405,498	99.77
2019	575,343,165	574,967,028	99.93	(1,163,301)	573,803,727	99.73
2020	590,007,154	585,598,568	99.25		585,598,568	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 (3)	Accretion on Capital Appreciation Bonds	Bond Issuance Premiums (4)	Capital Leases			
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
2020	1,888,706,959	93,522	215,607,409	7,455,000	2,111,862,890	5.07	26,701

(1) See Exhibit V for assessed value data.

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

(3) General Obligation Bonds include Capital Appreciation Bonds

(4) Bond Issuance Premiums includes premiums on issuance of Capital Appreciation Bonds

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			
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
2020	1,888,706,959	93,522	215,607,409	59,643,831	2,044,764,059	4.91	25,853

(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, 2020**

Exhibit XI  
Page 1 of 3

Taxing Authority	Gross Debt Outstanding		Percent Overlapping (1)	Amount Overlapping Gross Debt
	Amount	As Of		
<b><u>Direct:</u></b>				
Katy Independent School District	\$ 2,111,862,890	8/31/2020	100.00%	\$ 2,111,862,890
<b><u>Overlapping:</u></b>				
Addicks UD	16,715,000	8/31/2020	100.00	16,715,000
Baker Road MUD	985,000	8/31/2020	100.00	985,000
Castlewood MUD	8,540,000	8/31/2020	100.00	8,540,000
Cimarron MUD	26,805,000	8/31/2020	100.00	26,805,000
Cinco MUD #1	4,369,720	8/31/2020	100.00	4,369,720
Cinco MUD #2	9,401,403	8/31/2020	100.00	9,401,403
Cinco MUD #3	5,377,295	8/31/2020	100.00	5,377,295
Cinco MUD #5	6,364,349	8/31/2020	100.00	6,364,349
Cinco MUD #6	2,967,250	8/31/2020	100.00	5,967,250
Cinco MUD #7	9,346,976	8/31/2020	100.00	9,346,976
Cinco MUD #8	11,681,552	8/31/2020	100.00	11,681,552
Cinco MUD #9	6,413,919	8/31/2020	100.00	6,413,919
Cinco MUD #10	9,321,213	8/31/2020	100.00	9,321,213
Cinco MUD #12	6,741,494	8/31/2020	100.00	6,741,494
Cinco MUD #14	17,969,832	8/31/2020	100.00	17,969,832
Cinco Southwest MUD #1	1,164,720	8/31/2020	100.00	1,164,720
Cinco Southwest MUD #2	65,974,413	8/31/2020	100.00	65,974,413
Cinco Southwest MUD #3	54,661,383	8/31/2020	100.00	54,661,383
Cinco Southwest MUD #4	64,554,485	8/31/2020	100.00	64,554,485
Cornerstone MUD	3,935,000	8/31/2020	100.00	3,935,000
Fort Bend Co.	642,587,527	8/31/2020	19.93	128,067,694
Fort Bend Co. LID #12	10,750,000	8/31/2020	4.52	485,900
Fort Bend Co. MUD #34	14,840,000	8/31/2020	100.00	14,840,000
Fort Bend Co. MUD #35	30,040,000	8/31/2020	100.00	30,040,000
Fort Bend Co. MUD #57	45,795,000	8/31/2020	100.00	45,795,000
Fort Bend Co. MUD #58	127,910,000	8/31/2020	100.00	127,910,000
Fort Bend Co. MUD #124	8,130,000	8/31/2020	100.00	8,130,000
Fort Bend Co. MUD #130	9,515,000	8/31/2020	100.00	9,515,000
Fort Bend Co. MUD #142	109,795,000	8/31/2020	34.66	38,054,947
Fort Bend Co. MUD #151	65,650,000	8/31/2020	71.73	47,090,745
Fort Bend Co. MUD #156	19,100,000	8/31/2020	100.00	19,100,000
Fort Bend Co. MUD #161	20,575,000	8/31/2020	100.00	20,575,000
Fort Bend Co. MUD #163	8,625,000	8/31/2020	100.00	8,625,000
Fort Bend Co. MUD #171	51,006,236	8/31/2020	100.00	51,006,236
Fort Bend Co. MUD #172	92,328,488	8/31/2020	100.00	92,328,488
Fort Bend Co. MUD #173	60,394,612	8/31/2020	100.00	60,394,612
Fort Bend Co. MUD #182	44,325,000	8/31/2020	2.88	1,276,560
Fort Bend Co. MUD #185	34,960,000	8/31/2020	100.00	34,960,000



**KATY INDEPENDENT SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AUGUST 31, 2020**

Exhibit XI  
Page 2 of 3

Taxing Authority	Gross Debt Outstanding		Percent Overlapping (1)	Amount Overlapping Gross Debt
	Amount	As Of		
<b><u>Overlapping:</u></b>				
Fort Bend Co. MUD #199	\$ 3,105,000	8/31/2020	100.00%	\$ 31,050
Fort Bend Waller Co. MUD #2	23,325,000	8/31/2020	100.00	23,325,000
Fort Bend Waller Co. MUD #3	20,425,000	8/31/2020	39.70	8,108,725
Fry Road MUD	315,000	8/31/2020	100.00	315,000
Fulshear MUD #3A	22,555,000	8/31/2020	4.74	1,069,107
Grand Lakes MUD #1	7,550,000	8/31/2020	100.00	7,550,000
Grand Lakes MUD #2	1,755,000	8/31/2020	100.00	1,755,000
Grand Lakes MUD #4	10,075,000	8/31/2020	100.00	10,075,000
Grand Lakes WC & ID	4,765,000	8/31/2020	100.00	4,765,000
Green Trails MUD	1,435,000	8/31/2020	100.00	1,435,000
Harris Co.	1,867,957,125	8/31/2020	4.47	83,497,683
Harris Co. Dept. of Education	6,320,000	8/31/2020	4.47	282,504
Harris Co. Flood Contr. Dist.	83,075,000	8/31/2020	4.47	3,713,453
Harris Co. Hosp. District	86,050,000	8/31/2020	4.47	3,846,435
Harris Co. MUD #61	15,705,000	8/31/2020	100.00	15,705,000
Harris Co. MUD #62	12,195,000	8/31/2020	100.00	12,195,000
Harris Co. MUD #63	9,960,000	8/31/2020	100.00	9,960,000
Harris Co. MUD #64	14,025,000	8/31/2020	100.00	14,025,000
Harris Co. MUD #65	19,495,000	8/31/2020	100.00	19,495,000
Harris Co. MUD #71	42,475,000	8/31/2020	1.00	42,475,000
Harris Co. MUD #81	12,310,000	8/31/2020	100.00	12,310,000
Harris Co. MUD #105	68,955,000	8/31/2020	1.28	882,624
Harris Co. MUD #216	5,295,000	8/31/2020	100.00	5,295,000
Harris Co. MUD #238	14,001,000	8/31/2020	100.00	14,001,000
Harris Co. MUD #287	41,275,000	8/31/2020	100.00	41,275,000
Harris Co. MUD #432	37,300,000	8/31/2020	100.00	37,300,000
Harris Co. MUD #449	37,305,000	8/31/2020	100.00	37,305,000
Harris Co. MUD #457	46,769,092	8/31/2020	100.00	46,769,092
Harris Co. MUD #495	50,150,000	8/31/2020	100.00	50,150,000
Harris Co. MUD #536	20,965,000	8/31/2020	100.00	20,965,000
Harris Co. UD #6	2,110,000	8/31/2020	100.00	2,110,000
Harris Co. WC & ID #159	13,625,000	8/31/2020	3.42	465,975
Harris-Fort Bend Cos. MUD #1	11,015,000	8/31/2020	100.00	11,015,000
Harris-Fort Bend Cos. MUD #3	37,875,000	8/31/2020	100.00	37,875,000
Harris-Fort Bend Cos. MUD #5	16,905,000	8/31/2020	100.00	16,905,000
Harris-Waller Counties MUD #2	16,145,000	8/31/2020	100.00	16,145,000
Harris-Waller Counties MUD #3	36,780,000	8/31/2020	100.00	36,780,000
Houston, City of	3,423,995,000	8/31/2020	1.89	64,713,506
Interstate MUD	8,385,000	8/31/2020	100.00	8,385,000
Katy Management District		8/31/2020	100.00	
Katy, City of	25,840,000	8/31/2020	100.00	25,840,000



**KATY INDEPENDENT SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AUGUST 31, 2020**

Exhibit XI  
Page 3 of 3

Taxing Authority	Gross Debt Outstanding		Percent Overlapping (1)	Amount Overlapping Gross Debt
	Amount	As Of		
<u>Overlapping:</u>				
Longhorn Town UD	\$ 510,000	8/31/2020	100.00%	\$ 5,100
Mason Creek UD	4,060,000	8/31/2020	100.00	4,060,000
Mayde Creek MUD	9,226,411	8/31/2020	100.00	9,226,411
Memorial MUD	6,185,000	8/31/2020	100.00	6,185,000
Morton Road MUD	4,120,000	8/31/2020	100.00	4,120,000
Northwest Harris Co. MUD #12	31,700,000	8/31/2020	1.17	370,890
Nottingham Country MUD	3,800,000	8/31/2020	100.00	3,800,000
Port of Houston Authority	514,174,397	8/31/2020	4.47	22,983,596
Ricewood MUD	8,675,000	8/31/2020	100.00	8,675,000
Rolling Creek UD	17,380,000	8/31/2020	14.05	2,441,890
Waller County	43,139,000	8/31/2020	23.89	10,305,907
Waller Co. Road Imp District #1	2,975,000	8/31/2020	100.00	2,975,000
West Harris Co. MUD #2	17,350,000	8/31/2020	100.00	17,350,000
West Harris Co. MUD #5	20,980,000	8/31/2020	100.00	20,980,000
West Harris Co. MUD #7	20,485,000	8/31/2020	100.00	20,485,000
West Harris Co. MUD #17	5,680,000	8/31/2020	100.00	5,680,000
Westlake MUD #1	2,550,000	8/31/2020	100.00	2,550,000
West Memorial MUD	6,945,000	8/31/2020	100.00	6,945,000
West Park MUD	25,060,000	8/31/2020	100.00	25,060,000
Weston MUD	20,230,000	8/31/2020	100.00	20,230,000
Willow Creek Farms MUD	32,095,000	8/31/2020	94.22	30,239,909
Willow Fork DD	36,160,000	8/31/2020	100.00	36,160,000
Willow Point MUD	21,885,000	8/31/2020	100.00	21,885,000
WoodCreek Reserve MUD	17,445,000	8/31/2020	100.00	17,445,000
Subtotal, Overlapping Debt				2,124,755,042
TOTAL DIRECT AND OVERLAPPING DEBT				\$ 4,236,617,932

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

<b>Fiscal Year Ended 08/31:</b>	<b>Residential Units (1)</b>	<b>Total Assessed Value of Residential Units (1)</b>	<b>Average Assessed Value Per Residential Unit</b>	<b>Average Daily Attendance (2)</b>	<b>Population (3)</b>	<b>Unemployment Rate (4)</b>
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
2020	98,983	28,025,701,366	283,137	79,092 (5)	370,672	8.50

(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 and 2020 ADA in table above does not reflect the state hold harmless disaster adjustment and State COVID-19 adjustments

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



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

Exhibit XIII

<b>Employer</b>	<b>2020</b>			<b>2011</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment (1)</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment (2)</b>
Katy ISD	11,018	1	6.02%	8,452	1	6.56%
Shell Exploration & Production	5,500	2	3.00	2,500	5	1.94
Wood Group/ Mustang Engineering	4,500	3	2.46	3,300	3	2.56
BP North America	3,950	4	2.16	7,500	2	5.82
Academy Sports and Outdoors	2,800	5	1.53	2,600	4	2.02
Houston Methodist West	2,000	6	1.09			
HEB	1,325	7	0.72	1,325	7	1.03
Walmart	1,240	8	0.68	1,000	10	0.78
Geico	1,200	9	0.66			
Memorial Hermann Katy Hospital	1,100	10	0.60			
ConocoPhillips				2,500	6	1.94
Foster Wheeler				1,200	8	0.93
Atwood Oceanics				1,200	9	0.93
<b>TOTALS</b>	<b><u>34,633</u></b>		<b><u>18.92%</u></b>	<b><u>31,577</u></b>		<b><u>24.51%</u></b>

(1) Total employment for 2020: 183,139  
(2) Total employment for 2011: 128,820

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



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## **OPERATING INFORMATION**

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



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

<b>POSITION:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Instruction	4,909	4,732	5,004	5,264
Instructional Resources and Media Services	107	101	107	105
Curriculum and Instructional Staff Development	73	51	64	74
Instructional Leadership	58	55	56	59
School Leadership	469	455	484	514
Guidance, Counseling, and Evaluation Services	273	256	283	302
Health Services	92	85	96	100
Student Transportation	300	305	297	314
Food Services	355	348	380	394
Co-curricular/Extracurricular Activities	82	80	80	90
General Administration	105	102	91	92
Facilities Maintenance and Operations	630	556	601	628
Security and Monitoring Services	84	85	90	107
Data Processing Services	100	85	87	98
Community Services	13	12	14	13
Facilities Acquisition and Construction	6	6	6	7
<b>Total Employees</b>	<b>7,656</b>	<b>7,314</b>	<b>7,740</b>	<b>8,161</b>

Source: District Records



<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
5,587	5,960	6,229	6,471	6,687	7,188
112	113	119	127	129	136
92	95	100	99	101	107
67	69	70	72	77	86
533	552	575	612	628	673
336	359	371	390	411	481
103	105	112	121	127	137
320	334	344	346	339	342
418	436	449	448	474	496
91	94	102	117	120	138
99	106	108	115	126	132
654	705	734	771	782	816
118	125	127	134	137	147
104	113	113	115	119	122
11	13	12	11	10	10
6	7	7	7	7	7
<u>8,651</u>	<u>9,186</u>	<u>9,572</u>	<u>9,956</u>	<u>10,274</u>	<u>11,018</u>



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

<b>Fiscal Year Ended 8/31:</b>	<b>Average Daily Attendance</b>		<b>Operating Expenditures (1)</b>	<b>Cost Per ADA</b>	<b>Percentage Change</b>
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
2020	79,092	(2)	847,505,704	10,715	5.15

- (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 and 2020 ADA in table above does not reflect the state hold harmless disaster adjustment and State COVID-19 adjustments
- (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



<b>Government Wide Expenses</b>	<b>Cost Per ADA</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Student to Teacher Ratio</b>	<b>Percentage of Students in Free/Reduced Lunch Program</b>
\$ 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
1,072,886,090	13,565	3.53	5,603	14.12	32.70



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

Exhibit XVI

<b>Fiscal Year Ended 08/31:</b>	<b>Minimum Salary (1)</b>	<b>Maximum Salary (1)</b>	<b>KISD Average Salary (2)</b>	<b>Region IV Average Salary (2)</b>	<b>Statewide Average Salary (2)</b>
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
2020	55,200	84,231	60,577	60,292	57,091

(1) Source: District records

(2) Source: Academic Excellence Indicator System of Texas (AEIS) from 2011-2012  
Texas Academic Performance Reports (TAPR) from 2013-2020



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

<b>Building:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>HIGH SCHOOLS</b>				
Cinco Ranch (1999)				
Square Footage	581,934	581,934	581,934	581,934
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,905	2,970	3,030	3,196
Jordan (2020)				
Square Footage				
Capacity				
Enrollment (3)				
Katy (1947)				
Square Footage	589,196	589,196	589,196	589,196
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,632	2,697	2,750	2,953
Mayde Creek (1984)				
Square Footage	603,141	603,141	603,141	603,141
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,569	2,560	2,635	2,713
Morton Ranch (2004)				
Square Footage	583,628	583,628	583,628	583,628
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,919	3,043	3,193	3,307
Pactow (2017)				
Square Footage				
Capacity				
Enrollment				
Seven Lakes (2005)				
Square Footage	599,005	599,005	599,005	599,005
Capacity	3,000	3,000	3,000	3,000
Enrollment	3,374	3,635	3,888	3,585
Taylor (1979)				
Square Footage	542,192	542,192	542,192	542,192
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,629	2,689	2,744	2,918
Tompkins (2013)				
Square Footage				610,134
Capacity				3,000
Enrollment				834



<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
581,934	581,934	581,934	581,934	581,934	581,934
3,000	3,000	3,000	3,000	3,000	3,000
3,168	3,143	3,234	3,155	3,189	3,264
					625,154
					3,000
589,196	589,196	589,196	589,196	589,196	589,196
3,000	3,000	3,000	3,000	3,000	3,000
3,033	3,200	3,483	3,413	3,395	3,467
603,141	603,141	603,141	603,141	603,141	603,141
3,000	3,000	3,000	3,000	3,000	3,000
2,685	2,737	2,771	2,715	2,759	2,892
583,628	583,628	583,628	583,628	583,628	583,628
3,000	3,000	3,000	3,000	3,000	3,000
3,331	3,402	3,539	3,092	2,849	2,560
			635,058	635,058	635,058
			3,000	3,000	3,000
			728	1,401	2,164
599,005	599,005	599,005	599,005	599,005	599,005
3,000	3,000	3,000	3,000	3,000	3,000
3,438	3,225	3,394	3,538	3,637	3,783
542,192	542,192	542,192	542,192	542,192	542,192
3,000	3,000	3,000	3,000	3,000	3,000
2,903	2,909	2,936	2,950	2,900	2,919
610,134	610,134	610,134	610,134	610,134	610,134
3,000	3,000	3,000	3,000	3,000	3,000
1,641	2,478	2,963	3,387	3,770	4,031



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

<b>Building:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>JUNIOR HIGH SCHOOLS</b>				
Adams (2019)				
Square Footage				
Capacity				
Enrollment				
Beck (1996)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,232	1,232	1,232	1,232
Enrollment	1,151	1,149	1,154	1,100
Beckendorff (2004)				
Square Footage	184,398	184,398	184,398	184,398
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,531	1,632	1,635	1,675
Cardiff (2008)				
Square Footage	188,602	188,602	188,602	188,602
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,063	1,042	1,008	1,027
Cinco Ranch (2001)				
Square Footage	154,637	154,637	154,637	154,637
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,112	1,168	1,200	1,209
Katy (1995)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,231	1,231	1,231	1,231
Enrollment	1,231	1,315	1,333	1,354
Mayde Creek (1980)				
Square Footage	169,172	169,172	172,386	172,386
Capacity	1,414	1,414	1,414	1,414
Enrollment	1,164	1,158	1,095	1,141
McDonald (1991)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,220	1,220	1,220	1,220
Enrollment	958	943	916	973
McMeans (2000)				
Square Footage	154,637	154,637	154,637	154,637
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,168	1,177	1,150	1,085
Memorial Parkway (1982)				
Square Footage	148,627	148,627	148,627	148,627
Capacity	1,133	1,133	1,133	1,133
Enrollment	936	925	900	894
Morton Ranch (2003)				
Square Footage	180,290	180,290	180,290	180,290
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,254	1,215	1,285	1,268



2015	2016	2017	2018	2019	2020
					192,313
					1,400
					1,300
137,569	137,569	137,569	137,569	137,569	137,569
1,232	1,232	1,232	1,232	1,232	1,232
1,078	1,040	999	957	1,001	1,259
184,398	184,398	184,398	184,398	184,398	184,398
1,403	1,403	1,403	1,403	1,403	1,403
1,698	1,770	1,754	1,739	1,699	1,708
188,602	188,602	188,602	188,602	188,602	188,602
1,403	1,403	1,403	1,403	1,403	1,403
955	965	912	886	951	1,008
154,637	154,637	154,637	154,637	154,637	154,637
1,400	1,400	1,400	1,400	1,400	1,400
1,259	1,260	1,222	1,259	1,272	1,460
137,569	137,569	137,569	137,569	137,569	137,569
1,231	1,231	1,231	1,231	1,231	1,231
1,332	1,341	1,353	1,039	1,085	1,220
172,386	172,386	172,386	172,386	172,386	172,386
1,414	1,414	1,414	1,414	1,414	1,414
1,146	1,121	1,135	1,076	1,141	1,161
137,569	137,569	137,569	137,569	137,569	137,569
1,220	1,220	1,220	1,220	1,220	1,220
1,053	1,076	1,144	928	902	910
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	1,163	1,140	1,108	1,136	1,187
148,627	148,627	148,627	161,462	161,462	161,462
1,133	1,133	1,133	1,133	1,133	1,133
876	853	827	799	788	911
180,290	180,290	180,290	180,290	180,290	180,290
1,403	1,403	1,403	1,403	1,403	1,403
1,202	1,177	1,201	1,215	1,190	1,187



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

<b>Building:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>JUNIOR HIGH SCHOOLS (cont.)</b>				
Seven Lakes (2012)				
Square Footage			187,748	187,748
Capacity			1,400	1,400
Enrollment			1,208	1,550
Stockdick (2017)				
Square Footage				
Capacity				
Enrollment				
Tays (2016)				
Square Footage				
Capacity				
Enrollment				
West Memorial (1976)				
Square Footage	163,906	163,906	169,920	169,920
Capacity	998	998	998	998
Enrollment	788	780	760	718
WoodCreek (2008)				
Square Footage	188,602	188,602	188,602	188,602
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,604	1,957	1,357	1,585
<b>ELEMENTARY SCHOOLS</b>				
Alexander (1998)				
Square Footage	106,134	106,134	106,134	106,134
Capacity	935	935	935	935
Enrollment	1,169	1,110	1,132	1,077
Bear Creek (1978)				
Square Footage	101,269	101,269	101,269	101,269
Capacity	799	799	799	799
Enrollment	793	774	776	762
Bethke (2016)				
Square Footage				
Capacity				
Enrollment				
Bryant (2017)				
Square Footage				
Capacity				
Enrollment				
Campbell (2018)				
Square Footage				
Capacity				
Enrollment				



2015	2016	2017	2018	2019	2020
187,748	187,748	187,748	187,748	187,748	187,748
1,400	1,400	1,400	1,400	1,400	1,400
1,748	2,006	1,771	1,924	2,032	1,483
			192,984	192,984	192,984
			1,400	1,400	1,400
			715	903	1,075
		185,944	185,944	185,944	185,944
		1,400	1,400	1,400	1,400
		1,377	1,591	1,719	1,391
169,920	169,920	169,920	169,920	169,920	169,920
998	998	998	998	998	998
748	763	802	800	851	866
188,602	188,602	188,602	188,602	188,602	188,602
1,403	1,403	1,403	1,403	1,403	1,403
1,946	2,156	1,346	1,477	1,587	1,215
106,134	106,134	106,134	106,134	106,134	106,134
935	935	935	935	935	935
1,061	1,102	1,024	993	954	950
101,269	101,269	101,269	101,269	101,269	101,269
799	799	799	799	799	799
747	754	713	629	679	751
		144,303	144,303	144,303	144,303
		1,030	1,030	1,030	1,030
		667	935	1,352	1,147
			144,303	144,303	144,303
			1,030	1,030	1,030
			580	716	911
				144,303	144,303
				1,030	1,030
				782	1,090



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

<b>Building:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>ELEMENTARY SCHOOLS (cont.)</b>				
Cimarron (1980)				
Square Footage	93,823	93,823	98,823	98,823
Capacity	861	861	861	861
Enrollment	693	686	670	646
Creech (2000)				
Square Footage	111,734	111,734	111,734	111,734
Capacity	935	935	935	935
Enrollment	930	857	833	827
Davidson (2014)				
Square Footage				
Capacity				
Enrollment				
Exley (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,080	989	989	977
Fielder (1993)				
Square Footage	106,117	106,117	106,117	106,117
Capacity	907	907	907	907
Enrollment	1,034	1,090	1,081	1,066
Franz (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	961	901	978	956
Golbow (1989)				
Square Footage	95,709	95,709	95,709	95,709
Capacity	867	867	867	867
Enrollment	790	775	770	807
Griffin (2006)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,191	1,339	923	933
Hayes (1995)				
Square Footage	106,117	106,117	106,117	106,117
Capacity	907	907	907	907
Enrollment	749	708	717	682
Holland (2008)				
Square Footage	123,843	123,843	123,843	123,843
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,021	1,051	1,039	989
Hutsell (1978)				
Square Footage	115,086	115,086	115,086	115,086
Capacity	983	983	983	983
Enrollment	781	790	814	825



2015	2016	2017	2018	2019	2020
98,823	98,823	98,823	98,823	98,823	98,823
861	861	861	861	861	861
697	679	679	655	624	631
111,734	111,734	111,734	111,734	111,734	111,734
935	935	935	935	935	935
843	874	888	715	808	857
124,938	124,938	124,938	124,938	124,938	124,938
1,030	1,030	1,030	1,030	1,030	1,030
1,168	1,434	1,100	1,164	1,140	1,142
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,020	1,000	956	982	1,037	1,045
106,117	106,117	106,117	106,117	106,117	106,117
907	907	907	907	907	907
1,145	1,243	1,027	1,133	950	957
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
978	1,061	1,018	1,037	1,004	979
95,709	95,709	95,709	95,709	95,709	95,709
867	867	867	867	867	867
811	806	768	783	790	850
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
958	950	1,039	1,030	991	850
106,117	106,117	106,117	106,117	106,117	106,117
907	907	907	907	907	907
717	697	663	682	670	665
123,843	123,843	123,843	123,843	123,843	123,843
1,030	1,030	1,030	1,030	1,030	1,030
982	1,035	1,056	1,098	1,093	1,012
115,086	115,086	115,086	115,086	115,086	115,086
983	983	983	983	983	983
832	793	743	763	727	846



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

<b>Building:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>ELEMENTARY SCHOOLS (cont.)</b>				
Jenks (2016)				
Square Footage				
Capacity				
Enrollment				
Katy (1965)				
Square Footage	86,825	86,825	86,825	86,825
Capacity	643	643	643	643
Enrollment	563	571	556	541
Kilpatrick (2003)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,301	1,334	1,087	1,091
King (2001)				
Square Footage	121,164	121,164	121,164	121,164
Capacity	1,030	1,030	1,030	1,030
Enrollment	943	1,087	1,162	1,192
Leonard (2019)				
Square Footage				
Capacity				
Enrollment				
Mayde Creek (1983)				
Square Footage	112,913	112,913	112,913	112,913
Capacity	968	968	968	968
Enrollment	843	820	749	765
McElwain (2020)				
Square Footage				
Capacity				
Enrollment (3)				
McRoberts (1997)				
Square Footage	106,134	106,134	106,134	106,134
Capacity	935	935	935	935
Enrollment	887	859	871	802
Memorial Parkway (1978)				
Square Footage	103,658	103,658	103,658	103,658
Capacity	742	742	742	742
Enrollment	773	804	839	860
Morton Ranch (2008)				
Square Footage	123,843	123,843	123,843	123,843
Capacity	1,030	1,030	1,030	1,030
Enrollment	669	711	763	805
Nottingham Country (1981)				
Square Footage	101,427	101,427	101,427	101,427
Capacity	1,053	1,053	1,053	1,053
Enrollment	645	628	621	588



2015	2016	2017	2018	2019	2020
		156,608	156,608	156,608	156,608
		1,318	1,318	1,318	1,318
		1,256	1,543	1,297	1,453
86,825	86,825	86,825	86,825	86,825	86,825
643	643	643	643	643	643
603	633	694	665	672	634
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,131	1,166	1,152	1,195	1,175	1,195
121,164	121,164	121,164	121,164	121,164	121,164
1,030	1,030	1,030	1,030	1,030	1,030
1,301	1,411	990	981	989	942
					137,674
					1,030
					689
112,913	112,913	112,913	112,913	112,913	112,913
968	968	968	968	968	968
779	869	859	840	804	762
					138,519
					1,030
106,134	106,134	106,134	106,134	106,134	106,134
935	935	935	935	935	935
840	810	747	719	760	755
103,658	103,658	103,658	131,274	131,274	131,274
742	742	742	940	940	940
864	815	796	823	865	898
123,843	123,843	123,843	123,843	123,843	123,843
1,030	1,030	1,030	1,030	1,030	1,030
924	1,022	954	950	981	949
101,427	101,427	101,427	101,427	101,427	101,427
1,053	1,053	1,053	1,053	1,053	1,053
613	650	702	790	798	877



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

<b>Building:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>ELEMENTARY SCHOOLS (cont.)</b>				
Pattison (1989)				
Square Footage	112,156	112,156	112,156	112,156
Capacity	1,052	1,052	1,052	1,052
Enrollment	871	831	821	801
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	1,147	1,117	1,130	1,109
Rylander (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,230	1,273	1,391	1,339
Schmalz (2001)				
Square Footage	121,164	121,164	121,164	121,164
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,146	1,173	1,111	1,149
Shafer (2012)				
Square Footage			123,966	123,966
Capacity			1,030	1,030
Enrollment			865	1,267
Stanley (2009)				
Square Footage	126,897	126,897	126,897	126,897
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,191	1,539	1,240	1,316
Stephens (2007)				
Square Footage	123,249	123,249	123,249	123,249
Capacity	1,030	1,030	1,030	1,030
Enrollment	801	770	770	756
Sundown (1982)				
Square Footage	112,913	112,913	112,913	112,913
Capacity	968	968	968	968
Enrollment	876	891	833	853
West Memorial (1974)				
Square Footage	89,742	89,742	89,742	89,742
Capacity	683	683	683	683
Enrollment	758	778	754	756
Williams (2000)				
Square Footage	111,734	111,734	111,734	111,734
Capacity	935	935	935	935
Enrollment	832	801	778	723



2015	2016	2017	2018	2019	2020
112,156	112,156	112,156	112,156	112,156	112,156
1,052	1,052	1,052	1,052	1,052	1,052
854	972	1,045	1,015	1,021	1,101
124,938	124,938	124,938	124,938	124,938	124,938
1,030	1,030	1,030	1,030	1,030	1,030
853	1,030	1,151	1,273	1,095	1,146
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,135	1,122	1,072	1,041	1,000	943
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,356	1,323	1,138	1,126	1,087	1,100
121,164	121,164	121,164	121,164	121,164	121,164
1,030	1,030	1,030	1,030	1,030	1,030
1,175	1,168	1,176	1,185	1,174	1,207
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
1,113	1,148	1,187	1,197	1,175	1,195
126,897	126,897	126,897	126,897	126,897	126,897
1,030	1,030	1,030	1,030	1,030	1,030
1,127	1,098	1,063	1,040	1,005	1,058
123,249	123,249	123,249	123,249	123,249	123,249
1,030	1,030	1,030	1,030	1,030	1,030
763	765	718	692	723	693
112,913	112,913	112,913	112,913	112,913	112,913
968	968	968	968	968	968
879	851	788	822	781	771
89,742	89,742	89,742	89,742	89,742	89,742
683	683	683	683	683	683
821	891	795	822	820	821
111,734	111,734	111,734	111,734	111,734	111,734
935	935	935	935	935	935
709	728	672	695	803	839



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

<b>Building:</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>ELEMENTARY SCHOOLS (cont.)</b>				
Wilson (2012)				
Square Footage			123,966	123,966
Capacity			1,030	1,030
Enrollment			892	958
Winborn (1981)				
Square Footage	94,596	94,596	94,596	94,596
Capacity	848	848	848	848
Enrollment	831	795	793	742
Wolfe (1968, 2012)				
Square Footage	73,219	73,219	98,761	98,761
Capacity	405	405	500	500
Enrollment	410	399	440	446
Wolman (2012)				
Square Footage			123,966	123,966
Capacity			1,030	1,030
Enrollment			757	1,075
WoodCreek (2007)				
Square Footage	123,249	123,249	123,249	123,249
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,373	1,601	1,255	1,412
<b>OTHER INSTRUCTIONAL FACILITIES</b>				
Miller Career & Technology Center (1982)				
Square Footage	132,951	132,951	132,951	132,951
Capacity	907	907	907	907
Enrollment (1)				
Opportunity Awareness Center (1981)				
Square Footage	87,015	87,015	87,015	87,015
Capacity	677	677	677	677
Enrollment (1)				
Raines (2008)				
Square Footage	21,916	21,916	21,916	21,916
Capacity	331	331	331	331
Enrollment (1)	214	203	236	235
Portable Buildings (2)				
Number Utilized	241	270	269	274
Classrooms Provided	404	459	453	420

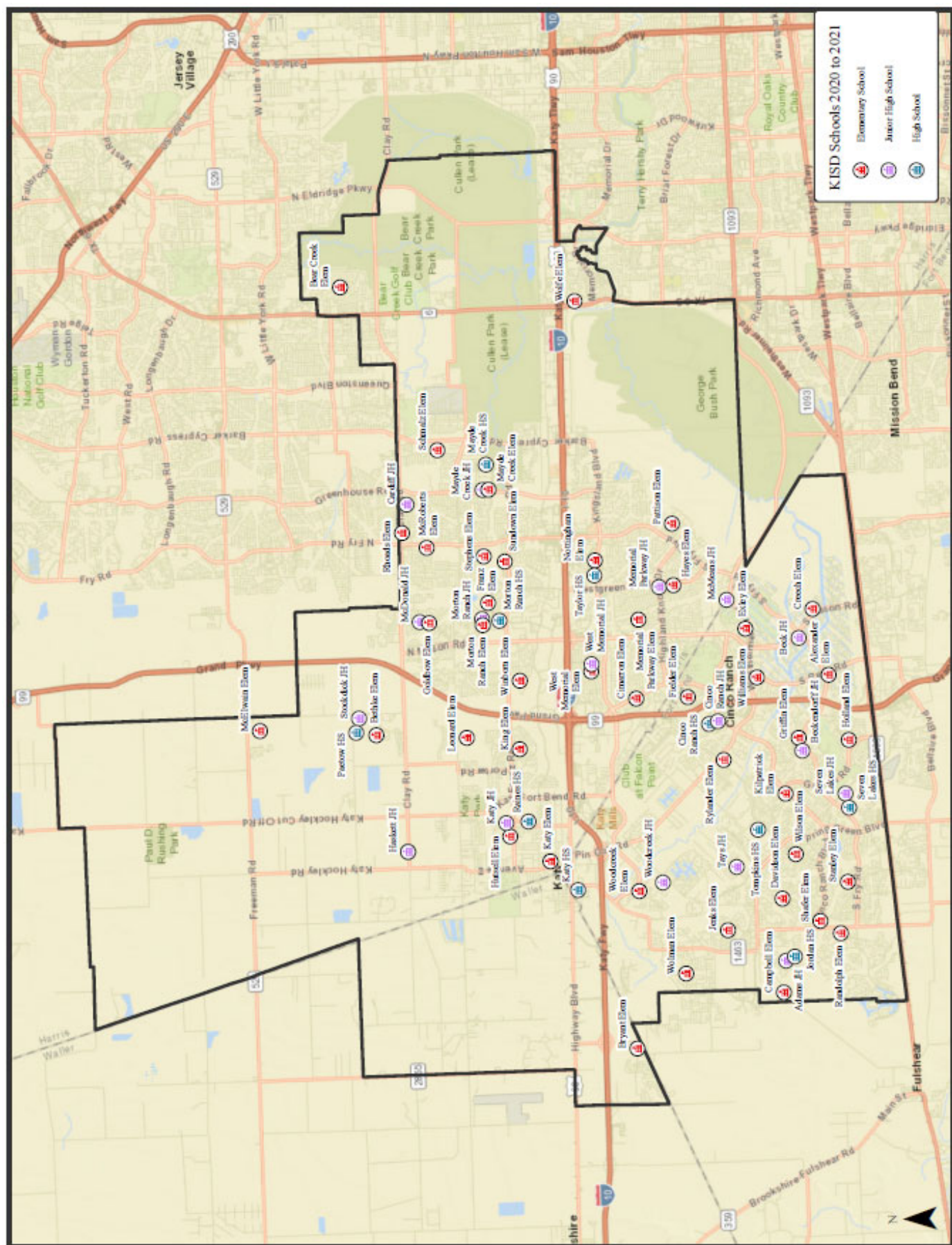
Source: District Records

- (1) Enrollment numbers included in home campus totals
- (2) Used at schools where enrollment exceeded building capacity
- (3) Opened in August, no official enrollment available



<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
1,040	1,073	1,121	1,057	1,044	1,015
94,596	94,596	94,596	94,596	94,596	94,596
848	848	848	848	848	848
777	814	763	699	695	664
98,761	98,761	98,761	98,761	98,761	98,761
500	500	500	500	500	500
460	437	418	348	326	370
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
1,239	1,411	1,198	915	979	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
1,014	1,156	1,139	1,201	1,197	1,237
132,951	132,951	136,239	136,239	136,239	136,239
907	907	1,230	1,230	1,230	1,230
87,015	87,015	87,015	87,015	87,015	87,015
677	677	677	677	677	677
21,916	21,916	21,916	21,916	21,916	21,916
331	331	331	331	331	331
163	200	190	218	173	
315	354	355	354	354	355
504	584	636	641	641	643









Katy Independent School District  
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