



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED AUGUST 31, 2017

**KLEIN INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
AUGUST 31, 2017**

**PREPARED BY THE FINANCE DEPARTMENT
KLEIN INDEPENDENT SCHOOL DISTRICT
7200 SPRING-CYPRESS ROAD
KLEIN, TX 77379**

KLEIN INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2017

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Introductory Section

Klein Independent School District

Central Office

7200 Spring-Cypress Road

Klein, TX 77379-3215

832.249.4000

www.kleinisd.net



January 18, 2018

Board of Trustees and Citizens of
Klein Independent School District
7200 Spring-Cypress Road
Klein, Texas 77379

Dear Board of Trustees and Citizens:

As you are aware, state law requires that each school district must have its fiscal accounts audited annually. A copy of the annual financial report, approved by the Board of Trustees, must be filed with the Texas Education Agency (TEA) by the 150th day after the end of the fiscal year. The Comprehensive Annual Financial Report (CAFR) of the Klein Independent School District (the District) is published to fulfill that requirement for the fiscal year ended August 31, 2017.

The independent audit of the financial statements is part of a broader, federally mandated “Single Audit” designed to meet the special needs of 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 audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District’s separately issued Single Audit Report.

The CAFR consists of management’s representations concerning the finances of the District. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District’s administration. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework. The framework is designed to protect the District’s assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Weaver and Tidwell, LLP, a firm of licensed certified public accountants, has issued an unmodified opinion based upon the audit of the District’s financial statements for the fiscal year ended August 31, 2017. The independent auditors’ report is presented as the first component of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction.

PROFILE OF THE DISTRICT

The area was settled in 1845 by German immigrants and later named after immigrant, Adam Klein. In July 1928, the present boundary lines of the school district were established with the consolidation of five common school districts, and the official name became Rural High School District Number One. The total enrollment was 582. In March 1938, the school district was incorporated and renamed the Klein Independent School District. The District is not included in any other governmental reporting entity and there are no component units.

A seven-member Board of Trustees (the Board) governs the District and has governance responsibilities over all activities related to public elementary and secondary education. Each member is elected to an at-large position for three years in a non-partisan election. An election is held each November for either two or three positions. Based on legislative authority codified in the Texas Education Code, the Board (1) has exclusive power to manage and govern the District; (2) can acquire and hold real and personal property; (3) shall have power to levy and collect taxes and to issue bonds; (4) can contract for appointed officers, teachers, and other personnel as well as for goods and services; and (5) has the right of eminent domain to acquire real property.

Klein Independent School District, encompassing approximately 87.5 square miles, is located in northwestern Harris County, Texas. Most of the District is located between Interstate Highway 45 (IH 45) on the east and State Highway 249 (SH 249) on the west. The southern boundary follows Cypress Creek for a considerable distance and a portion of the northern boundary of the District is coterminous with the northern boundary of Harris County. The District is comprised of five high schools, nine intermediate schools, and thirty-two elementary schools and serves an average daily attendance of 48,807 students. The ages of the school buildings range from zero to forty-six years. Construction began on Mahaffey Elementary School, during spring 2015 and opened for the 2016-17 school year. Construction began on Klein Cain High School during spring 2015 and opened in August 2017 for the 2017-18 school year. Construction began on intermediate #10 during spring 2016 and is expected to be complete in August 2018.

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten (PK) through 12. These include regular and enriched academic education, special education, career and technical education, language training for those with limited English proficiency, a disciplinary alternative education program, and an alternative high school program offering an accelerated and individualized curriculum. These basic programs are supplemented by a wide variety of offerings in the fine arts and athletics.

The annual budget serves as the foundation for the District's financial planning and control. The Board adopts an appropriated budget for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund on a basis consistent with GAAP. Prior to August 20 each year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them. A meeting of the Board is called for the purpose of adopting the proposed budget after a ten-day public notice of the meeting has been given. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. The appropriated budget is prepared by fund, function, and campus/department. Transfers of appropriations between campuses/departments require the approval of the District's management. However, transfers of appropriations between functions require the approval of the Board as recommended by the Superintendent.

LOCAL ECONOMY

The District is primarily residential in character, with an average home price of approximately \$212,118. Some of the larger subdivisions located within the District are Gleannloch Farms, Memorial Northwest, WindRose, Cypresswood, Champion Forest, Auburn Lakes, Inwood North, Bridgestone, Greenwood Forest, Northampton, Northcliff, Willowood, Memorial Chase, Charterwood, Colony Creek, and Memorial Springs. The Northwest and Far Northwest sectors had the greatest residential activity during the fiscal year and the District's demographer estimates that more than 2,000 single-family and multi-family units were added last year. As the District approaches build-out, the prevalence of multi-family housing units will increase. The greatest need for classrooms due to student enrollment growth into the foreseeable future continues to be expected north of FM 2920 to the District's northern-most boundary.

Klein is located in Harris County which is one of Houston's most rapidly growing areas. Employment growth slowed slightly over the last year and is expected to be flat in the Houston area this year. Two years ago, much of the new office space in and near the District was geared to the energy sector adding a high number of potential jobs in Klein ISD. The last two years, however, the expected growth in nearby energy has halted as large energy corporations near Klein ISD began cutting their work forces. In Klein, nonetheless, a significant proportion of the local ExxonMobil employees will continue to relocate slowly from the Greenspoint and Baytown areas, to homes near their new offices. Many of them are choosing Klein ISD as their place of residence. The Market at Springwoods Village and the Grand Parkway Marketplace will be adding 300 or more jobs, thus aiding overall

employment stability within the District. In 2017 several Klein parcels, slated for medical/urgent care and nursing facilities, completed development and opened their doors. The District's external demographer projects approximately 1,270 added students per year for the coming four school years as a result of new housing, regeneration of older housing with younger families, and local employment trends. A strong school district, diverse and high-quality housing options, and numerous quality of life amenities have attracted many residents to the area, in particular families.

The District's total tax base grew 12.87% to \$17.6 billion in 2016-17. The tax base has increased on average more than 13 percent annually over the last three years. The District's total tax base only grew on average 1.7 percent the five years prior to that. The slowdown in growth was due in part to the state and national economic downturn. The District's student average daily attendance, 48,807, has increased 21 percent over a ten-year period and its enrollment is the twentieth largest in the State. Over the past ten-year period, the unemployment rate in Harris County has ranged from a low of 4.4 percent in 2015 to a high of 8.5 percent in 2011.

LONG-TERM FINANCIAL PLANNING

The District remains one of the fastest growing school districts in the county; however, the recent economic conditions have led to a slower growth rate. Enrollment is projected to increase 1.98 percent during the 2017-18 school year. The level of student growth is expected to average 1.83 percent over the next several years. The square footage of the District's schools ranges from 65,500 to 679,289 square feet. Based on the District's current total of forty-six schools, the District has reached approximately 88 percent of its permanent classroom facility requirements. The percentage of students at each instructional level is expected to be approximately 46 percent in grade levels PK through 5, 23 percent in grade levels 6 through 8, and 31 percent in grade levels 9 through 12. The long-range estimate of pupil density per square mile is expected to be approximately 715 students or more. The students per square mile are based on an enrollment that would stabilize after a peak in excess of 65,000 students. In May 2015, the District passed a \$498.1 million bond issue as part of a five-year plan that will address growth and facility needs for our students in five general areas: growth, technology, renovations, school buses, and safety and security. To date, the District has sold \$283.2 million of the 2015 bond authorization.

The District's approach to coping with increasing academic standards in a restricted funding environment is to ensure the budget process is instructionally driven and guided by the Strategic Plan. The major budget priorities for 2016-2017 are to increase beginning teacher salary from \$51,000 to \$51,600; returning teachers, nurses, librarians, and speech pathologists receive \$1,080 added to their 2015-2016 salary and all other employees receive two percent on the control point of respective pay grades; provide eleven new positions to assist with expansion of the one-to-one technology computing initiative; provide resources to fund the school reform project titled Good to Great at Klein Forest High School, each Title I campus, and other high needs campuses; provide additional instructional specialists in the classroom to model teaching methods and offer support.

The Board and administration review the Strategic Plan at least annually, focusing on aligning the allocation of resources, both personnel and financial, with the accomplishment of the goals and objectives. This facilitates identification of target areas for both operating cost reductions and increases.

RELEVANT FINANCIAL POLICIES

Budget planning is an integral part of overall program planning so that the budget effectively reflects the District's programs and activities, and provides the resources to implement them. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals are considered, as well as input from the District and campus-level planning and decision-making committees. Budget planning and evaluation are continuous processes and are a part of monthly activities.

MAJOR INITIATIVES

Klein Independent School District shares a vision that every student enters with a promise and exits with a purpose. We will achieve this vision through a focus on pathways, challenge, equity, leadership, and continuous improvement. During the 2016-2017 school year, the District identified three strategic priorities: Reimagine Learning, Cultivate Talent, and Build Community. Strategies such as personalizing learning; providing a flexible

and challenging curriculum; exploring standards-based evaluation; ensuring targeted professional learning; building a best-in-class leadership pipeline; forming strategic partnerships and mentoring; engaging, educating, and equipping families; exemplifying cultural responsiveness; and utilizing ongoing feedback loops in a culture of learning for continuous improvement allow the District to work toward its goals.

The District received an overall “Met Standard” rating from the TEA in 2016-2017, the highest rating in the state accountability rating system. Additionally, all campuses in Klein ISD received a "Met Standard" rating. The District exceeded the accountability standard in all four rating indexes including student achievement, student progress, closing performance gaps, and postsecondary readiness. In May 2017, the Board of Trustees adopted system measures and indicators of success, including aspirational measures including every student exiting with a purpose and every student making at least one year’s growth every year.

Students engaging in rigorous and advanced coursework is paramount to every student exiting with a purpose; to that end, the District offers high school advanced placement courses, an international baccalaureate program, and classes with dual high school and college credit through the Lone Star College System. The District continues to offer a pre-advanced placement program in intermediate and high schools in all core subject areas to support student preparation for academic success. In 2016-2017, advanced offerings and pathways were significantly expanded and increased, as more students expressed a desire to participate. Klein ISD educators are continually provided professional learning and development focusing on research-based instructional strategies and leadership and technical competencies necessary to fulfill the District’s promise to its students.

AWARDS AND ACKNOWLEDGEMENTS

Klein Independent School District received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for its CAFR for the fiscal year ended August 31, 2016. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report will conform to the Certificate of Achievement Program requirements, and is being submitted to the GFOA for review.

The District received the Association of School Business Officials’ (ASBO) Certificate of Excellence in Financial Reporting for the prior year. This award certifies that the CAFR for the fiscal year ended August 31, 2016, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. We believe our current report will conform to the Certificate of Excellence Program requirements, and is being submitted to the ASBO for review.

In addition, the District was awarded the ASBO Meritorious Budget Award for its 2016-17 adopted budget document. To receive this award, a school district must publish a budget document that substantially conforms to the principles and standards of this organization.

We would like to express our appreciation to the Board of Trustees for their concern in providing fiscal accountability to the patrons of our District and for their expertise in financial decisions. Special appreciation goes to the District's finance department and the independent auditors’ staff. The preparation of this report could not have been accomplished without their efficient and dedicated service.

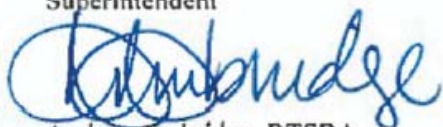
Respectfully submitted,



Bret A. Champion, Ed.D.
Superintendent



Daniel A. Schaefer, CPA
Chief Financial Officer



Audrey Ambridge, RTSBA
Executive Director of Financial Services



Amanda Boles, CPA, RTSBA
Director of Accounting



Government Finance Officers Association

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

Presented to

**Klein Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2016

Christopher P. Morill

Executive Director/CEO



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

Klein Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2016.**

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



A handwritten signature in blue ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

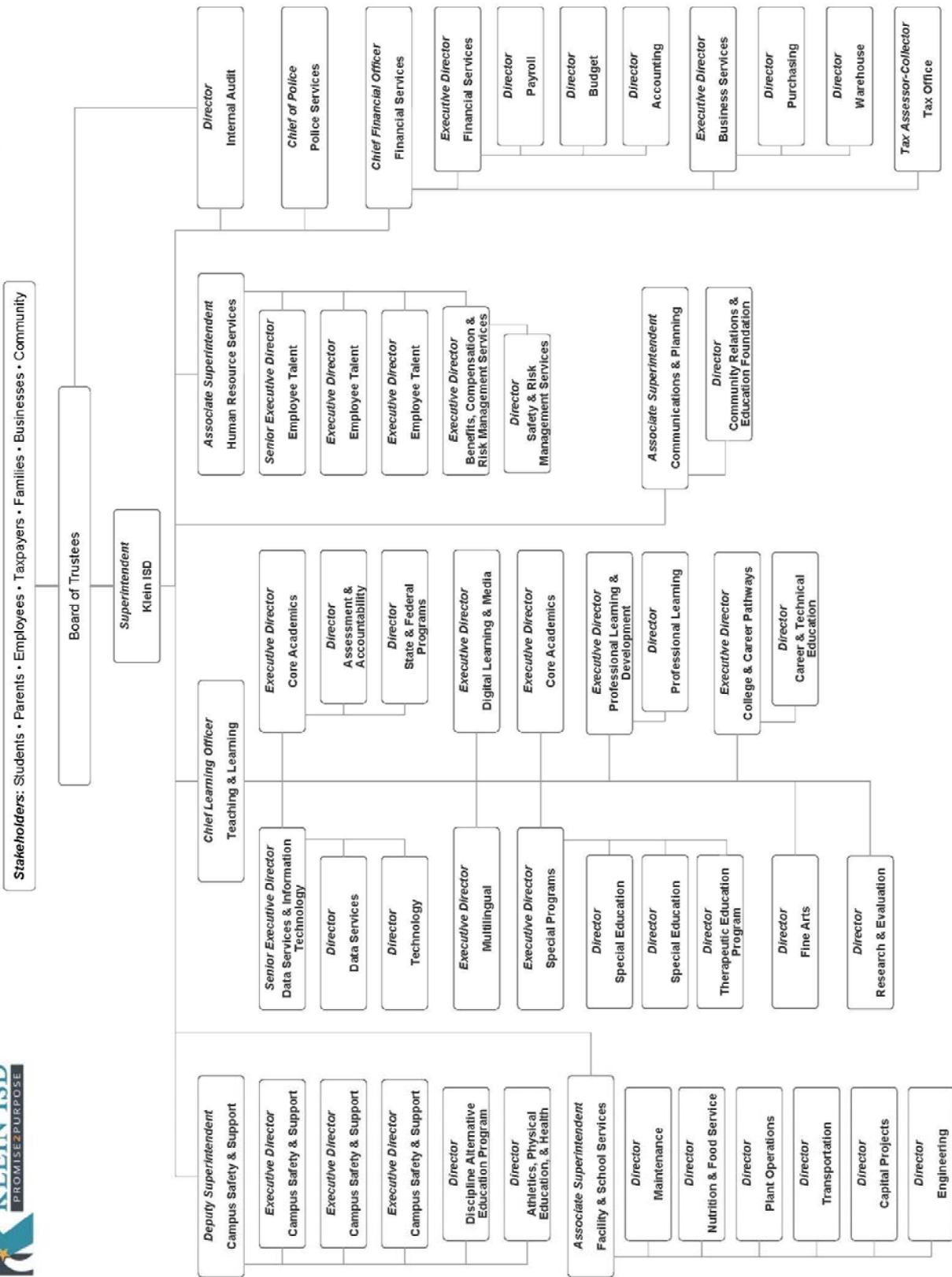
Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in blue ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE
Executive Director



Klein ISD Organizational Chart



KLEIN INDEPENDENT SCHOOL DISTRICT

PRINCIPAL SCHOOL DISTRICT OFFICIALS

Elected Officials – Board of Trustees

William F. “Bill” Pilkington	President
Rick Mann	Vice-President
Ronnie K. Anderson	Secretary
Stephen J. Szymczak	Trustee
Cathy M. Arellano	Trustee
Georgan Reitmeier.....	Trustee
Vacant.....	Trustee

Appointed Administrators

Bret A. Champion, Ed.D.....	Superintendent
Larry Whitehead	Deputy Superintendent
Daniel A. Schaefer, CPA	Chief Financial Officer
Jenny McGown, Ed.D.....	Chief Learning Officer
Robert Robertson.....	Associate Superintendent of Facility & School Services
Judith Rimato.....	Associate Superintendent of Communications & Planning
Terrell King.....	Associate Superintendent of Human Resource Services
Vicki James	Senior Executive Director of Data Services & Information Technology
Dr. L.S. Spencer	Senior Executive Director of Employee Talent
Jeff Bailey.....	Executive Director of Professional Learning & Development
Debbie Hamilton.....	Executive Director of Core Academics
Dayna Hernandez	Executive Director of Digital Learning & Media
Kelly Schumacher.....	Executive Director of Core Academics
LaToya Wynne	Executive Director of Multilingual Teaching and Learning
Beth Gilleland.....	Executive Director of College & Career Pathways
Kirsten Allman, Ed.D.	Executive Director of Special Programs
Tonya Little, CPA, RTSBA	Executive Director of Business Services
Audrey Ambridge, RTSBA	Executive Director of Financial Services
Martha Werner.....	Executive Director of Employee Talent
Dr. Janice Taylor	Executive Director of Employee Talent
Mindy Spurlock	Executive Director of Campus Safety & Support
Joffery Jones, Ed.D.....	Executive Director of Campus Safety & Support
Ron Webster	Executive Director of Campus Safety & Support
Karen Almon	Executive Director of Benefits, Compensation & Risk Management Services
David Kimberly	Chief of Police
Nancy Webster	Director of Assessment & Accountability
Thomas Haggerty	Director of Capital Projects
Deborah Bronner-Westerduin.....	Director of Career & Technical Education
Brad Froebel	Director of Data Services
Brian Marr	Director of Disciplinary Alternative Education Program
Allan Scott, PE, CEM.....	Director of Engineering
Monte Mast.....	Director of Fine Arts
Doug Massey	Director of Nutrition & Food Services
Darby Young	Director of Athletics, Physical Education & Health
Chris Cummings	Director of Technology
August Wunderlich	Director of Maintenance
Scott Lazar	Director of Plant Operations
Amanda Salinas	Director of Research & Evaluation
Amber Snyder.....	Director of Special Education
Lauren Ivins-McFarland	Director of Special Education
Shibani Khanna.....	Director of State & Federal Programs
David Hoffman.....	Director of Transportation
Cindy Doyle.....	Director of Community Relations & Education Foundation
Bruce Berry	Director of Safety & Risk Management Services
Jody Simpson.....	Director of Therapeutic Education Program
Amanda Boles, CPA, RTSBA	Director of Accounting
Laura Padron, RTSBA.....	Director of Budget
Stephanie B. Duran, CPA, RTSBA	Director of Internal Audit
Fran Whitaker, RTSBA	Director of Payroll
Lisa Turner, CTSBO.....	Director of Purchasing
Todd Schultz, RTSBA	Director of Warehousing
Deborah Wehner, RTA.....	Tax Assessor-Collector

KLEIN INDEPENDENT SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

ARCHITECTS

PBK Architects Inc.
11 Greenway Plaza, 22nd Floor
Houston, Texas 77046

RWS Architects Incorporated
3100 Timmons Lane, Suite 410
Houston, Texas 77027

Joiner Partnership, Inc.
700 Rockmead Drive, Suite 265
Kingwood, Texas 77339

Huckabee & Associates, Inc.
One Hughes Landing
1800 Hughes Landing Blvd., Suite 701
The Woodlands, Texas 77380

Brown, Reynolds, Watford Architects, Inc.
4501 Magnolia Cove Drive
Suite 250, Bldg. 6
Houston, Texas 77345

SBWV Architects, Inc.
2121 Sage Road, Suite 240
Houston, Texas 77056

Texas - IBI Group
455 E. Medical Center Blvd., Suite 500
Webster, Texas 77598

AUDITOR

Weaver and Tidwell, L.L.P.
1406 Wilson Road, Suite 100
Conroe, Texas 77304

BOARD ATTORNEY

Rogers, Morris & Grover, L.L.P.
5718 Westheimer, Suite 1200
Houston, Texas 77057

DELINQUENT TAX ATTORNEY

Perdue, Brandon, Fielder, Collins & Mott, L.L.P.
1235 North Loop West, Suite 600
Houston, Texas 77008

FINANCIAL ADVISOR

RBC Capital Markets
Eugene B. Shepherd, Representative
First City Tower, Suite 1200
1001 Fannin
Houston, Texas 77002

OFFICIAL DEPOSITORY

Bank of America Merrill Lynch
700 Louisiana Street, 8th Floor

CERTIFICATE OF BOARD

KLEIN INDEPENDENT SCHOOL DISTRICT

Name of School

HARRIS

County

101-915

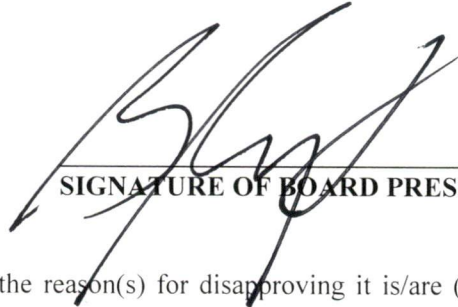
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and

[X] APPROVED --- [] DISAPPROVED
(Check One)

for the year ended August 31, 2017 at a meeting of the Board of Trustees of such school district on the 18th day of January, 2018.


SIGNATURE OF BOARD SECRETARY


SIGNATURE OF BOARD PRESIDENT

If the Board of Trustees disapproves the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):

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Financial Section

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
Klein Independent School District
7200 Spring-Cypress Road
Klein, Texas 77379

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 Klein Independent School District (the District), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Klein Independent School District, as of August 31, 2017, 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 the Management's Discussion and Analysis and the Required Supplementary Information, 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 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Klein Independent School District's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates 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 Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2018 on our consideration of Klein Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Klein Independent School 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 Klein Independent School District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
January 8, 2018

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2017

As management of the Klein Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$178,494,833 (*net position*).
- Unrestricted net position of \$71,495,159 may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position decreased by \$17,853,397.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$262,642,536, an increase of \$8,094,106 in comparison with the prior year. The increase in governmental fund balances was primarily due to the sale of bonds in the capital projects fund for facilities construction.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$72,038,231 or 17 percent of total general fund expenditures.
- The District's bonded debt, at par, increased by \$110,100,000 (12 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows 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.

The *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 giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, 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 earned but unused sick leave).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include: Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Bond Issuance Costs and Fees, Facilities Repair and Maintenance, Payments to Shared Services Arrangements, Payments to Juvenile Justice Alternative Education Programs, and Other Intergovernmental Charges.

The government-wide financial statements are referenced as Exhibits A-1 and A-2 in this report.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2017

Fund financial statements. A *fund* is a grouping of related accounts that is 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 of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains twenty-six individual 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 the capital projects fund, all of which are considered to be major funds. Data from the other twenty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and the *National School Breakfast and Lunch Program* special revenue fund.

The basic governmental fund financial statements are referenced as Exhibits B-1, B-1R, B-2 and B-2R in this report.

Fiduciary fund. The fiduciary fund is used to account for resources held for the benefit of students. The fiduciary fund is *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operation.

The basic fiduciary fund financial statement is referenced as Exhibit C-1 in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements in this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. The required supplementary information also provides information on the District's cost-sharing multiple-employer plan of which the District is a participant. The required supplementary information is referenced as Exhibits D-1, E-1, and E-2, and the associated notes immediately following the exhibits in this report.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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Other information. The supplementary information, combining and individual fund financial statements and schedules, is presented immediately following the required supplementary information and is referenced as Exhibits F-1, G-1, G-2, G-3, H-1 and I-1 in this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$178,494,833 at the close of the most recent fiscal year.

KLEIN INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities	
	2017	2016
Current and Other Assets	\$ 335,751,588	\$ 316,884,984
Capital Assets, net of Accumulated Depreciation	1,072,628,968	968,575,488
Total Assets	1,408,380,556	1,285,460,472
Total Deferred Outflows of Resources	73,748,701	89,889,952
Other Liabilities	65,755,709	56,590,239
Long-term Liabilities Outstanding	1,231,212,110	1,102,552,885
Total Liabilities	1,296,967,819	1,159,143,124
Total Deferred Inflows of Resources	6,666,605	19,859,070
Net Position:		
Net Investment in Capital Assets	79,527,264	79,488,178
Restricted	27,472,410	30,206,175
Unrestricted	71,495,159	86,653,877
Total Net Position	\$ 178,494,833	\$ 196,348,230

Unrestricted net position of \$71,495,159 represents 40 percent of the District's net position. Unrestricted net position is available to meet the District's ongoing obligations to students and creditors.

Net investment in capital assets of \$79,527,264 represents 45 percent of the District's total net position. Investment in capital assets (e.g., deferred charges on refundings, land, buildings and improvements, furniture and equipment and construction in progress), less any outstanding related debt used to acquire those assets are used to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position is the smallest portion of the District's net position and consists of debt service and grants. Net position restricted for debt service of \$22,425,710 and restricted for grants of \$5,046,700 make up 15 percent of net position. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2017

Governmental activities. Governmental activities decreased the District's net position by \$17,853,397. Key elements of this decrease are as follows:

KLEIN INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities	
	2017	2016
REVENUES		
Program Revenues:		
Charges for Services	\$ 18,168,124	\$ 18,851,107
Operating Grants and Contributions	63,735,482	72,598,700
General Revenues:		
Taxes:		
Property Taxes, Levied for General Purpose	196,607,111	179,128,104
Property Taxes, Levied for Debt Service	74,706,981	63,292,880
Grants and Contributions Not Restricted to Specific Programs	194,835,547	210,649,814
Investment Earnings	2,687,183	1,293,324
Miscellaneous	3,720,690	2,392,768
Total Revenues	554,461,118	548,206,697
EXPENSES		
Instruction	302,562,778	304,113,383
Instructional Resources and Media Services	5,872,131	5,366,476
Curriculum and Instructional Staff Development	13,918,101	13,238,508
Instructional Leadership	4,708,140	3,863,525
School Leadership	30,958,352	30,545,804
Guidance, Counseling, and Evaluation Services	25,963,997	24,868,239
Social Work Services	392,916	437,881
Health Services	5,765,440	5,484,771
Student Transportation	14,669,296	13,563,441
Food Services	25,390,491	24,183,474
Extracurricular Activities	16,450,685	15,584,454
General Administration	10,581,827	10,759,626
Plant Maintenance and Operations	35,126,854	34,208,250
Security and Monitoring Services	6,128,003	6,230,356
Data Processing Services	10,646,336	11,331,790
Community Services	1,413,527	1,025,017
Interest on Long-term Debt	42,018,764	38,708,632
Bond Issuance Costs and Fees	1,098,266	1,343,134
Facilities Repair and Maintenance	14,507,936	3,063,663
Payments to Shared Services Arrangements	554,092	531,338
Payments to Juvenile Justice Alternative Education Programs	204,017	241,501
Other Intergovernmental Charges	1,990,384	1,830,644
Total Expenses	570,922,333	550,523,907
Extraordinary Items - Tornado and Fire	(1,392,182)	-
Change in Net Position	(17,853,397)	(2,317,210)
Net Position - Beginning	196,348,230	198,665,440
Net Position - Ending	\$ 178,494,833	\$ 196,348,230

Revenues are generated primarily from two sources (see Figure A-1). Grants and contributions (program and general revenues totaling \$258,571,029) represent 47 percent of total revenues and property taxes (\$271,314,092) represent 49 percent of total revenues. The remaining 4 percent is generated from charges for services, investment earnings, and miscellaneous revenues. The decrease in grants and contributions was primarily due to a decrease in state aid as a result of increases in property tax values. Property taxes increased primarily due to an increase in property values and an increase in the debt service tax rate of 2 cents.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2017

The primary functional expense (see figure A-2) of the District is instruction (\$302,562,778), which represents 53 percent of total expenses. Interest on long-term debt (\$42,018,764) represents 7 percent of total expenses and plant maintenance and operations (\$35,126,854) represents 6 percent of total expenses. The remaining individual functional categories of expenses are each less than 6 percent of total expenses. For the most part, increases in expenses are primarily due to increase in instructional – related staff for student growth and salary increases.

Figure A-1
Revenues by Source – Governmental Activities
for the Fiscal Year ended August 31, 2017

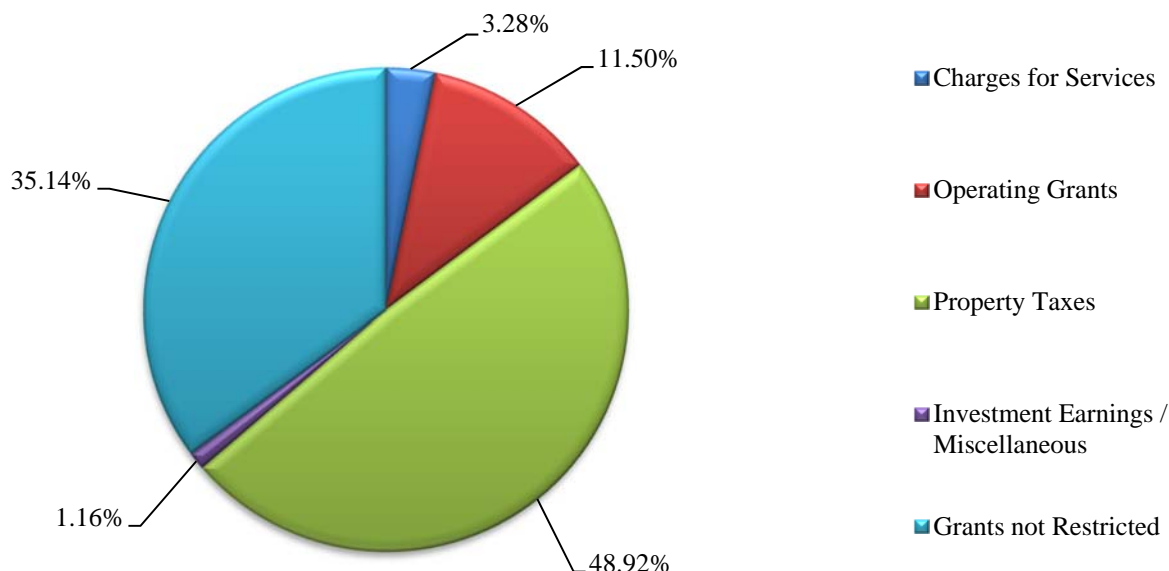
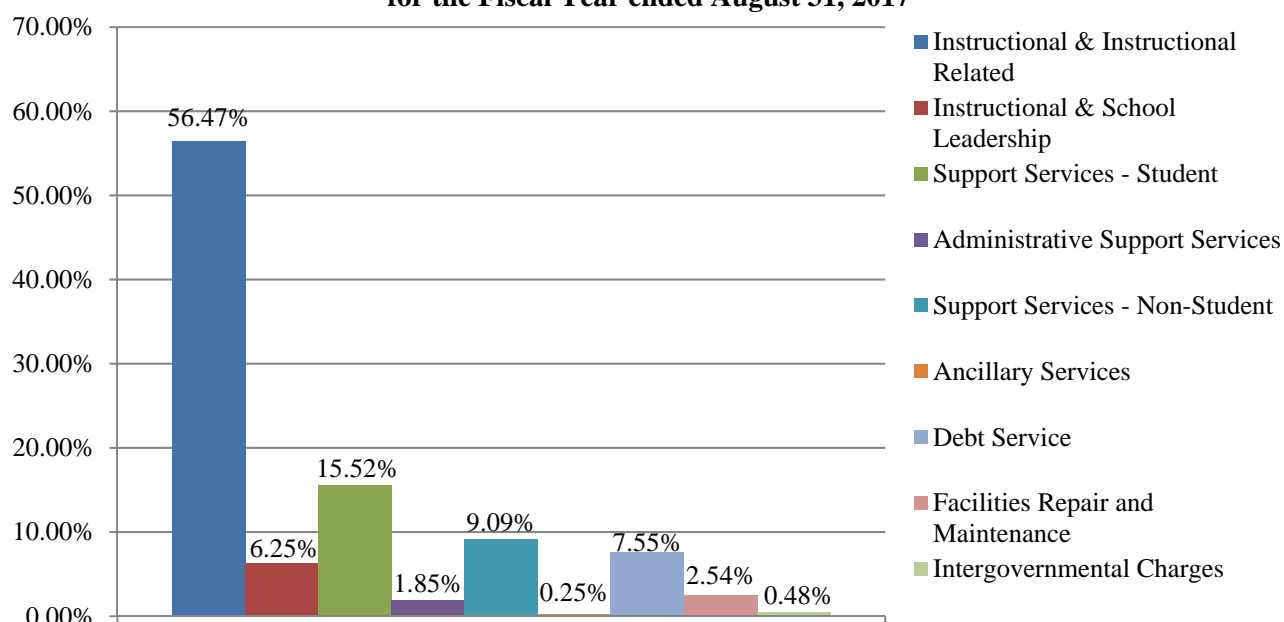


Figure A-2
Expenses by Major Function Categories – Governmental Activities
for the Fiscal Year ended August 31, 2017



KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2017

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unrestricted committed, assigned or unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$262,642,536, an increase of \$8,094,106 in comparison with the prior year. The increase in governmental fund balances was primarily due to the sale of bonds in the capital projects fund for facilities construction. Out of the combined ending fund balances, \$72,038,231 constitutes unassigned fund balances. The remaining \$190,604,305 is nonspendable, restricted, committed or assigned to indicate that it is not available for spending because it has already been committed.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$72,038,231 while total fund balance reached \$137,681,577. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17 percent of total general fund expenditures, while total fund balance represents 33 percent of that same amount. The District's general fund balance decreased by \$8,201,571 during the current fiscal year primarily due to an increase in instruction and related functions due to District growth. The increase in property tax revenue was primarily offset by the decrease in state aid related to the increase in property values.

The debt service fund has a total fund balance of \$23,383,949, all of which is reserved 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, 2017 were \$79,659,244.

The capital projects fund has a total fund balance of \$92,731,304, all of which is reserved for authorized construction and technology projects. The net increase in fund balance during the current year of \$19,040,941 was primarily due to the sale of bonds for construction and renovation of facilities.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2017

General Fund Budgetary Highlights

The primary differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

Estimated Revenues and Other Financing Sources		
\$	2,448,467	Net increase in local revenues primarily for interest earnings and property tax revenue resulting from the increase in property values.
	401,908	Increase in state aid adjustments from prior year.
	1,319,153	Increase in federal programs primarily as a result of the SHARS grant.
	(43,473)	Decrease in revenues related to sale of equipment.
\$	4,126,055	<i>Total Estimated Revenues and Other Financing Sources Increase</i>
Appropriations and Other Financing Uses		
\$	1,015,396	Increase in student transportation primarily for payroll and related costs.
	1,168,764	Increase in extracurricular activities for salaries and supplies.
	1,471,137	Increase in plant maintenance and operations primarily for salaries and related costs.
	3,556,248	Increase among all other functions which were not significant to the function.
\$	7,211,545	<i>Total Appropriations and Other Financing Uses Increase</i>

The review of the final amended budget versus actual for the general fund reflected that estimated revenues exceeded actual revenue and expenditures were less than budgetary estimates, thus eliminating the need to further draw upon existing fund balances. At year end, estimated revenues exceeded actual amounts by \$2,432,756. Operating expenditures were \$10,545,518 less than final budgeted amounts primarily due to instruction costs being less than anticipated.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2017

Capital Assets and Long-term Debt

Capital assets. The District's investment in capital assets for its governmental type activities as of August 31, 2017, amounts to \$1,072,628,968 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The total increase in the District's investment in capital assets for the current fiscal year was 10.7 percent.

Major capital asset events during the current fiscal year included the following:

- New Elementary #33 Fuchs Land Surveying
- Construction on Northcrest Agriculture Center
- Completion of Klein Cain High School
- Construction on Intermediate #10
- Addition of 10 vehicles
- Renovations for the following schools:
 - Klein Forest High School
 - Wunderlich Intermediate School
- Synthetic Stadium Turf

KLEIN INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS
 (Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	\$ 108,511,313	\$ 99,305,496
Buildings and Improvements	909,464,140	739,425,163
Furniture and Equipment	32,569,334	32,713,775
Construction in Progress	22,084,181	97,131,054
Totals	\$ 1,072,628,968	\$ 968,575,488

Construction commitments. The District has active construction projects as of August 31, 2017. The projects include the construction and equipment of school facilities. At year end, the District's remaining commitments with contractors totaled \$61,316,258 for all ongoing projects.

Additional information on the District's capital assets can be found in Note III, item C of the notes to the financial statements.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2017

Long-term debt. At the end of the current fiscal year, the District had total long-term bonded debt outstanding of \$1,031,685,000, par value, backed by the full faith and credit of the District.

KLEIN INDEPENDENT SCHOOL DISTRICT'S OUTSTANDING DEBT

	Governmental Activities	
	2017	2016
General Obligation Bonds, par	\$ 1,031,685,000	\$ 921,585,000

The District's bonded debt at par increased by \$110,100,000 (11.95 percent) during the current fiscal year.

The District has sold \$283.2 million of the bonds authorized leaving \$214.9 million of authorized but unissued bonds as of August 31, 2017.

Additional information on the District's long-term liabilities can be found in Note III, item E of the notes to the financial statements.

Pension. The adoption of Statement No. 68 resulted in the District's reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement. The increase in the District's net pension liability (NPL) to \$115,628,048 at August 31, 2017 from \$108,093,967 at August 31, 2016 was the result of differences between projected and actual investment earnings and changes in proportion and difference between District's contributions and its proportionate share of contributions.

The following table provides the District's key pension statistics related to the TRS plan as of and for the fiscal years ended August 31:

KLEIN INDEPENDENT SCHOOL DISTRICT'S KEY PENSION STATISTICS

	Governmental Activities	
	2017	2016
Net Pension Liability (NPL)	\$ 115,628,048	\$ 108,093,967
Pension Expense	\$ 27,877,594	\$ 32,661,485

Additional information on the District's net pension liability can be found in Note IV, item C of the notes to the financial statements as indicated in the table of contents of this report.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2017

Economic Factors and Next Year's Budgets and Tax Rates

- Average daily attendance (ADA) totaled 48,807 students, which is a 2.3 percent increase from the prior year.
- District staff totals 7,038 employees, which primarily consists of 3,396 teachers and 1,043 teachers' aides and secretaries.
- The District maintains 46 campuses for instruction.
- The unemployment rate for the County is currently 5.4 percent, which is an increase from a rate of 5 percent a year ago. This compares to the State's unemployment rate of 4.2 percent, which is a decrease from a rate of 4.7 percent a year ago.
- Property values of the district have increased 12.87 percent over the past year.
- The property tax rate will remain at \$1.43 per \$100 of assessed value for 2017-18.

All of these factors were considered in preparing the District's budget for the 2017-18 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent of Schools, Klein Independent School District, 7200 Spring-Cypress Road, Klein, Texas, 77379.

Basic Financial Statements

KLEIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017

Exhibit A-1

Data Control Codes		Primary Government Governmental Activities
ASSETS		
1110	<i>Cash and Cash Equivalents</i>	\$ 234,849,183
1120	<i>Current Investments</i>	25,642,006
1225	<i>Property Taxes Receivable (Net of Allowance for Uncollectibles)</i>	11,146,772
1240	<i>Due from Other Governments</i>	19,527,218
1290	<i>Other Receivables</i>	189,422
1300	<i>Inventories, at Cost</i>	1,879,181
1410	<i>Prepaid Items</i>	1,973,440
1910	<i>Long-term Investments</i>	40,544,366
	Capital Assets, Not Being Depreciated:	
1510	<i>Land</i>	108,511,313
1580	<i>Construction in Progress</i>	22,084,181
	Capital Assets, Net of Accumulated Depreciation:	
1520	<i>Buildings and Improvements</i>	909,464,140
1530	<i>Furniture and Equipment</i>	32,569,334
1000	Total Assets	1,408,380,556
DEFERRED OUTFLOWS OF RESOURCES		
1700	<i>Deferred Outflows of Resources</i>	73,748,701
	Total Deferred Outflows of Resources	73,748,701
LIABILITIES		
2110	<i>Accounts Payable</i>	33,571,539
2140	<i>Interest Payable</i>	3,793,429
2160	<i>Accrued Wages Payable</i>	26,954,541
2180	<i>Due to Other Governments</i>	1,223,619
2300	<i>Unearned Revenue</i>	212,581
	Noncurrent Liabilities:	
2501	<i>Due within One Year</i>	39,286,646
2502	<i>Due in More Than One Year</i>	1,076,297,416
2540	<i>Net Pension Liability</i>	115,628,048
2000	Total Liabilities	1,296,967,819
DEFERRED INFLOWS OF RESOURCES		
2600	<i>Deferred Inflows of Resources</i>	6,666,605
	Total Deferred Inflows of Resources	6,666,605
NET POSITION		
3200	<i>Net Investment in Capital Assets</i>	79,527,264
	Restricted for:	
3820	<i>Grants</i>	5,046,700
3850	<i>Debt Service</i>	22,425,710
3900	<i>Unrestricted</i>	71,495,159
3000	Total Net Position	\$ 178,494,833

The accompanying notes to the financial statements are an integral part of this statement.

KLEIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

Exhibit A-2

Data Control Codes	Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
	Primary Government:				
	Governmental Activities:				
0011	<i>Instruction</i>	\$ 302,562,778	\$ 503,180	\$ 30,997,060	\$ (271,062,538)
0012	<i>Instructional Resources and Media Services</i>	5,872,131	-	382,049	(5,490,082)
0013	<i>Curriculum and Instructional Staff Development</i>	13,918,101	-	3,484,719	(10,433,382)
0021	<i>Instructional Leadership</i>	4,708,140	-	407,483	(4,300,657)
0023	<i>School Leadership</i>	30,958,352	-	1,693,609	(29,264,743)
0031	<i>Guidance, Counseling and Evaluation Services</i>	25,963,997	1,259	3,700,987	(22,261,751)
0032	<i>Social Work Services</i>	392,916	-	28,850	(364,066)
0033	<i>Health Services</i>	5,765,440	-	422,366	(5,343,074)
0034	<i>Student Transportation</i>	14,669,296	3,000	469,016	(14,197,280)
0035	<i>Food Services</i>	25,390,491	9,201,747	14,448,985	(1,739,759)
0036	<i>Extracurricular Activities</i>	16,450,685	7,586,968	488,850	(8,374,867)
0041	<i>General Administration</i>	10,581,827	-	574,958	(10,006,869)
0051	<i>Plant Maintenance and Operations</i>	35,126,854	778,568	912,986	(33,435,300)
0052	<i>Security and Monitoring Services</i>	6,128,003	-	203,293	(5,924,710)
0053	<i>Data Processing Services</i>	10,646,336	-	272,028	(10,374,308)
0061	<i>Community Services</i>	1,413,527	-	954,142	(459,385)
0072	<i>Interest on Long-term Debt</i>	42,018,764	-	4,278,799	(37,739,965)
0073	<i>Bond Issuance Costs and Fees</i>	1,098,266	-	-	(1,098,266)
0081	<i>Facilities Repair and Maintenance</i>	14,507,936	93,402	15,302	(14,399,232)
0093	<i>Payments to Shared Services Arrangements</i>	554,092	-	-	(554,092)
0095	<i>Payments to Juvenile Justice Alternative Ed. Program</i>	204,017	-	-	(204,017)
0099	<i>Other Intergovernmental Charges</i>	1,990,384	-	-	(1,990,384)
TG	Total Governmental Activities	<u>570,922,333</u>	<u>18,168,124</u>	<u>63,735,482</u>	<u>(489,018,727)</u>
TP	Total Primary Government	<u>\$ 570,922,333</u>	<u>\$ 18,168,124</u>	<u>\$ 63,735,482</u>	<u>(489,018,727)</u>
	General Revenues:				
MT	<i>Property Taxes, Levied for General Purposes</i>				196,607,111
DT	<i>Property Taxes, Levied for Debt Service</i>				74,706,981
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				194,835,547
IE	<i>Investment Earnings</i>				2,687,183
MI	<i>Miscellaneous</i>				3,720,690
E1	<i>Extraordinary Item - Tornado and Fire</i>				(1,392,182)
TR	Total General Revenues and Extraordinary Items				<u>471,165,330</u>
CN	Change in Net Position				(17,853,397)
NB	Net Position - Beginning				<u>196,348,230</u>
NE	Net Position - Ending				<u>\$ 178,494,833</u>

The accompanying notes to the financial statements are an integral part of this statement.

KLEIN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes		General Fund	Debt Service Fund
	ASSETS		
1110	<i>Cash and Cash Equivalents</i>	\$ 100,349,116	\$ 12,419,628
1120	<i>Current Investments</i>	20,717,989	4,924,017
1225	<i>Property Taxes Receivable (Net of Allowance for Uncollectibles)</i>	8,311,582	2,835,190
1240	<i>Due from Other Governments</i>	13,098,108	456,808
1260	<i>Due from Other Funds</i>	5,006,772	103,755
1290	<i>Other Receivables</i>	144,213	-
1300	<i>Inventories, at Cost</i>	1,202,244	-
1410	<i>Prepaid Items</i>	900,571	-
1910	<i>Long-term Investments</i>	35,064,127	5,480,239
1000	Total Assets	\$ 184,794,722	\$ 26,219,637
	LIABILITIES		
2110	<i>Accounts Payable</i>	\$ 10,826,267	\$ 498
2160	<i>Accrued Wages Payable</i>	25,327,972	-
2170	<i>Due to Other Funds</i>	1,352,155	-
2180	<i>Due to Other Governments</i>	1,223,619	-
2300	<i>Unearned Revenue</i>	71,550	-
2000	Total Liabilities	38,801,563	498
	DEFERRED INFLOWS OF RESOURCES		
2600	<i>Unavailable Revenue-Property Taxes</i>	8,311,582	2,835,190
	Total Deferred Inflows of Resources	8,311,582	2,835,190
	FUND BALANCES		
	Nonspendable:		
3410	<i>Inventories</i>	1,202,244	-
3430	<i>Prepaid Items</i>	900,571	-
	Restricted For:		
3450	<i>Federal and State Grants</i>	1,758,031	-
3470	<i>Land Acquisitions and Construction Projects</i>	-	-
3480	<i>Retirement of Long-term Debt</i>	-	23,383,949
	Committed To:		
3545	<i>Other</i>	-	-
	Assigned To:		
3580	<i>Self-Insurance</i>	3,000,000	-
3590	<i>Other</i>	58,782,500	-
3600	Unassigned:	72,038,231	-
3000	Total Fund Balances	137,681,577	23,383,949
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 184,794,722	\$ 26,219,637

The accompanying notes to the financial statements are an integral part of this statement.

<u>Capital Projects Fund</u>	<u>Nonmajor Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 112,487,681	\$ 9,592,758	\$ 234,849,183
-	-	25,642,006
-	-	11,146,772
-	5,972,302	19,527,218
1,114,088	1,190,244	7,414,859
8,273	36,936	189,422
-	676,937	1,879,181
-	1,072,869	1,973,440
-	-	40,544,366
\$ <u>113,610,042</u>	\$ <u>18,542,046</u>	\$ <u>343,166,447</u>
\$ 20,774,861	\$ 1,969,913	\$ 33,571,539
122	1,626,447	26,954,541
103,755	5,958,949	7,414,859
-	-	1,223,619
-	141,031	212,581
<u>20,878,738</u>	<u>9,696,340</u>	<u>69,377,139</u>
-	-	11,146,772
-	-	11,146,772
-	-	1,202,244
-	33,444	934,015
-	3,288,669	5,046,700
92,731,304	-	92,731,304
-	-	23,383,949
-	5,523,593	5,523,593
-	-	3,000,000
-	-	58,782,500
-	-	72,038,231
<u>92,731,304</u>	<u>8,845,706</u>	<u>262,642,536</u>
\$ <u>113,610,042</u>	\$ <u>18,542,046</u>	\$ <u>343,166,447</u>

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KLEIN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2017

Exhibit B-1R

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 262,642,536

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. The governmental capital assets at year-end consist of:

Governmental Capital Assets Costs	\$ 1,344,849,998	
Accumulated Depreciation of Governmental Capital Assets	<u>(272,221,030)</u>	1,072,628,968

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.	11,146,772
---	------------

Long-term liabilities, including bonds payable, compensated absences, workers' compensation, and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds Payable, at Original Par	\$ (1,031,685,000)	
Premiums on Bonds Payable	(76,755,803)	
Deferred Charge on Refunding Adjustment	22,607,795	
Accrued Interest on Bonds	(3,793,429)	
Workers' Compensation	(1,987,320)	
Compensated Absences	(5,155,939)	
Net Pension Liability	<u>(115,628,048)</u>	(1,212,397,744)

Deferred outflows for pension represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.	51,140,906
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Deferred inflows for pension represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	<u>(6,666,605)</u>
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Total Net Position - Governmental Activities (Exhibit A-1) \$ 178,494,833

The accompanying notes to the financial statements are an integral part of this statement.

KLEIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		General Fund	Debt Service Fund
REVENUES			
5700	<i>Local, Intermediate, and Out-of-State</i>	\$ 199,791,847	\$ 74,846,590
5800	<i>State Programs</i>	208,215,555	2,459,847
5900	<i>Federal Programs</i>	6,130,076	1,667,572
5020	Total Revenues	<u>414,137,478</u>	<u>78,974,009</u>
EXPENDITURES			
Current:			
0011	<i>Instruction</i>	260,469,188	-
0012	<i>Instructional Resources and Media Services</i>	4,922,243	-
0013	<i>Curriculum and Instructional Staff Development</i>	10,336,315	-
0021	<i>Instructional Leadership</i>	4,275,411	-
0023	<i>School Leadership</i>	28,742,211	-
0031	<i>Guidance, Counseling, and Evaluation Services</i>	22,160,697	-
0032	<i>Social Work Services</i>	386,193	-
0033	<i>Health Services</i>	5,234,104	-
0034	<i>Student Transportation</i>	13,040,347	-
0035	<i>Food Services</i>	-	-
0036	<i>Extracurricular Activities</i>	8,847,154	-
0041	<i>General Administration</i>	10,346,544	-
0051	<i>Plant Maintenance and Operations</i>	33,164,361	-
0052	<i>Security and Monitoring Services</i>	5,741,888	-
0053	<i>Data Processing Services</i>	9,824,313	-
0061	<i>Community Services</i>	591,001	-
Debt Service:			
0071	<i>Principal on Long-term Debt</i>	-	35,790,000
0072	<i>Interest on Long-term Debt</i>	-	43,856,249
0073	<i>Bond Issuance Costs and Fees</i>	15,170	12,995
Capital Outlay:			
0081	<i>Facilities Acquisition and Construction</i>	68,591	-
Intergovernmental:			
0093	<i>Payments to Shared Services Arrangements</i>	554,092	-
0095	<i>Payments to Juvenile Justice Alternative Education Programs</i>	204,017	-
0099	<i>Other Intergovernmental Charges</i>	1,990,384	-
6030	Total Expenditures	<u>420,914,224</u>	<u>79,659,244</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,776,746)	(685,235)
OTHER FINANCING SOURCES (USES)			
7911	<i>Issuance of Capital-related Bonds</i>	-	-
7912	<i>Sale of Real and Personal Property</i>	37,357	-
7915	<i>Transfers In</i>	-	-
7916	<i>Premium from Issuance of Bonds</i>	-	-
8911	<i>Transfers Out</i>	(70,000)	-
7080	Total Other Financing Sources (Uses)	<u>(32,643)</u>	-
EXTRAORDINARY ITEMS			
8913	<i>Loss from Tornado and Fire</i>	<u>(1,392,182)</u>	-
1200	Net Change in Fund Balances	(8,201,571)	(685,235)
0100	Fund Balances - Beginning	145,883,148	24,069,184
3000	Fund Balances - Ending	\$ <u>137,681,577</u>	\$ <u>23,383,949</u>

The accompanying notes to the financial statements are an integral part of this statement.

Capital Projects Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
\$ 3,075,632	\$ 16,940,296	\$ 294,654,365
-	5,806,863	216,482,265
193,175	29,842,450	37,833,273
<u>3,268,807</u>	<u>52,589,609</u>	<u>548,969,903</u>
2,552,080	17,356,845	280,378,113
412,674	187,019	5,521,936
-	2,748,277	13,084,592
-	138,783	4,414,194
-	85,875	28,828,086
-	2,277,854	24,438,551
-	3,616	389,809
-	145,498	5,379,602
9,715	16,363	13,066,425
-	23,673,901	23,673,901
-	6,834,494	15,681,648
-	24,980	10,371,524
-	290,656	33,455,017
277,374	2,725	6,021,987
586,907	-	10,411,220
-	844,556	1,435,557
-	-	35,790,000
-	-	43,856,249
1,070,101	-	1,098,266
140,413,892	93,351	140,575,834
-	-	554,092
-	-	204,017
-	-	1,990,384
<u>145,322,743</u>	<u>54,724,793</u>	<u>700,621,004</u>
(142,053,936)	(2,135,184)	(151,651,101)
145,890,000	-	145,890,000
-	5,155	42,512
-	70,000	70,000
15,204,877	-	15,204,877
-	-	(70,000)
<u>161,094,877</u>	<u>75,155</u>	<u>161,137,389</u>
-	-	(1,392,182)
19,040,941	(2,060,029)	8,094,106
<u>73,690,363</u>	<u>10,905,735</u>	<u>254,548,430</u>
<u>\$ 92,731,304</u>	<u>\$ 8,845,706</u>	<u>\$ 262,642,536</u>

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KLEIN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

Exhibit B-2R

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 8,094,106

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Assets <i>increased</i>	\$ 128,396,974	
Depreciation Expense	<u>(24,300,020)</u>	104,096,954

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. (43,474)

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. 2,019,085

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par Value	\$ (145,890,000)	
(Premium) Discount	<u>(15,204,877)</u>	(161,094,877)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 35,790,000

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and includes the amortization of debt related items. The (increase) decrease in interest reported in the statement of activities consists of the following:

Accrued Interest on Current Interest Bonds Payable	\$ (412,057)	
Amortization of Bond Premium	3,954,439	
Amortization of Deferred Charge on Refunding	<u>(1,704,897)</u>	1,837,485

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. 462,711

The (increase) decrease in workers' compensation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (237,417)

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred Outflows increased (decreased)	\$ (14,436,354)	
Deferred Inflows (increased) decreased	13,192,465	
Net Pension Liability (increased) decreased	<u>(7,534,081)</u>	<u>(8,777,970)</u>

Change in Net Position for Governmental Activities (Exhibit A-2) \$ (17,853,397)

The accompanying notes to the financial statements are an integral part of this statement.

KLEIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
AUGUST 31, 2017

Exhibit C-1

Data Control Codes		<u>Agency Fund</u>
	ASSETS	
1110	<i>Cash and Cash Equivalents</i>	\$ 847,954
1290	<i>Other Receivables</i>	<u>45,378</u>
1000	Total Assets	<u>\$ 893,332</u>
	LIABILITIES	
2110	<i>Accounts Payable</i>	\$ 28,949
2190	<i>Due to Student Groups</i>	<u>864,383</u>
2000	Total Liabilities	<u>\$ 893,332</u>

The accompanying notes to the financial statements are an integral part of this statement.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Klein Independent School District (District) is governed by a seven-member Board of Trustees (Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District. There are no component units, entities for which the District is considered to be financially accountable, included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Direct expenses are not eliminated from the various functional categories. Interfund services that are provided and used are not eliminated in the process of consolidation. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Depreciation expense and workers' compensation claims have been allocated to all applicable functions in order to present the expenses of the District more accurately in the statement of activities. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using 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 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.

The fiduciary fund financial statements reflect the District's agency fund, reporting only assets and liabilities, and do not have a measurement focus. The agency fund utilizes the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

Grant and similar revenues, revenues received from the State of Texas, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction and technology projects.

Additionally, the District reports the following fund type:

The *agency fund* is used to account for assets held by the District as an agent for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated in the process of consolidation.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and investment pools.

Investments for the District, except for certain investment pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations, and are reported at amortized costs or fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end along with penalties and interests assessed on these unpaid taxes and are shown net of an allowance for uncollectibles. Net property tax receivables are stated at the amount estimated to be collectible based on the District's collection experience. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

Property values are determined by the Harris County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

3. *Inventories and Prepaid Items*

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, office and instructional supplies, and food service supplies. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Food service commodity inventory is recorded at fair market value on the date received. Commodities are recognized as revenues in the period received when all the eligibility requirements are met. Commodity inventory items are recorded as expenditures when distributed to user locations. A portion of fund balance is restricted 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 expenditures are recorded when purchased rather than when consumed.

4. *Capital Assets*

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The District's infrastructure includes parking lots and roads associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost which equals or exceeds \$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. 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.

Buildings and improvements and 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>
Buildings and Improvements	15-60
Furniture and Equipment	7-25

Land and construction in progress are not depreciated.

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate earned but unused state personal and sick leave days and local sick leave days. Upon retirement, an employee is entitled to reimbursement for accumulated, unused days if the employee (1) has a minimum of ten (10) years of consecutive service in the District immediately preceding retirement; and (2) begins receiving benefits under the Texas Teacher Retirement System (TRS) on an unreduced pension/annuity immediately upon separation from the District. An eligible employee will be reimbursed for an unlimited amount of unused personal and sick leave days. Compensation

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

for unused days is based on the daily rate of substitute pay effective at the time of the employee's retirement. Employees hired prior to September 3, 1974 may opt, upon retirement, to be paid at their daily rate in effect at the time of their retirement for up to thirty (30) days of accumulated local sick days. All accumulated personal and sick leave for qualifying employees is reported in the government-wide financial statements. A liability is recorded in the governmental funds for only the amount of personal and sick leave that is due to those employees who had retired, but had not yet been paid as of August 31, 2017.

Exempt staff members under contract July 1 through June 30 earn non-duty days based on the difference between the number of work days as set by the annual school calendar/the staff member's annual contract and the actual days worked by the staff member. All exempt staff members may carry no more than 25 days of accrued vacation or non-duty days (carryover days) to the following year and all non-exempt staff members working more than 226 days may carry no more than 200 compensatory hours to the following year. Staff members are paid for accumulated unused carryover days only upon termination of employment. In the government-wide financial statements, a liability is recorded for all accumulated carryover days as of August 31, 2017. A liability is recorded in the governmental funds for only those employees with carryover days that had retired, but had not yet been paid as of August 31, 2017.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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.

In the fund financial statements, governmental funds 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 expenditures.

7. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The components of the deferred outflows of resources and deferred inflows of resources in the government-wide and fund level financial statements are as follows:

	<u>Statement of Net Position</u>		<u>Balance Sheet - Governmental Funds</u>
	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Debt Service Fund</u>
Deferred Outflows of Resources:			
Deferred Outflows from Pension Activities	\$ 40,816,863	\$ -	\$ -
Deferred Outflows After the Measurement Date	10,324,043		
Deferred Charge on Refunding	22,607,795	-	-
Total Deferred Outflows of Resources	\$ 73,748,701	\$ -	\$ -
Deferred Inflows of Resources:			
Deferred Inflows from Pension Activities	\$ 6,666,605	\$ -	\$ -
Unavailable Property Taxes	-	8,311,582	2,835,190
Total Deferred Inflows of Resources	\$ 6,666,605	\$ 8,311,582	\$ 2,835,190

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.
- District contributions after the measurement date are recognized in the subsequent year.

8. Net Position Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

9. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). It is the District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

10. Fund Balance Policies

In the fund financial statements, governmental funds report fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which the amounts in the respective governmental funds can be spent. The District reports the following classifications of fund balance:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts can only be used for the purpose intended, which requires formal Board action to establish (as noted in Board minutes), unless the Board modifies or removes the specified use by taking the same formal Board action. The amounts reported in this category include the campus activity fund balances in the special revenue fund.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority pursuant to Board Policy CE (Local).
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

KLEIN INDEPENDENT SCHOOL DISTRICT

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The District has adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned and assigned fund balance at fiscal year-end to be at least equal to two and a half months of regular General Fund operating expenditures. The District may reduce unassigned and assigned fund balance below two and a half months with prior Board approval.

11. Pension

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.C. and the required supplementary information section immediately following the Notes to the Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

12. Use of Estimates

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

13. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA 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.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Board of Trustees adopts an appropriated budget for the general fund, debt service fund, and the *National School Breakfast and Lunch Program* special revenue fund on a basis consistent with generally accepted accounting principles. Budgetary information for the general fund appears in the required supplementary information subsection where the District compares the final amended budget to actual revenues and expenditures. Per regulatory requirements, the debt service fund and the *National School Breakfast and Lunch Program* special revenue fund are required to be reported with the original budget, final amended budget and actual revenues and expenditures. These schedules are included in the combining and individual fund statements and schedules subsection. All other governmental funds adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

KLEIN INDEPENDENT SCHOOL DISTRICT

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The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to August 20 of the preceding fiscal year, 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 after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary appropriations throughout the year, primarily in the general fund. These revisions are further detailed in the notes to the required supplementary information.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Encumbrances are reported in the financial statements as restricted, committed, or assigned for specific purposes in the governmental funds. As of August 31, 2017, significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General Fund	\$ -	\$ -	\$ 1,435,499
National School Breakfast and Lunch Program	99,141	-	-
Campus Activity	-	65,432	-
Unite for Understanding	-	5,999	-
Capital Projects Fund	66,299,978	-	-
Total Encumbrances	\$ 66,399,119	\$ 71,431	\$ 1,435,499

III. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits: The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are approved by the TEA and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments: The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of governmental entities as permitted by Government Code 2256.009, certificates of deposit, commercial paper investments limited to investment pools, no-load money market funds, fully collateralized repurchase agreements, or investment pools.

KLEIN INDEPENDENT SCHOOL DISTRICT

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For fiscal year 2017, the District invested in U.S. Treasuries and Government Agency securities, municipal securities, the TexPool Local Government Investment Pool, the Texas Association of School Board's Lone Star Investment Pool, and Texas CLASS Investment Pool. The District had investments in two custodial accounts at U.S. Bank whereby RBC Global Asset Management and Public Trust Advisors were hired as Investment Advisors.

TexPool is duly chartered and overseen by the State Comptroller's Office and administered and managed by Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. Government securities, collateralized repurchase and reverse repurchase agreements, no-load money market mutual funds regulated by the Securities and Exchange Commission (SEC) and rated AAA or equivalent by at least one nationally recognized statistical rating organization, and securities lending programs. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by American Beacon Advisors and Standish. The State Street Bank is the custodial bank. Lone Star Investment Pool is restricted to invest in obligations of the U.S. or its agencies and instrumentalities, other obligations insured by the U.S., fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously, reverse repurchase agreements, and SEC-regulated no-load money market mutual funds that invest exclusively in the obligations described above. Texas Class is organized under the Sixth Amended Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, Wells Fargo N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one NRSRO; and commercial paper rated A-1, P-1, or equivalent by two nationally recognized rating agencies.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

KLEIN INDEPENDENT SCHOOL DISTRICT
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The District, including fiduciary funds, has recurring fair value measurements as presented in the table below. The pools are reported as a cash equivalents in the financial statements. The District's investment balances and weighted average maturity of such investments are as follows:

	August 31, 2017	Fair Value Measurements Using			Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
<i>Investment Pools, not subject to level reporting:</i>							
Investments Measured at Amortized Cost							
Texpool	\$ 36,371,021	\$ -	\$ -	\$ -	12.66%	30	AAAm
Lone Star	124,216,733	-	-	-	43.24%	22	AAAm
Investments Measured at Fair Value							
Texas CLASS	60,457,621	-	-	-	21.05%	56	AAAm
<i>Investments Measured at Fair Value, subject to level reporting:</i>							
Money Market Funds (RBC & Public Trust Advisors)	259,137	259,137	-	-	0.09%	1	AAAm
Municipal Securities	26,216,916	-	26,216,916	-	9.13%	390	*
U.S. Treasuries	18,409,742	7,126,862	11,282,880	-	6.41%	312	AA+
U.S. Government Agencies:							
Federal Farm Credit Banks	2,301,475	-	2,301,475	-	0.80%	701	AA+
Federal Home Loan Mortgage Corporation	3,463,092	-	3,463,092	-	1.21%	383	AA+
Federal National Mortgage Association	3,615,649	-	3,615,649	-	1.26%	516	AA+
Federal Home Loan Bank	11,920,359	-	11,920,359	-	4.15%	407	AA+
Total Investments	\$ 287,231,745	\$ 7,385,999	\$ 58,800,371	\$ -	100.00%		
Cash and Checking Accounts	14,651,764						
Total District Cash & Cash Equivalents and Current & Long-term Investments, including Fiduciary Fund							
	\$ 301,883,509						

Investment Portfolio Weighted Average Maturity

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*Credit risk for Municipal Securities include the following: AA+/A1/AA-/AA/AAA/*Aa2/*Aa1

Investment Pools are measured at amortized cost or fair value. Such investments are not required to be reported by levels in the table above.

Money Market Funds and certain U.S. Treasuries classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Municipal Securities, U.S. Treasuries and U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Texpool and Lone Star investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding U.S. Government Securities), and can meet reasonably foreseeable redemptions. Texpool and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

KLEIN INDEPENDENT SCHOOL DISTRICT

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The Texas CLASS investment pool is an external investment pool measured at net asset value. Texas CLASS's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 540 days (18 months), with the exception of bond proceeds that are matched to a specific cash flow, diversification and by holding securities to maturity. In addition, the District shall not directly invest in securities maturing more than twenty-four months from the date of purchase unless matched to a specific cash flow.

Custodial Credit Risk: The District's agent holds securities 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, the District 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 the investments of the District shall be secured through third-party custody and safekeeping procedures as designated by the District.

Credit Risk: State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The District's ratings and credit risks are reported in the table on the previous page.

Concentration of Credit Risk: The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Certain investments are reported by the District at fair value. The amount of increase in the fair value of these investments during the year ended August 31, 2017, is included in investment earnings as follows:

Investment Earnings	\$ 2,778,112
Net decrease in Fair Value of Investments	(90,929)
Total Investment Earnings	\$ <u>2,687,183</u>

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

B. Receivables

Receivables as of year-end for the District's individual major funds and nonmajor other governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:					
Property Taxes, including					
Penalties and Interest	\$ 9,347,573	\$ 3,103,335	\$ -	\$ -	\$ 12,450,908
Due From Other Governments:					
Local	-	-	-	11,900	11,900
State	9,456,882	456,808	-	3,168,665	13,082,355
Federal	3,641,226	-	-	2,791,737	6,432,963
Other	144,213	-	8,273	36,936	189,422
Gross Receivables	22,589,894	3,560,143	8,273	6,009,238	32,167,548
Less: Allowance for Uncollectibles	(1,035,991)	(268,145)	-	-	(1,304,136)
Net Total Receivables	\$ 21,553,903	\$ 3,291,998	\$ 8,273	\$ 6,009,238	\$ 30,863,412

Sixty-five percent of property taxes receivable is not scheduled to be collected in the subsequent year.

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

	<u>Unearned</u>
Escrow Local Taxes (General Fund)	\$ 16,341
Facility Rentals (General Fund)	33,088
Tuition (General Fund)	18,420
Miscellaneous Revenue (General Fund)	3,701
Grant Funds Received Prior to Meeting all Eligibility Requirements (Special Revenue Funds)	141,031
Total Unearned Revenue For Governmental Funds	\$ 212,581

KLEIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2017

C. Capital Assets

Capital asset activity for the year ended August 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers, Adjustments and Dispositions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 99,305,496	\$ 9,205,817	\$ -	\$ 108,511,313
Construction in Progress	97,131,054	19,722,780	(94,769,653)	22,084,181
Total Capital Assets, not being Depreciated	196,436,550	28,928,597	(94,769,653)	130,595,494
Capital Assets, being Depreciated:				
Buildings and Improvements	950,848,758	94,629,306	94,769,653	1,140,247,717
Furniture and Equipment	69,481,395	4,839,071	(313,679)	74,006,787
Total Capital Assets, being Depreciated	1,020,330,153	99,468,377	94,455,974	1,214,254,504
Less Accumulated Depreciation for:				
Buildings and Improvements	(211,423,595)	(19,359,982)	-	(230,783,577)
Furniture and Equipment	(36,767,620)	(4,940,038)	270,205	(41,437,453)
Total Accumulated Depreciation	(248,191,215)	(24,300,020)	270,205	(272,221,030)
Total Capital Assets, being Depreciated, net	772,138,938	75,168,357	94,726,179	942,033,474
Governmental Activities Capital Assets, net	\$ 968,575,488	\$ 104,096,954	\$ (43,474)	\$ 1,072,628,968

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

Governmental Activities:	
11 Instruction	\$ 14,239,430
12 Instructional Resources and Media Services	272,439
13 Curriculum and Instructional Staff Development	355,035
21 Instructional Leadership	53,889
23 School Leadership	1,333,493
31 Guidance, Counseling, and Evaluation Services	706,217
33 Health Services	260,084
34 Student Transportation	1,472,409
35 Food Services	1,597,351
36 Extracurricular Activities	616,863
41 General Administration	56,337
51 Plant Maintenance and Operations	1,671,168
52 Security and Monitoring Services	415,782
53 Data Processing Services	1,242,732
61 Community Services	6,791
Total Depreciation Expense	\$ 24,300,020

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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Construction Commitments

The District has active construction projects as of August 31, 2017. The projects include the construction and equipment of school facilities. At year end, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Intermediate #10	\$ 26,919,980
Klein Forest High School Additions & Renovations	25,141,202
Front Vestibule Projects	4,107,839
Northcrest Agriculture Center	1,198,505
2017 Facility Renovations	1,049,362
New Elementary #33 Fuchs Land Surveying	1,001,500
Klein Cain High School	715,242
Telecenter ICS Systems	291,628
Synthetic Stadium Turf	699,558
Various Commitments	191,442
Totals	\$ 61,316,258

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues.

D. Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll, warehouse ordering and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances as of August 31, 2017, is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General Fund	\$ 5,006,772	\$ 1,352,155
Debt Service Fund	103,755	-
Capital Projects Fund	1,114,088	103,755
Nonmajor Governmental Funds	1,190,244	5,958,949
Totals	\$ 7,414,859	\$ 7,414,859

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." The following is a summary of the District's transfers for the year ended August 31, 2017:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Other Governmental Funds - Nonmajor	\$ 70,000
Total		\$ 70,000

The transfer from the general fund to nonmajor governmental funds was made to enhance certain supplemental operations that are accounted for in the *National School Breakfast and Lunch Program* special revenue fund.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, workers' compensation, compensated absences, and net pension liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 921,585,000	\$ 145,890,000	\$ (35,790,000)	\$ 1,031,685,000	\$ 37,075,000
Deferred Amounts:					
For Issuance Premiums	65,505,365	15,204,877	(3,954,439)	76,755,803	-
Total Bonds Payable, net	987,090,365	161,094,877	(39,744,439)	1,108,440,803	37,075,000
Compensated Absences*	5,618,650	(212,589)	(250,122)	5,155,939	224,326
Workers' Compensation	1,749,903	1,288,559	(1,051,142)	1,987,320	1,987,320
Net Pension Liability	108,093,967	17,275,408	(9,741,327)	115,628,048	-
Total Long-term Liabilities	\$ 1,102,552,885	\$ 179,446,255	\$ (50,787,030)	\$ 1,231,212,110	\$ 39,286,646

*Additions includes a reduction of the provision

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities, buses, and refunding general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as 10-30 year current interest bonds, term bonds, and serial bonds with various amounts of principal maturing each year.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2008	4.00-5.00%	32,000,000	2033	\$ 825,000	\$ -	\$ (825,000)	\$ -
2008A	3.25-5.05%	184,905,000	2038	35,340,000	-	(11,350,000)	23,990,000
2009A	2.00-5.00%	17,125,000	2019	8,755,000	-	(3,285,000)	5,470,000
2009B	2.25-5.03%	45,000,000	2039	11,925,000	-	(785,000)	11,140,000
2010A	2.50-5.00%	38,135,000	2023	23,375,000	-	(2,995,000)	20,380,000
2010B	4.982-5.96%	88,865,000	2040	88,865,000	-	-	88,865,000
2010	2.00-5.00%	28,445,000	2023	23,865,000	-	(55,000)	23,810,000
2011	3.00-5.00%	83,900,000	2041	76,900,000	-	(1,800,000)	75,100,000
2012A	2.00-5.00%	51,115,000	2042	46,960,000	-	(1,095,000)	45,865,000
2012B	2.00-4.00%	18,390,000	2023	13,230,000	-	-	13,230,000
2013A	1.50-5.00%	79,305,000	2043	74,360,000	-	(3,065,000)	71,295,000
2013B	4.00-5.00%	27,480,000	2027	27,480,000	-	(1,990,000)	25,490,000
2014	3.00-4.00%	44,000,000	2044	41,595,000	-	(1,460,000)	40,135,000
2015	2.70-4.00%	80,000,000	2045	78,850,000	-	(1,590,000)	77,260,000
2015A	3.00-5.00%	224,600,000	2045	218,515,000	-	(5,495,000)	213,020,000
2016A	2.00-5.00%	137,500,000	2038	137,500,000	-	-	137,500,000
2016B	3.00-5.00%	15,370,000	2031	13,245,000	-	-	13,245,000
2017	2.50-5.00%	145,890,000	2046	-	145,890,000	-	145,890,000
Totals				\$ 921,585,000	\$ 145,890,000	\$ (35,790,000)	\$ 1,031,685,000

KLEIN INDEPENDENT SCHOOL DISTRICT

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The 2010B taxable series Build America Bonds entitles the District to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on these taxable bonds. In March 2013, sequestration began involving mid-year reductions from the federal government. The District's subsidy payment for August 2017 was reduced by 6.9 percent.

On May 9, 2015, the authorized voters of the District approved the issuance of \$498,100,000 in general obligation bonds. As of August 31, 2017, the District had \$214,866,112 in authorized but unissued bonds remaining from the 2015 bond election.

In prior years, the District defeased certain outstanding general obligation capital improvement bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the District's financial statements.

At August 31, 2017, the following outstanding bonds are considered defeased:

2008A General Obligation Bonds (maturing 2020-2025, callable August 1, 2018)	\$ 26,335,000
2008A General Obligation Bonds (maturing 2019-2038, callable August 1, 2018)	94,430,000
2009B General Obligation Bonds (maturing 2020-2034, callable August 1, 2019)	17,975,000
Total	\$ <u>138,740,000</u>

KLEIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2017

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending August 31	Principal Value	Interest	Total Requirements
2018	\$ 37,075,000	\$45,601,686	\$ 82,676,686
2019	36,480,000	43,937,111	80,417,111
2020	35,335,000	42,256,442	77,591,442
2021	38,590,000	40,811,755	79,401,755
2022	36,865,000	39,021,567	75,886,567
2023	35,940,000	37,265,017	73,205,017
2024	32,890,000	35,716,467	68,606,467
2025	34,540,000	34,174,320	68,714,320
2026	36,275,000	32,560,001	68,835,001
2027	37,920,000	30,862,371	68,782,371
2028	39,315,000	29,199,908	68,514,908
2029	40,820,000	27,551,575	68,371,575
2030	42,760,000	25,714,255	68,474,255
2031	44,740,000	23,814,991	68,554,991
2032	42,885,000	21,925,633	64,810,633
2033	38,190,000	20,124,667	58,314,667
2034	37,840,000	18,435,629	56,275,629
2035	39,525,000	16,704,773	56,229,773
2036	41,275,000	14,891,420	56,166,420
2037	43,115,000	12,996,183	56,111,183
2038	45,030,000	11,011,787	56,041,787
2039	37,560,000	8,937,418	46,497,418
2040	37,085,000	7,158,752	44,243,752
2041	31,610,000	5,390,630	37,000,630
2042	27,270,000	4,099,925	31,369,925
2043	25,030,000	3,055,740	28,085,740
2044	24,180,000	2,087,400	26,267,400
2045	22,650,000	1,164,500	23,814,500
2046	8,895,000	355,800	9,250,800
Totals	\$ <u>1,031,685,000</u>	\$ <u>636,827,723</u>	\$ <u>1,668,512,723</u>

In accordance with the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Rebatale arbitrage is the excess of the amount earned on investments purchased with bond proceeds over the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. Rebatale arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary of the bond issue and upon final redemption of all outstanding bonds of the issue.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Nonmajor and Other Funds:

Earned but unspent funds in special local programs including campus activity	\$ 5,523,593
Total Other Committed Fund Balance	\$ 5,523,593

Other assigned fund balance includes the following assignments of funds:

General Fund:

Coca-Cola Funds	\$ 3,626,935
Outstanding Encumbrances	1,435,499
Long-term Investments	35,064,127
Compensated Absences	5,155,939
Operating Costs of Future School Openings	5,500,000
Land Purchases for Future School Sites	8,000,000
Total Other Assigned Fund Balance	\$ 58,782,500

G. Revenues from Local, Intermediate, and Out-of-State Sources

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Property Taxes	\$ 194,338,145	\$ 73,089,386	\$ -	\$ -	\$ 267,427,531
Penalties, Interest & Other Tax- Related Income	1,413,247	454,229	-	-	1,867,476
Charges for Services	2,033,646	20	6,200	16,128,258	18,168,124
Investment Earnings	1,352,623	1,302,955	4,789	26,816	2,687,183
Other	654,186	-	3,064,643	785,222	4,504,051
Total	\$ 199,791,847	\$ 74,846,590	\$ 3,075,632	\$ 16,940,296	\$ 294,654,365

IV. Other Information

A. Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance.

In addition, the District is a member of the Texas Association of School Boards Joint Account Self-Insurance Fund (Fund). The Fund was created to formulate, develop and administer a program of modified self-funding for the property and/or liability coverage for its membership, provide claims administration, and develop a comprehensive loss control program. The District pays contributions to the Fund for its automobile and school liability coverage. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

Workers' Compensation

The District established a limited risk management program for workers' compensation in 1988 by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. As a self-funded member of the Fund, Klein ISD is solely responsible for all claims costs, both reported and unreported. The Fund provides administrative service to its self-funded members including claims administration and customer service.

The general fund services all claims for risk of loss to which the District is exposed. Premiums are paid into the general fund by the *National School Breakfast and Lunch Program* special revenue fund on behalf of those employees paid from this fund. These interfund premiums are used to reduce the amount of claims expenditures reported in the general fund.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$400,000 up to the statutory limits for any given claim. There were no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 8/31/2017	Year Ended 8/31/2016
Unpaid Claims, Beginning of Fiscal Year	\$ 1,749,903	\$ 1,887,803
Incurred Claims (including IBNRs)	1,288,559	491,292
Claim Payments	(1,051,142)	(629,192)
Unpaid Claims, End of Fiscal Year	\$ 1,987,320	\$ 1,749,903

B. Contingent Liabilities

The District is a defendant in various legal claims arising principally in the normal course of operations. In the opinion of the District's management, the potential losses, after insurance coverage, on all allegations and legal claims, will not have a material effect on the District's financial position, results of operations or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2017, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

C. Defined Benefit Pension Plan

Plan Description

The Klein Independent School 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) of 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_archive_CAFR.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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 cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Contributions

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

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Member	7.7%	7.2%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%	6.8%
Employers/District	6.8%	6.8%	6.8%

The contribution amounts for the District's fiscal year 2017 are as follows:

District Contributions	\$ 10,324,043
Member Contributions	\$ 25,171,644
NECE On-behalf Contributions (State)	\$ 15,670,007

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.

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.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Municipal Bond Rate*	N/A*
Last year ending August 31 in the 2016 to 2115 projection period (100 years)	2115
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

*If a municipal bond rate was to be used, the rate would be 2.84% as of August 2016 (i.e. the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of General obligation bonds with 20 years to maturity and an average AA credit rating.

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

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution Long-Term Portfolio Returns*
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Hedge Funds (Stable Value)	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation-Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100.0%		8.7%

*The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of net pension liability for TRS calculated using the discount rate of 8.0%, as well as the District's proportionate share of the respective net pension liability if it was calculated using a discount rate that is 1-percentage-point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS	\$ 178,953,268	\$ 115,628,048	\$ 61,915,461

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

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

At August 31, 2017, the District reported a liability of \$115,628,048 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 are as follows:

District's Proportionate Share of the Net Pension Liability	\$ 115,628,048
State's Proportionate Share of the Net Pension Liability Associated with the District	184,046,365
Total	\$ 299,674,413

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016, the employer's proportion of the net pension liability was .3059873% which was an increase of .0001936% from its proportion measured at August 31, 2015.

Changes Since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

For the year ended August 31, 2017, the District recognized pension expense of \$27,877,594 and revenue of \$19,099,624 for support provided by the state.

At August 31, 2017, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actuarial Experience	\$ 1,813,026	\$ 3,452,586
Changes of Assumptions	3,524,135	3,205,056
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	9,791,145	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions (Cost-Sharing Plan)	25,688,557	8,963
District Contribution after Measurement Date	10,324,043	-
Totals	\$ 51,140,906	\$ 6,666,605

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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The \$10,324,043 reported as 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 year ended August 31, 2018. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year Ending August 31:

2018	\$ 6,013,471
2019	6,013,471
2020	12,258,740
2021	5,533,612
2022	3,626,666
Thereafter	704,298
Total	\$ 34,150,258

D. Retiree Health Plan

Plan Description. The Klein Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701-2698.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.00% and .65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at .55% for fiscal years 2017, 2016, and 2015. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than .25% or greater than .75% of the salary of each active employee of the public school. For staff member funded by federal programs, the federal programs are required to contribute 1%.

Contributions made by the member, State, and District for the years ended August 31, 2017, 2016, and 2015 are as follows:

Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$ 2,124,879	1.00%	\$ 3,130,981	0.55%	\$ 1,797,975
2016	0.65%	\$ 2,038,752	1.00%	\$ 3,005,757	0.55%	\$ 1,725,097
2015	0.65%	\$ 1,903,725	1.00%	\$ 2,801,754	0.55%	\$ 1,610,844

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

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on-behalf of the District were \$983,516, \$1,220,986, and \$863,502, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds' financial statements of the District.

The Early Retiree Reinsurance Program (ERRP) was established by section 1102 of the Affordable Care Act enacted on March 23, 2010. Under ERRP, TRS receives payments for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependents. The amounts of the subsidy payments are not readily determinable because they are included as gross amounts with Medicare Part D. These payments are recorded as equal revenues and expenditures in the governmental funds' financial statements of the District.

E. Shared Services Arrangement

The District participates in a shared services arrangement for a Regional Day School for the Deaf with seven other school districts. Approximately 24 percent of the students served by the shared services arrangement are attributable to the District. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. Cypress-Fairbanks Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement.

Presented below are the revenues and expenditures as of August 31, 2017 attributable to the District's participation in the shared services arrangement:

Revenues

State Revenue Distributed by TEA	\$ 342,154
Local Revenue Paid by District	556,808
Total Revenues	\$ <u>898,962</u>

Expenditures

Payroll Costs	\$ 896,712
Contracted Services	688
Supplies and materials	45
Miscellaneous Expenses	1,517
Total Expenditures	\$ <u>898,962</u>

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2017

F. Tax Abatements

Klein Independent School District entered into property tax abatement agreement with a local business under *Texas Tax Code, Title 3. Subtitle B. Chapter 313. Texas Economic Development Act* (the Act) beginning November 14, 2006. Under the Act, Texas school districts may grant property tax abatements according to the category of taxable value of property in the District for the preceding tax year. Klein Independent School District is a Category I district, which limits the minimum amount per qualified investment to \$100 million. The qualified property is limited only from maintenance and operation (M&O) property tax. The tax abatements, which are approved by the Texas Comptroller's office and the District's board of trustees, are granted for the purpose of enhancing the local community; improving the public education system; creating high-paying jobs; and advancing economic development goals.

The agreement was for a local business to invest a minimum capital investment totaling \$80,000,000 within the District's boundaries during a qualifying period and to create jobs. Such investment would be limited to taxable value of the lesser of qualified appraised value or the agreement in the amount of \$80,000,000. The District's tax abatement expired December 31, 2016.

For the fiscal year ended August 31, 2017, the District foregoes collecting property taxes totaling \$715,963 resulting from the M&O tax rate of \$1.04 per \$100 of taxable value. The qualified property per the agreements had a taxable value of \$148,842,641 and was limited to a taxable value of \$80,000,000. However, in foregoing the property tax revenue, the District receives state funding through the Foundation School Program funding formula to offset the loss of property tax revenues. In addition, the local business receiving such property tax abatement committed to compensate the District for the loss of M&O revenue, reimburse the District for all non-reimbursed costs for extraordinary education related expenses not funded by state aid, and compensate the District for the greater of \$100 per student per average daily attendance (ADA) or \$50,000 during the term of the agreement.

G. Nonmonetary Transactions

During 2017, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$1,353,203. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$1,353,203 in a special revenue funds as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

H. Extraordinary Items

The District experienced a tornado in April 2016 that caused damage to Klein Collins High School. The renovations began in fiscal year 2016 and will be finalized in fiscal year 2018. The net loss to the District in fiscal year 2017 was \$648,475.

The District experienced a fire at Frank Elementary in May 2017. The renovations began in fiscal year 2017 and will be finalized in fiscal year 2018. The net loss to the District in fiscal year 2017 was \$743,707.

I. Special Event

The District experienced a hurricane in August 2017 which will require renovation of one elementary school. The repair costs will be covered through the District's flood and property insurance, donations, and bond funds. The hurricane does not meet the criteria of an extraordinary item.

Required Supplementary Information

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KLEIN INDEPENDENT SCHOOL DISTRICT**Exhibit D-1****REQUIRED SUPPLEMENTARY INFORMATION****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –****BUDGET AND ACTUAL****FOR THE YEAR ENDED AUGUST 31, 2017**

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive
		Original	Final	Actual	(Negative)
REVENUES					
5700	Local, Intermediate, and Out-of-State	\$ 199,783,364	\$ 202,231,831	\$ 199,791,847	\$ (2,439,984)
5800	State Programs	207,743,842	208,145,750	208,215,555	69,805
5900	Federal Programs	4,873,500	6,192,653	6,130,076	(62,577)
5020	Total Revenues	412,400,706	416,570,234	414,137,478	(2,432,756)
EXPENDITURES					
Current:					
0011	Instruction	263,819,962	264,052,676	260,469,188	3,583,488
0012	Instructional Resources and Media Services	5,338,630	5,016,251	4,922,243	94,008
0013	Curriculum and Instructional Staff Development	11,421,938	11,335,539	10,336,315	999,224
0021	Instructional Leadership	3,939,401	4,344,157	4,275,411	68,746
0023	School Leadership	28,790,079	29,172,277	28,742,211	430,066
0031	Guidance, Counseling, and Evaluation Services	22,235,711	22,878,047	22,160,697	717,350
0032	Social Work Services	442,119	416,785	386,193	30,592
0033	Health Services	5,076,373	5,353,821	5,234,104	119,717
0034	Student Transportation	12,249,179	13,264,575	13,040,347	224,228
0036	Extracurricular Activities	8,195,013	9,363,777	8,847,154	516,623
0041	General Administration	10,117,354	10,876,785	10,346,544	530,241
0051	Plant Maintenance and Operations	32,878,392	34,349,529	33,164,361	1,185,168
0052	Security and Monitoring Services	5,730,241	5,954,935	5,741,888	213,047
0053	Data Processing Services	10,763,879	11,490,382	9,824,313	1,666,069
0061	Community Services	409,526	631,026	591,001	40,025
Debt Service:					
0073	Bond Issuance Costs and Fees	20,000	20,000	15,170	4,830
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	68,780	68,591	189
Intergovernmental:					
0093	Payments to Shared Services Arrangements	520,400	567,400	554,092	13,308
0095	Payments to Juvenile Justice Alternative Education Programs	300,000	300,000	204,017	95,983
0099	Other Intergovernmental Charges	2,000,000	2,003,000	1,990,384	12,616
6030	Total Expenditures	424,248,197	431,459,742	420,914,224	10,545,518
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,847,491)	(14,889,508)	(6,776,746)	8,112,762
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real and Personal Property	100,000	56,527	37,357	(19,170)
8911	Transfers Out	(70,000)	(70,000)	(70,000)	-
7080	Total Other Financing Sources and (Uses)	30,000	(13,473)	(32,643)	(19,170)
EXTRAORDINARY ITEMS					
8913	Loss from Tornado and Fire	-	(101,876)	(1,392,182)	(1,290,306)
1200	Net Change in Fund Balance	(11,817,491)	(15,004,857)	(8,201,571)	6,803,286
0100	Fund Balance - Beginning	145,883,148	145,883,148	145,883,148	-
3000	Fund Balance - Ending	\$ 134,065,657	\$ 130,878,291	\$ 137,681,577	\$ 6,803,286

The accompanying notes to the required supplementary information are an integral part of this statement.

KLEIN INDEPENDENT SCHOOL DISTRICT**Exhibit E-1****REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET****PENSION LIABILITY OF A COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN****TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)****FOR THE THREE YEARS ENDED***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.30598730%	0.30579369%	0.19296490%
District's Proportionate Share of the Net Pension Liability	\$ 115,628,048	\$ 108,093,967	\$ 51,543,594
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>184,046,365</u>	<u>171,194,816</u>	<u>144,671,755</u>
Total	\$ <u>299,674,413</u>	\$ <u>279,288,783</u>	\$ <u>196,215,349</u>
District's Covered Payroll	\$ 313,654,090	\$ 292,880,706	\$ 270,485,891
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	36.86%	36.91%	19.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
Ten years of data is not available

The accompanying notes to the required supplementary information are an integral part of this statement.

KLEIN INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTION TO THE
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)
FOR THE THREE YEARS ENDED*

Exhibit E-2

	<u>2017</u>	<u>2016</u>	<u>2015</u>
TRS			
Contractually Required Contributions	\$ 10,324,043	\$ 9,721,927	\$ 9,056,605
Contributions in Relation to the Contractually Required Contributions	<u>(10,324,043)</u>	<u>(9,721,927)</u>	<u>(9,056,605)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
 District's Covered Payroll	 \$ 326,904,468	 \$ 313,654,090	 \$ 292,880,706
 Contributions as a Percentage of Covered Payroll	 3.16%	 3.10%	 3.09%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end August 31.
Ten years of data is not available

The accompanying notes to the required supplementary information are an integral part of this statement.

KLEIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2017

I. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the *National School Breakfast and Lunch Program* special revenue fund for the fiscal year beginning September 1. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The District annually adopts legally authorized appropriated budgets for the general fund, debt service fund, and *National School Breakfast and Lunch Program* special revenue fund. The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, 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 after a ten day public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campuses/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year-end.

B. Variances Between Original and Final Budget

The District's general fund budget differs from the original budget due to budget revisions that were made during the fiscal period:

- Amendments approved shortly after the beginning of the new fiscal year period for amounts restricted, committed, or assigned in the prior year,
- Amendments in early and late spring to revise estimates for local and state revenues based on the latest information on student attendance numbers and tax collections, and
- Amendments during the year for unexpected occurrences.

The net increase of \$4,126,055 in estimated revenues, including other financing sources, was primarily due to an increase in interest earnings, property tax revenue for the increase in assessed values, and the receipt of SHARS reimbursements.

The net increase of \$7,211,545 to appropriations, including other financing uses, was primarily due to an increase in salary and benefits for additional positions and an increase in general supplies for extracurricular activities.

KLEIN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2017

II. Pension

A. TRS – Actuarial Assumptions for Contribution Rate

Actuarial Assumptions. The information presented in the following table was used in the actuarial valuation for determining the actuarially determined contribution rate. The assumptions are as follows:

Valuation Date	August 31, 2016
Actuarial Cost Method	Ultimate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Remaining Amortization Period	33 Years
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.50%
Salary Increases	3.50% to 9.50% Including Inflation
Investment Rate of Return	8.00%
Ad hoc Post-Employment Benefit Changes	None
Benefit Changes During the Year	None

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Supplementary Information

MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

The debt service fund is used to account for revenues from property taxes levied specifically for debt service and earnings on temporary investments and the expenditure of these revenues for payment of long-term debt principal, interest and related fees.

KLEIN INDEPENDENT SCHOOL DISTRICT

Exhibit F-1

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES					
5700	Local, Intermediate, and Out-of-State	\$ 73,103,619	\$ 75,764,585	\$ 74,846,590	\$ (917,995)
5800	State Programs	2,171,106	2,262,456	2,459,847	197,391
5900	Federal Programs	1,669,364	1,669,364	1,667,572	(1,792)
5020	Total Revenues	76,944,089	79,696,405	78,974,009	(722,396)
EXPENDITURES					
Debt Service:					
0071	Principal on Long-term Debt	35,790,000	35,790,000	35,790,000	-
0072	Interest on Long-term Debt	42,536,150	43,856,250	43,856,249	1
0073	Bond Issuance Costs and Fees	30,000	1,141,796	12,995	1,128,801
6030	Total Expenditures	78,356,150	80,788,046	79,659,244	1,128,802
Excess (Deficiency) of Revenues Over (Under)					
1100	Expenditures	(1,412,061)	(1,091,641)	(685,235)	406,406
OTHER FINANCING SOURCES (USES)					
7916	Premium from Issuance of Bonds	-	1,094,877	-	(1,094,877)
7080	Total Other Financing Sources (Uses)	-	1,094,877	-	(1,094,877)
1200	Net Change in Fund Balance	(1,412,061)	3,236	(685,235)	(688,471)
0100	Fund Balance - Beginning	24,069,184	24,069,184	24,069,184	-
3000	Fund Balance - Ending	\$ 22,657,123	\$ 24,072,420	\$ 23,383,949	\$ (688,471)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

KLEIN INDEPENDENT SCHOOL DISTRICT

FUND DESCRIPTIONS

NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

ESEA Title I, Part A, Improving Basic Programs – To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, allocated to local educational agencies 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.

IDEA, Part B, Formula – To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, granted to operate educational programs for children with disabilities.

IDEA, Part B, Preschool – To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, granted for preschool children with disabilities.

National School Breakfast and Lunch Program – To account for receipt and expenditure of funds received from the U.S. Department of Agriculture, passed through the State Department of Agriculture and Education, to provide breakfast and lunch to school children and for other allowable child nutrition program purposes.

Career and Technical – Basic Grant – To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment.

ESEA Title II, Part A, Teacher and Principal Training and Recruiting – To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, provided to local education agencies 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 and to hold local education agencies and schools accountable for improving student academic achievement.

ESEA Title III, Part A, English Language Acquisition and Language Enhancement – To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, granted to improve the education of limited English proficient children, by assisting the children in learning the English language and to meet challenging State academic content and student academic achievement standards.

Medicaid Administrative Claiming Program – To account, on a project basis, for funds allocated to local educational agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid State Plan.

ESEA Title VI, Part A, Summer School LEP – To account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, for summer school programs for Limited English Proficient (LEP) students who will be eligible for admission to kindergarten and first grade at the beginning of the next school year.

State Supplemental Visually Impaired (SSVI) – To account, on a project basis, for funds received from the State Department of Education passed through Region IV Education Service Center, to provide educational and related services for students with visual impairments.

KLEIN INDEPENDENT SCHOOL DISTRICT

FUND DESCRIPTIONS

NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2017

Non-Educational Community-Based Support – To account, on a project basis, for funds received from the State Department of Education, passed through Region IV Education Service Center, for the provision of non-educational community-based support services to students with disabilities who would remain or have to be placed in residential facilities for educational reasons without the provision of these services.

Advanced Placement Incentives – To account, on a project basis, for funds awarded from the State Department of Education to school districts under the Texas Advanced Placement Award Incentive Program.

State Textbook Fund – To account, on a project basis, for funds provided through the State Department of Education to aide public school districts in the purchase of adopted instructional materials, technological equipment, and technology services.

State Funded Special Revenue Fund – To account, on a project basis, for funds from the State of Texas, awarded for reading materials for school libraries and professional development.

Pre-Kindergarten Grant Program – To account, on a project basis, for funds received from the State Department of Education to assist the District in providing high-quality Pre-Kindergarten.

Campus Activity Funds – To account for transactions related to a principal's activity fund that benefits students.

Klein ISD Education Foundation Grant – To account, on a project basis, for funds received from the Klein ISD Education Foundation to the Klein ISD for educator grants. These funds provide equipment, materials, and support to enrich, maintain, and expand programs needed to meet the District's stated mission of excellence in education.

Miscellaneous Donations – To account for donations made to the Therapeutic Education Program and the Visually Impaired Program by individuals and businesses for the benefit of students in these programs. The Therapeutic Education Program is a special education program serving students with disabilities which impact the students' social and behavioral functioning. The program serves a variety of students including many who reside in Child Protective Services residential treatment facilities within the District. The goal of the program is to successfully transition these students into the regular campus populations. The donations for the Visually Impaired Program are used to purchase various types of equipment.

Unite for Understanding – To account for funds received from community donations to help with the promotion of cultural diversity, equity, and mutual respect by providing a safe sanctuary environment for students through the collaboration of community and school leaders, social service organizations, and parents. Additional funds are generated through the creation and sale of items that promote and support cultural sensitivity.

Miscellaneous Grants – To account for funds awarded by other local sources with restricted purposes.

Jason Project-Chevron – To account for funds awarded by Chevron to implement online science curriculum, as a supplement and resource to the Klein ISD curriculum in grades K-12. The Jason Project offers innovative curriculum that aligns to the Texas Essential Knowledge and Skills standards, professional development for science teachers, and materials for student use.

Dual Credit Program – To account for funds awarded from Lone Star College System. The funds will allow high school students to earn dual course credit for immediate award of both high school credit and college certificate and/or associate degree credit.

Aquaponics Project – To account for grant funding for the addition of an Aquaponics garden at Wunderlich Intermediate to serve as a learning environment for student education and involvement.

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KLEIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AUGUST 31, 2017

Data Control Codes		211	224	225
		ESEA Title I		
		Part A		
		Improving		
		Basic	IDEA Part B	IDEA Part B
		Programs	Formula	Preschool
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	980,778	1,140,046	15,116
1260	Due from Other Funds	-	-	-
1290	Other Receivables	1,972	-	-
1300	Inventories, at Cost	-	-	-
1410	Prepaid Items	-	-	-
1000	Total Assets	\$ 982,750	\$ 1,140,046	\$ 15,116
LIABILITIES				
2110	Accounts Payable	\$ 80,977	\$ 32,300	\$ -
2160	Accrued Wages Payable	391,799	550,002	7,881
2170	Due to Other Funds	509,974	557,744	7,235
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	982,750	1,140,046	15,116
FUND BALANCES				
Nonspendable:				
3430	Prepaid Items	-	-	-
Restricted For:				
3450	Federal and State Grants	-	-	-
Committed To:				
3545	Other	-	-	-
3000	Total Fund Balances	-	-	-
4000	Total Liabilities and Fund Balances	\$ 982,750	\$ 1,140,046	\$ 15,116

240	244	255	263	272
National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A Teacher/Principal Training/Recruiting	ESEA Title III Part A English Language Acquisition and Enhancement	Medicaid Administrative Claiming Program
\$ 3,935,759	\$ -	\$ -	\$ -	\$ -
228,298	64,121	61,061	183,490	96,090
-	-	-	-	-
34,834	-	-	-	-
676,546	-	-	-	-
33,444	-	-	-	-
\$ 4,908,881	\$ 64,121	\$ 61,061	\$ 183,490	\$ 96,090
\$ 917,421	\$ 13,949	\$ -	\$ 40,721	\$ -
604,259	2,520	-	47,075	281
117,118	47,652	61,061	95,694	95,809
-	-	-	-	-
1,638,798	64,121	61,061	183,490	96,090
33,444	-	-	-	-
3,236,639	-	-	-	-
-	-	-	-	-
3,270,083	-	-	-	-
\$ 4,908,881	\$ 64,121	\$ 61,061	\$ 183,490	\$ 96,090

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AUGUST 31, 2017

		288	385	392
Data		ESEA Title VI	State	Non-
Control		Part A	Supplemental	Educational
Codes		Summer	Visually	Community-
		School LEP	Impaired	Based
				Support
	ASSETS			
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	22,737	-	11,900
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1300	Inventories, at Cost	-	-	-
1410	Prepaid Items	-	-	-
1000	Total Assets	\$ 22,737	\$ -	\$ 11,900
	LIABILITIES			
2110	Accounts Payable	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	2,980
2170	Due to Other Funds	22,737	-	8,920
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	22,737	-	11,900
	FUND BALANCES			
	Nonspendable:			
3430	Prepaid Items	-	-	-
	Restricted For:			
3450	Federal and State Grants	-	-	-
	Committed To:			
3545	Other	-	-	-
3000	Total Fund Balances	-	-	-
4000	Total Liabilities and Fund Balances	\$ 22,737	\$ -	\$ 11,900

397	410	427	429	461
Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds	Pre- Kindergarten Grant Program	Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ 5,656,999
-	2,629,651	13,300	525,714	-
52,443	-	4,781	-	40,906
-	-	-	-	-
-	-	-	-	-
-	1,039,425	-	-	-
<u>\$ 52,443</u>	<u>\$ 3,669,076</u>	<u>\$ 18,081</u>	<u>\$ 525,714</u>	<u>\$ 5,697,905</u>
\$ 475	\$ 467,320	\$ 169	\$ 244,642	\$ 126,465
-	-	17,850	-	150
-	3,201,756	-	281,072	952,177
-	-	-	-	46,305
<u>475</u>	<u>3,669,076</u>	<u>18,019</u>	<u>525,714</u>	<u>1,125,097</u>
-	-	-	-	-
51,968	-	62	-	-
-	-	-	-	4,572,808
51,968	-	62	-	4,572,808
<u>\$ 52,443</u>	<u>\$ 3,669,076</u>	<u>\$ 18,081</u>	<u>\$ 525,714</u>	<u>\$ 5,697,905</u>

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AUGUST 31, 2017

		482	483	486
Data		Klein ISD		
Control		Education	Miscellaneous	Unite for
Codes		Foundation	Donations	Understanding
		Grant		
ASSETS				
1110	<i>Cash and Cash Equivalents</i>	\$ -	\$ -	\$ -
1240	<i>Due from Other Governments</i>	-	-	-
1260	<i>Due from Other Funds</i>	69,549	37,768	7,179
1290	<i>Other Receivables</i>	-	130	-
1300	<i>Inventories, at Cost</i>	-	-	391
1410	<i>Prepaid Items</i>	-	-	-
1000	Total Assets	\$ 69,549	\$ 37,898	\$ 7,570
LIABILITIES				
2110	<i>Accounts Payable</i>	\$ 24,495	\$ 3,776	\$ -
2160	<i>Accrued Wages Payable</i>	-	-	-
2170	<i>Due to Other Funds</i>	-	-	-
2300	<i>Unearned Revenue</i>	45,054	-	-
2000	Total Liabilities	69,549	3,776	-
FUND BALANCES				
Nonspendable:				
3430	<i>Prepaid Items</i>	-	-	-
Restricted For:				
3450	<i>Federal and State Grants</i>	-	-	-
Committed To:				
3545	<i>Other</i>	-	34,122	7,570
3000	Total Fund Balances	-	34,122	7,570
4000	Total Liabilities and Fund Balances	\$ 69,549	\$ 37,898	\$ 7,570

488	489	490	491	
Miscellaneous Grants	Jason Project - Chevron	Dual Credit Program	Aquaponics Project	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 9,592,758
-	-	-	-	5,972,302
44,023	13,143	912,452	8,000	1,190,244
-	-	-	-	36,936
-	-	-	-	676,937
-	-	-	-	1,072,869
<u>\$ 44,023</u>	<u>\$ 13,143</u>	<u>\$ 912,452</u>	<u>\$ 8,000</u>	<u>\$ 18,542,046</u>
\$ 15,494	\$ -	\$ 1,709	\$ -	\$ 1,969,913
-	-	1,650	-	1,626,447
-	-	-	-	5,958,949
28,529	13,143	-	8,000	141,031
<u>44,023</u>	<u>13,143</u>	<u>3,359</u>	<u>8,000</u>	<u>9,696,340</u>
-	-	-	-	33,444
-	-	-	-	3,288,669
-	-	909,093	-	5,523,593
-	-	909,093	-	8,845,706
<u>\$ 44,023</u>	<u>\$ 13,143</u>	<u>\$ 912,452</u>	<u>\$ 8,000</u>	<u>\$ 18,542,046</u>

KLEIN INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		211	224	225
		ESEA Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool
	REVENUES			
5700	<i>Local, Intermediate, and Out-of-State</i>	\$ 12,348	\$ 1,358	\$ -
5800	<i>State Programs</i>	-	-	-
5900	<i>Federal Programs</i>	6,796,152	7,461,908	97,451
5020	Total Revenues	<u>6,808,500</u>	<u>7,463,266</u>	<u>97,451</u>
	EXPENDITURES			
	Current:			
0011	<i>Instruction</i>	4,267,675	5,310,751	97,451
0012	<i>Instructional Resources and Media Services</i>	54,213	-	-
0013	<i>Curriculum and Instructional Staff Development</i>	1,460,853	33,684	-
0021	<i>Instructional Leadership</i>	58,594	49,152	-
0023	<i>School Leadership</i>	70,157	-	-
0031	<i>Guidance, Counseling, and Evaluation Services</i>	141,924	2,050,946	-
0032	<i>Social Work Services</i>	-	-	-
0033	<i>Health Services</i>	1,152	14,532	-
0034	<i>Student Transportation</i>	12,800	3,563	-
0035	<i>Food Services</i>	-	-	-
0036	<i>Extracurricular Activities</i>	1,370	-	-
0041	<i>General Administration</i>	-	-	-
0051	<i>Plant Maintenance and Operations</i>	-	-	-
0052	<i>Security and Monitoring Services</i>	-	-	-
0061	<i>Community Services</i>	739,762	638	-
0081	<i>Facilities Acquisition and Construction</i>	-	-	-
6030	Total Expenditures	<u>6,808,500</u>	<u>7,463,266</u>	<u>97,451</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
	OTHER FINANCING SOURCES			
7912	<i>Sale of Real and Personal Property</i>	-	-	-
7915	<i>Transfers In</i>	-	-	-
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	-	-	-
0100	Fund Balances - Beginning	-	-	-
3000	Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240	244	255	263	272
National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A Teacher/Principal Training/Recruiting	ESEA Title III Part A English Language Acquisition and Enhancement	Medicaid Administrative Claiming Program
\$ 9,341,867	\$ 1,150	\$ 7	\$ 3,205	\$ -
593,004	-	-	-	-
13,652,706	289,373	495,403	895,814	128,418
<u>23,587,577</u>	<u>290,523</u>	<u>495,410</u>	<u>899,019</u>	<u>128,418</u>
-	131,111	-	317,315	-
-	-	-	-	-
-	69,078	494,518	521,486	-
-	28,587	-	-	-
-	10,614	892	7	-
-	12,619	-	49,250	-
-	-	-	-	-
-	-	-	-	128,418
-	-	-	-	-
23,673,901	-	-	-	-
-	38,514	-	-	-
-	-	-	-	-
290,656	-	-	-	-
-	-	-	-	-
-	-	-	10,961	-
-	-	-	-	-
<u>23,964,557</u>	<u>290,523</u>	<u>495,410</u>	<u>899,019</u>	<u>128,418</u>
(376,980)	-	-	-	-
5,155	-	-	-	-
70,000	-	-	-	-
<u>75,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(301,825)	-	-	-	-
3,571,908	-	-	-	-
<u>\$ 3,270,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	288 ESEA Title VI Part A Summer School LEP	385 State Supplemental Visually Impaired	392 Non- Educational Community- Based Support
REVENUES			
5700 <i>Local, Intermediate, and Out-of-State</i>	\$ -	\$ -	\$ -
5800 <i>State Programs</i>	-	20,000	87,200
5900 <i>Federal Programs</i>	25,225	-	-
5020 Total Revenues	<u>25,225</u>	<u>20,000</u>	<u>87,200</u>
EXPENDITURES			
Current:			
0011 <i>Instruction</i>	25,225	-	-
0012 <i>Instructional Resources and Media Services</i>	-	-	-
0013 <i>Curriculum and Instructional Staff Development</i>	-	-	-
0021 <i>Instructional Leadership</i>	-	-	-
0023 <i>School Leadership</i>	-	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	20,000	-
0032 <i>Social Work Services</i>	-	-	-
0033 <i>Health Services</i>	-	-	-
0034 <i>Student Transportation</i>	-	-	-
0035 <i>Food Services</i>	-	-	-
0036 <i>Extracurricular Activities</i>	-	-	-
0041 <i>General Administration</i>	-	-	-
0051 <i>Plant Maintenance and Operations</i>	-	-	-
0052 <i>Security and Monitoring Services</i>	-	-	-
0061 <i>Community Services</i>	-	-	87,200
0081 <i>Facilities Acquisition and Construction</i>	-	-	-
6030 Total Expenditures	<u>25,225</u>	<u>20,000</u>	<u>87,200</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES			
7912 <i>Sale of Real and Personal Property</i>	-	-	-
7915 <i>Transfers In</i>	-	-	-
7080 Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	-	-	-
0100 Fund Balances - Beginning	-	-	-
3000 Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

397	410	427	429	461
Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds	Pre- Kindergarten Grant Program	Campus Activity Funds
\$ -	\$ 62,224	\$ -	\$ -	\$ 6,906,558
21,150	4,290,036	23,888	771,585	-
-	-	-	-	-
<u>21,150</u>	<u>4,352,260</u>	<u>23,888</u>	<u>771,585</u>	<u>6,906,558</u>
-	6,145,887	-	727,137	16,421
-	95,978	1,047	-	-
33,656	-	23,800	40,713	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	6,793,002
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	3,735	-
-	-	-	-	93,351
<u>33,656</u>	<u>6,241,865</u>	<u>24,847</u>	<u>771,585</u>	<u>6,902,774</u>
(12,506)	(1,889,605)	(959)	-	3,784
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(12,506)	(1,889,605)	(959)	-	3,784
64,474	1,889,605	1,021	-	4,569,024
<u>\$ 51,968</u>	<u>\$ -</u>	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ 4,572,808</u>

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

		482	483	486
Data		Klein ISD		
Control		Education	Miscellaneous	Unite for
Codes		Foundation	Donations	Understanding
	REVENUES	Grant		
5700	<i>Local, Intermediate, and Out-of-State</i>	\$ 178,026	\$ 35,298	\$ 5,011
5800	<i>State Programs</i>	-	-	-
5900	<i>Federal Programs</i>	-	-	-
5020	Total Revenues	<u>178,026</u>	<u>35,298</u>	<u>5,011</u>
	EXPENDITURES			
	Current:			
0011	<i>Instruction</i>	106,407	5,861	-
0012	<i>Instructional Resources and Media Services</i>	35,781	-	-
0013	<i>Curriculum and Instructional Staff Development</i>	10,000	3,630	-
0021	<i>Instructional Leadership</i>	-	-	-
0023	<i>School Leadership</i>	-	-	-
0031	<i>Guidance, Counseling, and Evaluation Services</i>	-	-	-
0032	<i>Social Work Services</i>	-	3,616	-
0033	<i>Health Services</i>	-	1,163	-
0034	<i>Student Transportation</i>	-	-	-
0035	<i>Food Services</i>	-	-	-
0036	<i>Extracurricular Activities</i>	1,608	-	-
0041	<i>General Administration</i>	24,230	-	-
0051	<i>Plant Maintenance and Operations</i>	-	-	-
0052	<i>Security and Monitoring Services</i>	-	2,725	-
0061	<i>Community Services</i>	-	-	68
0081	<i>Facilities Acquisition and Construction</i>	-	-	-
6030	Total Expenditures	<u>178,026</u>	<u>16,995</u>	<u>68</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	18,303	4,943
	OTHER FINANCING SOURCES			
7912	<i>Sale of Real and Personal Property</i>	-	-	-
7915	<i>Transfers In</i>	-	-	-
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	-	18,303	4,943
0100	Fund Balances - Beginning	-	15,819	2,627
3000	Fund Balances - Ending	<u>\$ -</u>	<u>\$ 34,122</u>	<u>\$ 7,570</u>

488	489	490	491	
Miscellaneous Grants	Jason Project - Chevron	Dual Credit Program	Aquaponics Project	Total Nonmajor Governmental Funds
\$ 73,546	\$ 39,656	\$ 280,042	\$ -	\$ 16,940,296
-	-	-	-	5,806,863
-	-	-	-	29,842,450
<u>73,546</u>	<u>39,656</u>	<u>280,042</u>	<u>-</u>	<u>52,589,609</u>
27,830	22,583	155,191	-	17,356,845
-	-	-	-	187,019
38,355	14,504	4,000	-	2,748,277
790	1,660	-	-	138,783
4,205	-	-	-	85,875
100	-	3,015	-	2,277,854
-	-	-	-	3,616
233	-	-	-	145,498
-	-	-	-	16,363
-	-	-	-	23,673,901
-	-	-	-	6,834,494
750	-	-	-	24,980
-	-	-	-	290,656
-	-	-	-	2,725
1,283	909	-	-	844,556
-	-	-	-	93,351
<u>73,546</u>	<u>39,656</u>	<u>162,206</u>	<u>-</u>	<u>54,724,793</u>
-	-	117,836	-	(2,135,184)
-	-	-	-	5,155
-	-	-	-	70,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,155</u>
-	-	117,836	-	(2,060,029)
-	-	791,257	-	10,905,735
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 909,093</u>	<u>\$ -</u>	<u>\$ 8,845,706</u>

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KLEIN INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2017**

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES					
5700	Local, Intermediate, and Out-of-State	\$ 10,912,829	\$ 10,912,829	\$ 9,341,867	\$ (1,570,962)
5800	State Programs	625,000	625,000	593,004	(31,996)
5900	Federal Programs	13,128,485	13,144,411	13,652,706	508,295
5020	Total Revenues	24,666,314	24,682,240	23,587,577	(1,094,663)
EXPENDITURES					
Current:					
0035	Food Services	24,445,091	24,466,893	23,673,901	792,992
0051	Plant Maintenance and Operations	291,223	285,347	290,656	(5,309)
6030	Total Expenditures	24,736,314	24,752,240	23,964,557	787,683
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,000)	(70,000)	(376,980)	(306,980)
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real and Personal Property	-	-	5,155	5,155
7915	Transfers In	70,000	70,000	70,000	-
7080	Total Other Financing Sources (Uses)	70,000	70,000	75,155	5,155
1200	Net Change in Fund Balance	-	-	(301,825)	(301,825)
0100	Fund Balance - Beginning	3,571,908	3,571,908	3,571,908	-
3000	Fund Balance - Ending	\$ 3,571,908	\$ 3,571,908	\$ 3,270,083	\$ (301,825)

FIDUCIARY FUND

AGENCY FUND

The District's agency fund is used to account for assets held by the District as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

KLEIN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND
FOR THE YEAR ENDED AUGUST 31, 2017

Exhibit H-1

<u>AGENCY FUND:</u>					
Data Control Codes		Beginning Balance 9/1/2016	Additions	Deductions	Ending Balance 8/31/2017
ASSETS					
1110	<i>Cash and Cash Equivalents</i>	\$ 1,777,256	\$ 8,224,193	\$ 9,153,495	\$ 847,954
1290	<i>Other Receivables</i>	-	45,378	-	45,378
1000	Total Assets	\$ <u>1,777,256</u>	\$ <u>8,269,571</u>	\$ <u>9,153,495</u>	\$ <u>893,332</u>
LIABILITIES					
2110	<i>Accounts Payable</i>	\$ -	\$ 28,949	\$ -	\$ 28,949
2190	<i>Due to Student Groups</i>	1,777,256	8,240,622	9,153,495	864,383
2000	Total Liabilities	\$ <u>1,777,256</u>	\$ <u>8,269,571</u>	\$ <u>9,153,495</u>	\$ <u>893,332</u>

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COMPLIANCE SCHEDULE

The Compliance Schedule is required by the Texas Education Agency and is not a required disclosure in the Comprehensive Annual Financial Report.

KLEIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2017

Year Ended August 31	Tax Rates		Actual Taxable Value For School Tax Purposes
	Maintenance	Debt Service	
2008 and Prior Years	\$ Various	\$ Various	\$ Various
2009	1.04	0.27	11,053,766,596
2010	1.04	0.32	11,358,912,577
2011	1.04	0.37	11,174,259,635
2012	1.04	0.39	11,869,203,918
2013	1.04	0.40	11,734,906,867
2014	1.04	0.39	12,011,835,149
2015	1.04	0.35	13,977,844,058
2016	1.04	0.37	15,567,321,931
2017 School Year Under Audit	1.04	0.39	17,570,905,964
TOTALS			

Beginning Balance 9/1/2016	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/2017
\$ 926,051	\$ -	\$ 34,754	\$ 5,663	\$ (293,126)	\$ 592,508
338,275	-	7,557	1,962	(1,158)	327,598
332,136	-	10,761	3,311	(1,323)	316,741
336,000	-	20,344	7,238	(27)	308,391
398,833	-	32,521	12,195	10,362	364,479
480,405	-	72,980	28,069	41,972	421,328
647,136	-	97,976	36,741	34,386	546,805
933,769	-	184,602	62,126	(46,417)	640,624
2,887,913	-	825,976	293,857	(562,330)	1,205,750
-	251,263,955	193,045,494	72,660,551	18,079,185	3,637,095
\$ 7,280,518	\$ 251,263,955	\$ 194,332,965	\$ 73,111,713	\$ 17,261,524	\$ 8,361,319

Reconciliation of Ending Balance to Exhibit B-1:

Ending Balance at 8/31/17	\$ 8,361,319
Less: Uncollectible Taxes	(1,304,136)
Add: Penalties & Interest Accrued on Receivable Balance	4,089,589
Adjusted Ending Balance	<u>11,146,772</u>
Property Taxes Receivable (Net) per Exhibit B-1	<u>\$ 11,146,772</u>

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STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules present information to assist in assessing the affordability of the District's current debt burden and its ability to issue additional debt in the future. The District is not subject to a legal debt margin.

Demographic and Economic Information

These schedules offer demographic and economic indicators to aid in understanding the socioeconomic environment in which the District operates and to facilitate comparisons over time.

Operating Information

These schedules contain 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.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

KLEIN INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ 79,527,264	\$ 79,488,178	\$ 83,664,009	\$ 86,495,792
Restricted	27,472,410	30,206,175	27,859,732	26,179,487
Unrestricted	71,495,159	86,653,877	87,141,699	129,960,846
Total Primary Government Net Position	\$ <u>178,494,833</u>	\$ <u>196,348,230</u>	\$ <u>198,665,440</u>	(1) \$ <u>242,636,125</u>

(1) Net position decreased primarily due to a prior period adjustment for GASB 68.

Table 1

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 91,841,007	\$ 97,566,894	\$ 116,250,408	\$ 97,112,148	\$ 104,157,550	\$ 103,341,789
21,083,922	17,712,203	27,516,920	27,392,482	30,588,549	27,171,650
124,057,805	125,344,755	110,003,812	106,680,037	90,111,225	86,626,810
<u>\$ 236,982,734</u>	<u>\$ 240,623,852</u>	<u>\$ 253,771,140</u>	<u>\$ 231,184,667</u>	<u>\$ 224,857,324</u>	<u>\$ 217,140,249</u>

KLEIN INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses				
Governmental Activities:				
Instruction	\$ 302,562,778	\$ 304,113,383	\$ 266,100,967	\$ 261,995,657
Instructional Resources and Media Services	5,872,131	5,366,476	5,053,079	5,141,715
Curriculum and Instructional Staff Development	13,918,101	13,238,508	12,142,990	10,638,923
Instructional Leadership	4,708,140	3,863,525	3,488,463	3,220,638
School Leadership	30,958,352	30,545,804	27,312,594	25,250,622
Guidance, Counseling, and Evaluation Services	25,963,997	24,868,239	22,147,773	20,005,177
Social Work Services	392,916	437,881	344,491	342,695
Health Services	5,765,440	5,484,771	4,831,391	4,674,883
Student Transportation	14,669,296	13,563,441	12,804,878	12,620,591
Food Services	25,390,491	24,183,474	24,108,723	23,533,970
Extracurricular Activities	16,450,685	15,584,454	15,215,849	8,093,036
General Administration	10,581,827	10,759,626	9,119,865	8,574,785
Plant Maintenance and Operations	35,126,854	34,208,250	31,768,702	32,035,346
Security and Monitoring Services	6,128,003	6,230,356	5,953,900	5,103,168
Data Processing Services	10,646,336	11,331,790	9,273,936	9,412,906
Community Services	1,413,527	1,025,017	892,063	842,374
Interest on Long-term Debt	42,018,764	38,708,632	36,248,469	33,162,655
Bond Issuance Costs and Fees	1,098,266	1,343,134	2,001,163	504,392
Facilities Repair and Maintenance	14,507,936	3,063,663	5,484,843	2,388,678
Payments to Shared Services Arrangements	554,092	531,338	446,994	428,169
Payments to Juvenile Justice Alternative Ed. Programs	204,017	241,501	273,555	195,232
Other Intergovernmental Charges	1,990,384	1,830,644	1,730,065	1,498,385
Total Primary Government Expenses	<u>570,922,333</u>	<u>550,523,907</u>	<u>496,744,753</u>	<u>469,663,997</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	503,180	544,373	576,518	6,249,630
Food Services	9,201,747	9,681,304	9,675,609	9,462,827
Extracurricular Activities	7,586,968	7,748,386	7,954,832	972,415
Other Activities	876,229	877,044	2,076,814	801,287
Operating Grants and Contributions	63,735,482	72,598,700	65,067,570	63,705,418
Total Primary Government Program Revenues	<u>81,903,606</u>	<u>91,449,807</u>	<u>85,351,343</u>	<u>81,191,577</u>
Net (Expense)/Revenue				
Total Primary Government Net Expense	<u>\$ (489,018,727)</u>	<u>\$ (459,074,100)</u>	<u>\$ (411,393,410)</u>	<u>\$ (388,472,420)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes, Levied for General Purposes	\$ 196,607,111	\$ 179,128,104	\$ 162,012,918	\$ 143,367,503
Property Taxes, Levied for Debt Service	74,706,981	63,292,880	54,807,873	54,028,207
Investment Earnings	2,687,183	1,293,324	951,706	340,241
Grants and Contributions Not Restricted to Specific Programs	194,835,547	210,649,814	206,980,778	194,177,589
Miscellaneous	3,720,690	2,392,768	1,068,558	2,212,271
Extraordinary Items	(1,392,182)	-	-	-
Total Primary Government General Revenues and Changes in Net Position	<u>471,165,330</u>	<u>456,756,890</u>	<u>425,821,833</u>	<u>394,125,811</u>
Extraordinary Item - Gain from Insurance Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position - Total Primary Government	<u>\$ (17,853,397)</u>	<u>\$ (2,317,210)</u>	<u>\$ 14,428,423</u>	<u>\$ 5,653,391</u>

Table 2

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 237,402,727	\$ 228,428,016	\$ 226,936,309	\$ 227,259,298	\$ 210,080,162	\$ 205,680,181
4,735,979	4,597,243	4,665,295	4,676,195	4,571,064	4,718,509
8,791,759	7,383,084	8,884,156	8,555,952	8,237,518	7,158,484
2,793,028	2,816,981	3,233,607	3,051,479	2,847,376	3,343,346
22,703,876	21,257,601	22,680,296	21,530,470	20,759,231	20,316,532
17,245,827	16,053,051	16,725,075	16,175,961	15,725,641	15,350,307
341,274	335,801	311,120	284,689	232,713	205,422
3,973,678	3,758,239	3,927,511	3,744,745	3,506,935	3,404,158
11,421,613	10,293,905	7,740,516	10,320,720	10,014,649	10,124,859
21,063,851	20,463,403	20,424,181	18,317,408	16,754,450	16,772,892
7,264,382	7,096,837	7,072,470	7,016,028	6,988,560	6,236,396
7,553,949	7,017,401	7,130,879	6,995,391	7,127,181	7,049,686
30,318,968	30,342,379	30,875,139	32,141,123	34,547,230	33,360,736
4,422,906	4,157,771	4,630,736	3,956,517	3,545,021	3,421,982
7,348,984	7,235,616	7,099,607	6,550,447	5,627,867	4,532,509
820,411	758,595	812,290	797,016	678,202	758,332
32,297,830	31,923,267	29,288,228	26,158,019	24,376,255	17,623,239
1,028,515	30,312	572,296	293,400	238,368	154,208
6,098,178	21,537,898	(8,862,409)	7,151,895	4,430,405	4,330,227
417,838	442,927	373,556	413,808	384,219	-
116,444	95,784	59,982	92,232	351,446	339,900
1,447,764	1,489,863	1,489,965	1,441,158	1,380,616	1,191,508
<u>429,609,781</u>	<u>427,515,974</u>	<u>396,070,805</u>	<u>406,923,951</u>	<u>382,405,109</u>	<u>366,073,413</u>
6,773,107	5,811,787	416,506	475,413	654,875	682,393
9,420,047	8,842,033	9,158,425	9,492,564	9,480,182	9,778,360
924,248	927,954	6,936,180	6,463,566	6,445,225	8,550,857
275,758	225,114	154,445	185,458	202,065	250,170
<u>56,014,013</u>	<u>65,592,853</u>	<u>68,781,819</u>	<u>68,483,283</u>	<u>46,304,943</u>	<u>39,349,792</u>
<u>73,407,173</u>	<u>81,399,741</u>	<u>85,447,375</u>	<u>85,100,284</u>	<u>63,087,290</u>	<u>58,611,572</u>
<u>\$ (356,202,608)</u>	<u>\$ (346,116,233)</u>	<u>\$ (310,623,430)</u>	<u>\$ (321,823,667)</u>	<u>\$ (319,317,819)</u>	<u>\$ (307,461,841)</u>
\$ 132,808,947	\$ 131,996,247	\$ 130,391,777	\$ 134,619,451	\$ 133,668,302	\$ 122,691,376
51,399,561	49,968,675	46,602,489	41,700,392	34,519,630	25,832,907
656,765	403,110	542,000	1,215,906	5,401,383	6,233,386
171,074,720	150,136,654	155,453,082	150,113,558	150,243,370	150,528,732
708,269	464,259	220,555	501,703	646,540	6,328
-	-	-	-	-	-
<u>356,648,262</u>	<u>332,968,945</u>	<u>333,209,903</u>	<u>328,151,010</u>	<u>324,479,225</u>	<u>305,292,729</u>
-	-	-	-	2,555,669	-
<u>\$ 445,654</u>	<u>\$ (13,147,288)</u>	<u>\$ 22,586,473</u>	<u>\$ 6,327,343</u>	<u>\$ 7,717,075</u>	<u>\$ (2,169,112)</u>

KLEIN INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund (2)				
Nonspendable	\$ 2,102,815	\$ 1,783,786	\$ 2,031,540	\$ 2,077,777
Restricted	1,758,031	3,075,533	3,007,210	3,212,274
Committed	-	14,045,900	14,691,800	-
Assigned	61,782,500	80,899,438	58,727,022	79,111,760
Unassigned	72,038,231	46,078,491	60,624,373	43,880,808
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	\$ <u>137,681,577</u>	\$ <u>145,883,148</u>	\$ <u>139,081,945</u>	\$ <u>128,282,619</u>
All Other Governmental Funds (2)				
Nonspendable	\$ 33,444	\$ 756,393	\$ 692,248	\$ 835,914
Restricted	119,403,922	102,530,553	245,078,831	69,288,389
Committed	5,523,593	5,378,336	4,923,894	4,634,190
Reserved (3)	-	-	-	-
Total All Other Governmental Funds	\$ <u>124,960,959</u>	\$ <u>108,665,282</u>	\$ <u>250,694,973</u>	\$ <u>74,758,493</u>

- (1) Beginning with fiscal year 2011, GASB Statement No. 54 provides more clearly defined fund balance categories.
- (2) The increases/decreases in fund balances are explained in the governmental funds section of the Management's Discussion and Analysis.
- (3) The fluctuations were primarily due to the unspent bond proceeds for capital projects.

Table 3

<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 2,398,595	\$ 2,397,862	\$ 2,277,226	\$ -	\$ -	\$ -
3,347,006	3,200,295	3,156,524	-	-	-
1,415,000	3,300,000	3,700,000	-	-	-
74,336,973	52,554,775	48,703,900	-	-	-
35,843,498	50,168,919	46,782,498	-	-	-
-	-	-	18,631,069	17,698,183	16,118,884
-	-	-	77,455,372	62,813,933	57,359,080
<u>\$ 117,341,072</u>	<u>\$ 111,621,851</u>	<u>\$ 104,620,148</u>	<u>\$ 96,086,441</u>	<u>\$ 80,512,116</u>	<u>\$ 73,477,964</u>
\$ 626,940	\$ 623,138	\$ 681,239	\$ -	\$ -	\$ -
70,449,813	105,908,645	183,231,527	-	-	-
7,945,659	7,313,627	6,738,527	-	-	-
-	-	-	189,426,064	176,879,854	212,621,875
<u>\$ 79,022,412</u>	<u>\$ 113,845,410</u>	<u>\$ 190,651,293</u>	<u>\$ 189,426,064</u>	<u>\$ 176,879,854</u>	<u>\$ 212,621,875</u>

KLEIN INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES				
Local, Intermediate, and Out-of-State	\$ 294,654,365	\$ 266,519,005	\$ 239,358,880	\$ 217,841,699
State Programs	216,482,265 (4)	236,563,481 (4)	238,088,445	223,969,748
Federal Programs	<u>37,833,273</u>	<u>36,472,254</u>	<u>33,996,147</u>	<u>32,230,586</u>
Total Revenues	<u>548,969,903</u>	<u>539,554,740</u>	<u>511,443,472</u>	<u>474,042,033</u>
EXPENDITURES				
Current:				
Instruction (1)	280,378,113	278,892,090	254,931,476	244,961,463
Instructional Resources and Media Services	5,521,936	5,150,327	4,829,600	4,812,891
Curriculum and Instructional Staff Development	13,084,592	13,118,808	12,018,105	10,272,298
Instructional Leadership	4,414,194	3,761,756	3,449,797	3,194,789
School Leadership	28,828,086	27,862,437	26,266,362	23,646,088
Guidance, Counseling, and Evaluation Services	24,438,551	23,528,336	21,595,133	19,118,162
Social Work Services	389,809	435,507	350,430	342,660
Health Services	5,379,602	5,032,069	4,626,359	4,331,424
Student Transportation	13,066,425	14,299,437	12,132,350	11,733,461
Food Services	23,673,901	23,023,338	22,901,090	22,398,855
Extracurricular Activities	15,681,648	14,393,470	14,733,324	7,340,347
General Administration	10,371,524	9,511,006	9,222,576	8,541,307
Plant Maintenance and Operations	33,455,017	32,768,680	30,474,136	30,801,398
Security and Monitoring Services	6,021,987	5,953,443	5,658,847	5,079,679
Data Processing Services	10,411,220	10,365,775	7,776,823	7,129,217
Community Services	1,435,557	1,040,869	926,002	836,262
Debt Service: (2)				
Principal on Long-term Debt	35,790,000	31,955,000	30,775,000	33,375,232
Interest on Long-term Debt	43,856,249	40,610,877	37,739,074	34,609,848
Bond Issuance Costs and Fees	1,098,266	1,343,134	2,001,163	29,160
Capital Outlay:				
Facilities Acquisition and Construction (3)	140,575,834	130,389,392	76,413,336	40,883,290
Intergovernmental:				
Payments to Shared Services Arrangements	554,092	531,338	446,994	428,169
Payments to Juvenile Justice Alternative Education Programs	204,017	241,501	273,555	195,232
Other Intergovernmental Charges	<u>1,990,384</u>	<u>1,830,644</u>	<u>1,730,065</u>	<u>1,498,385</u>
Total Expenditures	<u>700,621,004</u>	<u>676,039,234</u>	<u>581,271,597</u>	<u>515,559,617</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(151,651,101)</u>	<u>(136,484,494)</u>	<u>(69,828,125)</u>	<u>(41,517,584)</u>
OTHER FINANCING SOURCES (USES) AND EXTRAORDINARY ITEMS				
Issuance of Capital-Related Bonds	145,890,000	-	242,015,000	44,000,000
Issuance of Refunding Bonds	-	152,870,000	62,585,000	-
Premium/Discount from Issuance of Bonds	15,204,877	19,984,986	24,217,299	899,845
Sale of Real and Personal Property	42,512	153,079	324,532	1,710,665
Insurance Proceeds	-	-	-	-
Transfers In	70,000	68,750	67,500	3,052,202
Transfers Out	(70,000)	(68,750)	(67,500)	(1,467,500)
Payment to Refunded Bond Escrow Agent	-	(171,482,842)	(72,577,900)	-
Loss from Tornado & Fire Damage	<u>(1,392,182)</u>	<u>(269,217)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses) and Extraordinary Items	<u>159,745,207</u>	<u>1,256,006</u>	<u>256,563,931</u>	<u>48,195,212</u>
Net Change in Fund Balances	\$ <u>8,094,106</u>	\$ <u>(135,228,488)</u>	\$ <u>186,735,806</u>	\$ <u>6,677,628</u>
Debt Service as a Percentage of Noncapital Expenditures (2)	13.92%	13.35%	13.48%	14.35%

(1) Expenditures for instruction have risen over the past ten years due to fast student growth.

(2) Noncapital expenditures consist of total expenditures less capital outlays noted in the reconciliation of governmental funds to governmental activities. Debt service includes principal and interest only.

(3) Fluctuations are due to changes in annual construction contracts.

(4) Decrease in state aid is due to the increase in property taxes related to property value increases.

Table 4

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 204,262,883	\$ 199,547,347	\$ 195,135,296	\$ 194,875,123	\$ 190,512,938	\$ 174,177,819
193,988,410	178,791,537	174,003,953	169,083,287	170,277,202	170,279,933
32,303,258	36,168,738	49,596,155	49,054,502	25,877,121	19,304,146
<u>430,554,551</u>	<u>414,507,622</u>	<u>418,735,404</u>	<u>413,012,912</u>	<u>386,667,261</u>	<u>363,761,898</u>
228,421,970	219,544,329	215,421,836	219,506,912	199,711,365	195,999,862
4,528,306	4,404,689	4,540,607	4,488,172	4,374,549	4,442,226
8,630,149	7,279,333	8,634,881	8,377,827	7,996,284	7,031,380
2,740,767	2,786,900	3,199,092	2,965,176	2,851,314	3,221,640
21,601,616	20,242,960	21,314,541	20,500,683	19,722,736	19,041,209
16,652,008	15,552,339	15,976,596	15,525,757	15,035,619	14,811,425
340,865	335,717	308,251	287,298	230,988	196,320
3,749,147	3,576,446	3,692,921	3,571,320	3,336,767	3,247,089
10,513,598	9,831,779	11,623,856	10,725,430	11,060,564	10,925,173
20,090,723	19,629,942	19,169,730	17,973,253	16,273,457	16,403,006
6,822,027	6,645,847	6,643,691	6,641,773	6,588,311	6,145,935
7,575,212	6,997,310	7,045,050	6,932,585	7,017,191	6,885,302
29,397,947	30,019,180	30,118,417	31,281,461	34,013,437	33,100,207
4,340,696	4,072,466	4,501,082	3,780,272	3,317,685	3,398,784
5,835,742	5,833,107	5,608,809	5,405,260	4,917,412	4,164,092
832,559	749,323	803,375	787,212	689,974	751,463
29,154,981	28,207,440	23,555,000	23,620,000	19,235,000	17,255,000
34,138,584	31,695,184	30,610,055	25,456,550	24,159,633	17,581,029
1,023,534	353,053	579,357	1,528,515	549,355	1,846,235
60,499,465	122,218,814	77,836,659	103,993,554	81,917,265	35,543,367
417,838	442,927	373,556	413,808	384,219	-
116,444	95,784	59,982	92,232	351,446	339,900
1,447,764	1,489,863	1,489,965	1,441,158	1,380,616	1,191,508
<u>498,871,942</u>	<u>542,004,732</u>	<u>493,107,309</u>	<u>515,296,208</u>	<u>465,115,187</u>	<u>403,522,152</u>
<u>(68,317,391)</u>	<u>(127,497,110)</u>	<u>(74,371,905)</u>	<u>(102,283,296)</u>	<u>(78,447,926)</u>	<u>(39,760,254)</u>
36,840,000	51,115,000	83,900,000	127,000,000	45,000,000	200,000,000
69,945,000	18,390,000	-	29,240,000	17,125,000	16,905,000
13,331,052	8,291,398	111,617	6,408,464	2,348,997	4,159,604
490,855	168,546	119,224	114,632	128,742	133,905
-	38,834	-	127,127	3,456,899	88,228
65,000	1,512,268	85,000	3,152,886	80,000	9,380,000
(65,000)	(1,512,268)	(85,000)	(3,152,886)	(80,000)	(9,380,000)
(81,393,293)	(20,310,848)	-	(32,486,392)	(18,319,581)	(19,368,536)
-	-	-	-	-	-
<u>39,213,614</u>	<u>57,692,930</u>	<u>84,130,841</u>	<u>130,403,831</u>	<u>46,816,497</u>	<u>201,918,201</u>
\$ (29,103,777)	\$ (69,804,180)	\$ 9,758,936	\$ 28,120,535	\$ (28,707,869)	\$ 162,157,947
14.36%	13.67%	13.64%	11.90%	11.26%	9.45%

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

Table 5

Fiscal Year Ended 8/31:	Assessed Value (3)			Actual Taxable Value	Total Direct Rate (2)
	Real Property Value (1)	Personal Property Value (1)	Less: Exemptions		
2017	\$ 19,666,654,889	\$ 1,518,378,340	\$ 3,614,127,265	\$ 17,570,905,964	\$ 1.4300
2016	17,484,252,247	1,701,877,578	3,618,807,894	15,567,321,931	1.4100
2015	15,345,634,575	1,539,123,969	2,906,914,486	13,977,844,058	1.3900
2014	13,632,247,916	750,942,078	2,371,354,845	12,011,835,149	1.4300
2013	13,229,882,647	1,193,301,696	2,688,277,476	11,734,906,867	1.4400
2012	13,374,069,141	1,009,325,197	2,514,190,420	11,869,203,918	1.4300
2011	12,597,717,816	1,064,690,098	2,488,148,279	11,174,259,635	1.4100
2010	12,544,497,254	1,196,994,058	2,382,578,735	11,358,912,577	1.3600
2009	12,267,306,678	909,438,362	2,122,978,444	11,053,766,596	1.3100
2008	11,140,791,894	732,072,102	1,799,354,439	10,073,509,557	1.2600

(1) The value is the appraised value at original certification and fluctuates due to property owner protests and preliminary appraisal values at the time of certification.

(2) Tax Rates are per \$100 of actual taxable value.

(3) Information to present more categories of assessed value is not readily available.

Source: Harris County (Texas) Appraisal District annually provides the District's tax office with appraised values for properties within the District's taxing authority. Appraised value equals assessed value. Assessed value less exemptions equals actual taxable value. Actual taxable value times the tax rate set by the District's Board of Trustees each fall equals the tax levy.

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

<u>Taxing Authority</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Overlapping Rates:</u>				
Bilma PUD	\$ 0.5300	\$ 0.5600	\$ 0.5700	\$ 0.5900
Bridgestone MUD	0.5500	0.6000	0.7100	0.7500
Charterwood MUD	0.4200	0.4400	0.5400	0.5900
Cypress Forest PUD	0.2800	0.2930	0.3219	0.3240
Cypress Klein UD	0.1500	0.1700	0.2000	0.2200
Cypresswood UD	0.3600	0.3500	0.3600	0.3700
Dowdell PUD	0.8500	0.9000	0.9200	0.9200
Encanto Real UD	0.9875	0.9875	0.9875	0.9875
Fountainhead MUD	0.6050	0.6300	0.6500	0.6700
Harris County MUD No. 1	0.8000	0.9200	0.9700	1.0200
Harris County MUD No. 24	0.5100	0.5400	0.5700	0.5900
Harris County MUD No. 104	0.4350	0.4800	0.5000	0.5500
Harris County MUD No. 118	0.5700	0.6400	0.7200	0.7200
Harris County MUD No. 119	0.4610	0.4850	0.4850	0.5150
Harris County MUD No. 150	0.7600	0.8400	0.9400	0.9800
Harris County MUD No. 180	0.7550	0.7950	0.8300	0.9800
Harris County MUD No. 202	1.2500	1.2500	1.2500	1.2500
Harris County MUD No. 275	0.9000	0.9000	0.9000	1.0000
Harris County MUD No. 316	0.5100	0.5300	0.6000	0.6700
Harris County MUD No. 366	0.1800	0.2000	0.2000	0.2500
Harris County MUD No. 367	0.6200	0.6700	0.6850	0.7000
Harris County MUD No. 368	0.7200	0.7900	0.8700	0.9950
Harris County MUD No. 383	0.7700	0.8400	0.8900	0.9400
Harris County MUD No. 401	1.0500	1.1300	1.1850	1.2500
Harris County MUD No. 468	0.6650	0.7400	0.7900	0.8400
Harris County MUD No. 530	1.2500	0.0000	0.0000	0.0000
Harris County WC&ID No. 109	0.2500	0.2500	0.2500	0.2500
Harris County WC&ID No. 110	0.4300	0.4400	0.4600	0.5300
Harris County WC&ID No. 114	0.2500	0.2500	0.3000	0.3000
Harris County WC&ID No. 116	0.2150	0.1000	0.1000	0.1000
Harris County WC&ID No. 119	0.4800	0.5200	0.5400	0.5900
Harris County WC&ID No. 132	0.4400	0.4700	0.4800	0.4500
Harris County WC&ID No. 133	0.8000	0.9400	0.9700	0.9900
Heatherloch MUD	0.3900	0.3900	0.3950	0.3950
Klein PUD	0.4300	0.4300	0.4300	0.4300
Kleinwood MUD	0.4050	0.4300	0.4700	0.5300
Lonestar College System (1)	0.1078	0.1079	0.1081	0.1160
Louetta North PUD	0.2600	0.2700	0.2800	0.3100
Louetta Road UD	0.4325	0.4400	0.4750	0.5000
Meadowhill Regional MUD (2)	0.7900	0.7900	0.7900	0.8750
Northampton MUD	0.5800	0.6100	0.6100	0.6100
Northampton MUD - Defined Area	0.6400	0.0000	0.0000	0.0000
Northwest Harris County MUD No. 6	0.3830	0.3900	0.3900	0.3900
Northwest Harris County MUD No. 19	0.8200	0.8800	0.9900	1.1200
Northwest Harris County MUD No. 24	0.6000	0.7000	0.8000	0.8300
Northwest Harris County MUD No. 28	0.6600	0.6800	0.6800	0.6800
Northwest Harris County MUD No. 30	0.6800	0.7200	0.7500	0.8000
Northwest Harris County MUD No. 32	0.7000	0.7200	0.7900	0.8950
Northwest Harris County MUD No. 36	0.7950	0.8100	0.8500	0.8660
Northwest Park MUD	0.4400	0.4500	0.4800	0.5200
Oakmont PUD	0.9000	1.0000	1.1000	1.2400
Shasla PUD	0.9550	1.0100	1.0900	1.1900
Spring Creek Forest PUD	0.4700	0.4650	0.4750	0.4900
Spring West MUD	0.8200	0.8200	0.9000	0.9800
Terranova West MUD	0.6400	0.6500	0.6800	0.6900
Harris County (3)	\$ 0.4166	\$ 0.4192	\$ 0.4173	\$ 0.6363
Houston, City of	0.5864	0.6011	0.6311	0.6388
Total Harris County/City of Houston	\$ <u>1.0030</u>	\$ <u>1.0203</u>	\$ <u>1.0484</u>	\$ <u>1.2751</u>
<u>District Direct Rates (4):</u>				
Maintenance & Operations	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400
Debt Service	0.3900	0.3700	0.3500	0.3900
Total District Direct Rates	\$ <u>1.4300</u>	\$ <u>1.4100</u>	\$ <u>1.3900</u>	\$ <u>1.4300</u>

(1) Formerly North Harris Montgomery CCD.

(2) Meadowhill Regional MUD formerly Dove Meadows MUD.

(3) Includes Harris County, Harris County Flood Control District, Hospital District, Dept. of Education and Port of Houston Authority.

Source: Harris County Appraisal District

Table 6

2013	2012	2011	2010	2009	2008
\$ 0.5900	\$ 0.5900	\$ 0.5600	\$ 0.5600	\$ 0.5500	\$ 0.5500
0.7500	0.7500	0.7500	0.7500	0.7500	0.7500
0.6400	0.6400	0.6400	0.6400	0.6500	0.7000
0.3240	0.3240	0.3100	0.3100	0.3040	0.3000
0.2400	0.2500	0.2450	0.2300	0.2300	0.2320
0.3700	0.3000	0.2500	0.2500	0.2500	0.2500
0.9200	0.8800	0.8500	0.8500	0.8500	0.8500
0.9875	0.9400	0.9400	0.9400	0.9400	0.9600
0.6700	0.6700	0.5500	0.5350	0.5100	0.5100
1.0300	1.0400	1.0400	1.0500	1.0500	1.0600
0.6000	0.6000	0.6000	0.6000	0.5800	0.6000
0.5500	0.5500	0.5500	0.5500	0.5500	0.6200
0.7200	0.6500	0.6000	0.6000	0.6500	0.6500
0.4700	0.4600	0.4600	0.4600	0.4600	0.4600
0.9800	0.9500	0.9300	0.8500	0.8500	0.8500
0.9800	0.9000	0.9000	0.9000	0.9000	0.9000
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
1.0000	1.1000	1.3500	1.3500	1.3500	1.3500
0.7200	0.7200	0.7500	0.7200	0.7500	0.8000
0.2500	0.2500	0.2500	0.2500	0.2500	0.3200
0.7000	0.7100	0.7400	0.7500	0.7700	0.7800
0.9950	0.9450	0.9300	0.9300	0.9300	0.9600
0.9400	0.9400	0.9400	0.9400	0.9800	1.0800
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
0.8500	0.8500	0.8500	0.8500	0.8500	0.8500
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
0.5400	0.5500	0.5500	0.5300	0.5000	0.5000
0.3000	0.3000	0.3000	0.3000	0.1000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1750
0.5900	0.5500	0.5500	0.5500	0.5500	0.5500
0.4400	0.3900	0.3500	0.3500	0.3500	0.3500
0.9900	0.9900	0.9900	0.8200	0.7600	0.7000
0.3950	0.3750	0.3750	0.3600	0.3600	0.3600
0.4300	0.4300	0.4280	0.4150	0.3750	0.3750
0.5600	0.6000	0.6300	0.6300	0.6300	0.6500
0.1198	0.1210	0.1176	0.1101	0.1101	0.1144
0.3600	0.4200	0.4200	0.4300	0.4600	0.4800
0.5000	0.4900	0.4900	0.4850	0.4500	0.4500
0.9400	0.9400	0.9400	0.9400	0.9800	0.9800
0.6100	0.6100	0.6100	0.6100	0.6100	0.6100
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.3900	0.3900	0.3900	0.3900	0.3900	0.3900
1.1200	1.1200	1.0900	1.0300	1.0300	1.0300
0.8300	0.8300	0.8800	1.0000	1.0700	1.1000
0.6800	0.6800	0.6800	0.6800	0.6500	0.6500
0.8000	0.8000	0.8000	0.7700	0.7200	0.7200
0.9100	0.9100	0.9100	0.9100	1.0100	1.0200
0.8660	0.8300	0.8300	0.8300	0.7700	0.7800
0.5500	0.5200	0.5000	0.4800	0.4300	0.4300
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
1.0950	0.9680	0.9680	0.9400	0.9400	0.7500
0.4950	0.4950	0.4950	0.4950	0.4700	0.4700
1.0200	1.0500	1.0600	1.0900	1.0900	1.0900
0.6900	0.6900	0.6900	0.6900	0.6900	0.6600
\$ 0.6366	\$ 0.6366	\$ 0.6366	\$ 0.6360	\$ 0.6358	\$ 0.6358
0.6388	0.6388	0.6388	0.6388	0.6388	0.6438
<u>\$ 1.2754</u>	<u>\$ 1.2754</u>	<u>\$ 1.2754</u>	<u>\$ 1.2748</u>	<u>\$ 1.2746</u>	<u>\$ 1.2796</u>
\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400
0.4000	0.3900	0.3700	0.3200	0.2700	0.2200
<u>\$ 1.4400</u>	<u>\$ 1.4300</u>	<u>\$ 1.4100</u>	<u>\$ 1.3600</u>	<u>\$ 1.3100</u>	<u>\$ 1.2600</u>

- (4) The District voted its maintenance tax under former Article 2784e-1 which provided for a maximum maintenance tax rate of \$1.50 per \$100 actual taxable valuation. Effective with the 2006-07 fiscal year, State legislation limits the rate to the lesser of \$1.50 or the sum of the product of the "state compression percentage" multiplied by \$1.50 plus \$0.17 (contingent upon voter approval). Section 45.003(b)(1) of the Texas Education Code provides for an unlimited tax rate for debt service if the District has met the ability to pay standards as outlined in Chapter 45 of the Texas Education Code.

KLEIN INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Table 7

Taxpayer	2017			2008		
	Actual Taxable Value (1)	Rank	Percentage of Actual Taxable Value (2)	Actual Taxable Value (1)	Rank	Percentage of Actual Taxable Value (3)
National Oilwell, Inc.	\$ 188,851,764	1	1.07%	\$ 40,127,090	7	0.40%
Centerpoint Energy	120,542,259	2	0.69%	87,065,433	2	0.86%
HP Enterprise Services LLC	107,870,138	3	0.61%	-	-	-
Hewlett Packard	104,019,888	4	0.59%	240,096,638	1	2.38%
Vintage Dunhill LLC	79,944,261	5	0.45%	30,359,434	10	0.30%
Eastgroup Properties LP	79,575,446	6	0.45%	-	-	-
Liberty Property	67,144,155	7	0.38%	-	-	-
Kroger	62,312,196	8	0.35%	33,282,712	9	0.33%
NOV Rig Solutions	61,279,429	9	0.35%	-	-	-
Beltway Lakes I&II LP	57,168,951	10	0.33%	-	-	-
Weingarten Realty	-	-	-	61,916,539	3	0.61%
Southwestern Bell Telephone Co.	-	-	-	42,036,587	5	0.42%
IHR Vintage Park Partners LP	-	-	-	41,671,696	6	0.41%
V & W Partners LTD	-	-	-	34,677,238	8	0.34%
ABB Vetco Gray, Inc.	-	-	-	45,279,893	4	0.45%
TOTALS	\$ 928,708,487		5.27%	\$ 656,513,260		6.50%

(1) Actual taxable value equals assessed value after exemptions.

(2) Actual taxable value equals: \$ 17,570,905,964

(3) Actual taxable value equals: \$ 10,073,509,557

Source: Harris County (Texas) Appraisal District

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

Table 8

Fiscal Year Ended 8/31:	Net Tax Levy For The Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percent of Total Tax Collections to Net Tax Levy
2017	\$ 269,343,140	\$ 265,706,045	98.65%	\$ -	\$ 265,706,045	98.65%
2016	241,529,860	239,204,277	99.04%	1,119,833	240,324,110	99.50%
2015	214,933,621	213,117,245	99.15%	1,175,752	214,292,997	99.70%
2014	196,059,939	194,305,721	99.11%	1,207,413	195,513,134	99.72%
2013	184,169,698	182,305,315	98.99%	1,443,055	183,748,370	99.77%
2012	180,736,636	178,874,525	98.97%	1,497,632	180,372,157	99.80%
2011	175,136,264	173,154,058	98.87%	1,673,815	174,827,873	99.82%
2010	173,681,264	171,233,764	98.59%	2,130,759	173,364,523	99.82%
2009	166,000,884	162,738,993	98.04%	2,934,293	165,673,286	99.80%
2008	145,846,173	142,561,880	97.75%	2,691,785	145,253,665	99.59%

(1) Assessed value less exemptions equals actual taxable value. The beginning actual taxable value net of adjustments times the tax rate set each fall by the District's Board of Trustees equals the total net tax levy. The net tax levy for prior years reflects ongoing adjustments applied to that year's tax levy.

Source: Harris County (Texas) Appraisal District provides the District's tax office with appraised values for properties within the District's taxing authority.

KLEIN INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 9

Fiscal Year Ended 8/31:	Governmental Activities General Obligation Bonds (1)	Total Primary Government	Ratio of Debt to Actual Taxable Value (2)	Debt Per Student (3)
2017	\$ 1,108,440,803	\$ 1,108,440,803	6.31%	\$ 22,711
2016	987,090,365	987,090,365	6.34%	20,697
2015	1,009,206,671	1,009,206,671	7.22%	21,711
2014	782,882,194	782,882,194	6.52%	17,275
2013	773,206,303	773,206,303	6.59%	17,495
2012	756,966,455	756,966,455	6.38%	17,467
2011	724,265,763	724,265,763	6.48%	16,996
2010	664,789,180	664,789,180	5.85%	15,798
2009	558,942,120	558,942,120	5.06%	13,595
2008	532,367,064	532,367,064	5.28%	13,196

(1) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements. Outstanding debt is presented at par value, net of premiums, discounts, and adjustments.

(2) See Table 5 for actual taxable value data.

(3) See Table 12 for student enrollment data.

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

Table 10

Fiscal Year Ended 8/31:	General Obligation Bonds (1)	Less Amounts Available in Debt Service Fund (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Actual Taxable Value (2)	Net Bonded Debt Per Student (3)
2017	\$ 1,108,440,803	\$ 23,383,949	\$ 1,085,056,854	6.18%	\$ 22,232
2016	987,090,365	24,069,184	963,021,181	6.19%	20,193
2015	1,009,206,671	23,385,420	985,821,251	7.05%	21,208
2014	782,882,194	21,621,099	761,261,095	6.34%	16,798
2013	773,206,303	19,527,198	753,679,105	6.42%	17,053
2012	756,966,455	19,935,384	737,031,071	6.21%	17,007
2011	724,265,763	20,167,803	704,097,960	6.30%	16,523
2010	664,789,180	21,534,864	643,254,316	5.66%	15,286
2009	558,942,120	21,201,631	537,740,489	4.86%	13,079
2008	532,367,064	18,266,226	514,100,838	5.10%	12,743

(1) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements. Outstanding debt is presented at par value, net of premiums, discounts, and adjustments.

(2) See Table 5 for actual taxable value data.

(3) See Table 12 for student enrollment data.

(4) This is the amount restricted for debt service payments on general obligation bonds in the governmental fund financial statements.

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KLEIN INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
AS OF AUGUST 31, 2017

Table 11

<u>Taxing Authority</u>	<u>Gross Debt Outstanding</u>	<u>Percent Overlapping (1)</u>	<u>Applicable to School District</u>
<u>Overlapping:</u>			
Bilma PUD	\$ 14,530,000	100.00%	\$ 14,530,000
Bridgestone MUD	77,395,000	100.00%	77,395,000
Charterwood MUD	12,510,000	100.00%	12,510,000
Cypress Forest PUD	1,455,000	87.34%	1,270,797
Cypress-Klein UD	355,000	100.00%	355,000
Cypresswood UD	3,145,000	100.00%	3,145,000
Dowdell PUD	36,100,000	100.00%	36,100,000
Encanto Real UD	30,450,000	100.00%	30,450,000
Fountainhead MUD	4,745,000	100.00%	4,745,000
Harris County	2,295,044,505	4.36%	100,063,940
Harris County Dept. of Education	6,780,000	4.36%	295,608
Harris County Flood Control District	83,075,000	4.36%	3,622,070
Harris County Hospital District	61,595,000	4.36%	2,685,542
Harris County Improvement Dist. No. 18 (Defined Area No. 1)	26,940,000	100.00%	26,940,000
Harris County Improvement District No. 18	136,915,000	0.11%	150,607
Harris County MUD No. 1	42,870,000	100.00%	42,870,000
Harris County MUD No. 24	17,040,000	100.00%	17,040,000
Harris County MUD No. 104	10,370,000	100.00%	10,370,000
Harris County MUD No. 118	9,665,000	100.00%	9,665,000
Harris County MUD No. 119	5,215,000	61.74%	3,219,741
Harris County MUD No. 150	14,095,000	34.71%	4,892,375
Harris County MUD No. 180	9,814,999	100.00%	9,814,999
Harris County MUD No. 316	2,205,000	100.00%	2,205,000
Harris County MUD No. 367	21,975,000	100.00%	21,975,000
Harris County MUD No. 368	54,245,000	100.00%	54,245,000
Harris County MUD No. 383	37,005,000	100.00%	37,005,000
Harris County MUD No. 401	28,175,000	100.00%	28,175,000
Harris County MUD No. 468	43,055,000	100.00%	43,055,000
Harris County MUD No. 530	13,170,000	100.00%	13,170,000
Harris County WC&ID No. 109	6,040,000	89.94%	5,432,376
Harris County WC&ID No. 110	21,160,000	37.67%	7,970,972
Harris County WC&ID No. 116	5,625,000	33.01%	1,856,813
Harris County WC&ID No. 119	29,035,000	100.00%	29,035,000
Harris County WC&ID No. 132	3,800,000	100.00%	3,800,000
Harris County WC&ID No. 133	3,120,000	100.00%	3,120,000
Heatherloch MUD	930,000	100.00%	930,000
Houston, City of	2,731,150,000	0.11%	3,004,265
Kleinwood MUD	11,109,992	100.00%	11,109,992
Lone Star College (2)	641,910,000	10.89%	69,903,999
Louetta North PUD	5,440,000	100.00%	5,440,000
Louetta Road UD	540,000	100.00%	540,000
Meadowhill Regional MUD (3)	34,100,000	100.00%	34,100,000
Northampton MUD	28,900,000	100.00%	28,900,000
Northampton MUD - Defined Area	9,190,000	100.00%	9,190,000
Northwest Harris County MUD No. 6	8,255,000	100.00%	8,255,000
Northwest Harris County MUD No. 19	53,860,000	100.00%	53,860,000
Northwest Harris County MUD No. 24	5,900,000	100.00%	5,900,000
Northwest Harris County MUD No. 28	3,675,000	100.00%	3,675,000
Northwest Harris County MUD No. 30	17,685,000	100.00%	17,685,000
Northwest Harris County MUD No. 32	28,120,000	100.00%	28,120,000
Northwest Harris County MUD No. 36	12,490,000	100.00%	12,490,000
Northwest Park MUD	23,350,000	32.62%	7,616,770
Oakmont PUD	30,050,000	100.00%	30,050,000
Port of Houston Authority	657,994,397	4.36%	28,688,556
Shasla PUD	4,890,000	100.00%	4,890,000
Spring Creek Forest PUD	5,410,000	100.00%	5,410,000
Spring West MUD	20,595,000	41.54%	8,555,163
Terranova West MUD	3,715,000	100.00%	3,715,000
Total Overlapping Debt			1,045,204,585
<u>Direct:</u>			
Klein Independent School District (4)	1,108,440,803	100.00%	1,108,440,803
TOTAL OVERLAPPING AND DIRECT DEBT			\$ 2,153,645,388
Ratio of Total Overlapping Debt and Direct Debt to Actual Taxable Value for Fiscal Year Ended August 31, 2017 (5)			12.26%

- (1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.
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 actual taxable value.
- (2) Formerly North Harris Montgomery CCD.
- (3) Meadowhill Regional MUD formerly Dove Meadows MUD.
- (4) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.
- (5) Actual taxable value equals: \$ 17,570,905,964

KLEIN INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Table 12

Fiscal Year Ended 8/31:	Residential Units (1)	Total Assessed Value of Residential Units (1)	Average Assessed Value per Residential Unit	Average Daily Attendance (2)	Unemployment Rate (3)
2017	75,677	\$ 13,403,983,427	\$ 177,121	48,807	5.4%
2016	74,036	12,147,539,543	164,076	47,692	5.0%
2015	72,266	11,000,231,720	152,219	46,484	4.4%
2014	70,589	9,542,096,201	135,178	45,318	5.4%
2013	69,017	9,050,841,712	131,139	44,196	6.3%
2012	67,898	9,182,307,445	135,237	43,336	7.2%
2011	66,950	9,189,036,275	137,252	42,613	8.5%
2010	66,080	9,347,021,057	141,450	42,080	8.4%
2009	54,520	8,532,961,686	156,511	41,115	6.8%
2008	52,002	(4) 8,022,333,428	154,270	40,343	5.0%

(1) Source: Harris County (Texas) Appraisal District

(2) Source: Texas Education Agency Summary of Finances Report

(3) Source: TRACER of Texas Workforce Commission; Unemployment rate is for Harris County.

(4) Reduced residential units due to an increase in property owner protests at time of certified roll.

KLEIN INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Table 13

Employer	2017			2008		
	Employees	Rank	Percentage of Total Employment (1)	Employees	Rank	Percentage of Total Employment (2)
Wal-Mart Stores	33,500	1	1.56%	29,400	1	1.56%
Houston ISD	28,993	2	1.35%	25,884	2	1.38%
Memorial Herman Healthcare System	26,062	3	1.21%	19,986	4	1.06%
H-E-B	24,437	4	1.14%	-	-	-
Houston Methodist	21,195	5	0.99%	-	-	-
University of Texas MD Anderson Cancer Center	20,778	6	0.97%	17,116	6	0.91%
Kroger	16,643	7	0.78%	14,549	8	0.77%
McDonald's Corp.	16,545	8	0.77%	-	-	-
United Airlines (3)	14,200	9	0.66%	-	-	-
Exxon Mobil Corporation	14,000	10	0.65%	15,340	7	0.82%
Adminstaff	-	-	-	22,475	3	1.19%
Continental Airlines (3)	-	-	-	18,467	5	0.98%
Shell Oil Company	-	-	-	12,507	9	0.67%
The Methodist Hospital System	-	-	-	11,320	10	0.60%
	<u>216,353</u>		<u>10.08%</u>	<u>187,044</u>		<u>9.94%</u>

(1) Total Employment for 2017: 2,146,836

(2) Total Employment for 2008: 1,881,104

(3) United Airlines merged with Continental Airlines in 2010.

Sources: Texas Workforce Commission and Houston Chronicle. Employment data is for Harris County, Texas.
Houston ISD information is from houstonisd.org.

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

POSITION:	2017	2016 (1)	2015	2014
Administrator	69.5	63.0	62.0	62.0
Associate/Assistant Principal	131.5	126.0	120.0	111.0
Bus Driver/Attendant	310.0	283.0	282.0	273.0
Cafeteria Workers	537.0	539.0	532.0	446.0
Custodial	336.0	330.0	325.0	325.0
Library Info. Spec./Library Asst./Historian	77.0	75.5	74.0	73.5
Manual Trades/Warehouse/Vending	187.0	192.0	187.0	182.0
Nurse/Clinic Assistant	99.0	95.0	92.5	92.0
Other Professional (2)	443.4	375.1	352.0	296.0
Police Officer	43.0	43.0	43.0	43.0
Principal	47.0	44.9	43.7	43.0
Registrar	9.0	9.0	9.0	8.0
School Counselor	127.7	121.5	117.5	109.5
Secretary/Clerical	443.0	424.8	417.7	410.0
Security Support Personnel	99.0	93.5	46.0	42.0
Teacher	2,745.4	2,746.6	2,661.3	2,585.8
Teacher - Bilingual/ESL	257.7	237.7	222.8	210.8
Teacher - Special Education	392.6	376.4	358.5	332.2
Teacher Assistant	599.7	565.9	524.5	499.5
Technical	83.0	82.0	79.0	72.0
	<u>7,037.5</u>	<u>6,823.9</u>	<u>6,549.5</u>	<u>6,216.3</u>

(1) Staffing Categories previously reported were revised beginning with the 2016 Comprehensive Annual Financial Report.

(2) Positions in the Other Professional category include Accountants, Case Managers, Community Liaisons, Diagnosticians, Energy Managers, Facility Engineers, Fine Arts Coordinator, Graduation Advisors, Instructional Specialists, Payroll Supervisor, Program Coordinators, Psychologist, Social Workers, Speech Pathologists, and other professional staff not otherwise listed above.

(3) Position Control was implemented districtwide resulting in a revision of category allocations.

Source: District budget and position control records.

Table 14

<u>2013 (3)</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
61.0	60.0	61.0	60.0	57.0	57.0
110.3	97.0	108.3	105.5	102.5	99.0
269.0	254.0	256.0	243.0	237.0	227.0
447.0	435.0	428.0	413.0	398.0	405.0
314.0	303.0	299.0	320.0	358.5	356.0
72.5	69.6	87.1	85.1	85.1	85.2
173.6	165.6	175.6	179.0	176.0	162.0
89.5	87.5	85.0	79.5	77.5	76.0
244.3	205.6	208.7	208.5	199.0	169.7
35.0	34.0	34.0	34.0	34.0	34.0
42.7	42.4	40.7	39.8	38.6	38.0
8.0	8.0	6.0	6.0	6.0	5.0
105.5	103.5	109.0	106.3	101.0	96.5
383.7	367.9	396.5	381.5	377.0	376.0
29.0	26.0	26.0	26.0	26.0	26.0
2,810.4	2,786.2	2,814.6	2,763.9	2,675.9	2,607.9
211.4	204.6	210.6	209.5	205.5	190.0
-	-	-	-	-	-
459.0	454.5	495.0	492.5	456.0	465.0
87.0	88.0	89.0	88.0	81.0	77.0
<u>5,952.9</u>	<u>5,792.4</u>	<u>5,930.1</u>	<u>5,841.1</u>	<u>5,691.6</u>	<u>5,552.3</u>

KLEIN INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended 8/31:	Average Daily Attendance	Operating Expenditures (1)	Cost Per Student	Percentage Change
2017	48,807	\$ 491,479,515	\$ 10,070	2.29%
2016	47,692	469,505,379	9,845	4.56%
2015	46,484	437,702,566	9,416	5.15%
2014	45,318	405,842,742	8,955	5.09%
2013	44,196	376,594,325	8,521	-2.27%
2012	43,336	377,866,687	8,719	8.53%
2011	42,613	342,333,505	8,034	-6.85%
2010	42,080	362,932,220	8,625	3.84%
2009	41,115	341,496,348	8,306	1.00%
2008	40,343	331,780,388	8,224	9.10%

(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.

Source: Non-financial data is from Texas Education Agency Summary of Finances Report and District records.

Table 15

<u>Government Wide Expenses</u>	<u>Cost Per Student</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Student to Teacher Ratio</u>	<u>Percentage of Students in Free/Reduced Lunch Program</u>
\$ 570,922,333	\$ 11,698	1.34%	3,396	14.37	40.01%
550,523,907	11,543	8.02%	3,361	14.19	40.71%
496,744,753	10,686	3.11%	3,243	14.33	42.90%
469,663,997	10,364	6.61%	3,129	14.48	40.80%
429,609,781	9,721	-1.46%	3,022	14.63	41.20%
427,515,974	9,865	6.14%	2,991	14.45	41.90%
396,070,805	9,295	-3.88%	3,025	14.05	39.30%
406,923,951	9,670	3.97%	2,973	14.13	36.10%
382,405,109	9,301	2.50%	2,881	14.25	35.80%
366,073,413	9,074	10.17%	2,798	14.40	31.60%

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KLEIN INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Table 16

Fiscal Year Ended 8/31:	District		County Average Salary (2)	Statewide Average Salary (2)
	Minimum Salary (1)	Maximum Salary (1)		
2017	\$ 52,600	\$ 67,000	\$ 55,888	\$ 52,525
2016	51,000	67,000	55,791	51,892
2015	50,000	67,000	54,284	50,715
2014	50,000	67,000	52,356	49,692
2013	45,750	66,925	51,124	48,821
2012	44,250	66,925	50,536	48,375
2011	44,250	66,925	50,712	48,639
2010	43,750	66,925	50,236	48,263
2009	42,750	65,925	49,376	47,158
2008	42,000	65,987	48,232	46,178

(1) Source: District records

(2) Source: Texas Education Agency website

KLEIN INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2017	2016	2015	2014
HIGH SCHOOLS				
Klein (2014) (1)				
Square Footage	674,633	674,633	674,633	674,633
Capacity	3,600	3,600	3,600	3,600
Enrollment	4,049	3,922	3,860	3,762
Klein Cain (2017)				
Square Footage	679,289	-	-	-
Capacity	3,500	-	-	-
Enrollment	-	-	-	-
Klein Collins (2001)				
Square Footage	582,488	582,488	582,488	582,488
Capacity	3,500	3,500	3,500	3,500
Enrollment	3,707	3,582	3,633	3,484
Klein Forest (1979)				
Square Footage	644,310	644,310	644,310	644,310
Capacity	4,000	4,000	4,000	4,000
Enrollment	3,734	3,661	3,582	3,451
Klein Oak (1982)				
Square Footage	603,924	603,924	603,924	603,924
Capacity	3,500	3,500	3,500	3,500
Enrollment	4,260	3,996	3,883	3,828
INTERMEDIATE SCHOOLS				
Doerre (1984)				
Square Footage	171,250	171,250	171,250	171,250
Capacity	1,219	1,219	1,219	1,219
Enrollment	1,288	1,141	1,154	1,203
Hildebrandt (1973)				
Square Footage	207,360	207,360	207,360	207,360
Capacity	1,349	1,349	1,349	1,349
Enrollment	1,294	1,247	1,139	1,102
Kleb (1993)				
Square Footage	172,000	172,000	172,000	172,000
Capacity	1,257	1,257	1,257	1,257
Enrollment	1,401	1,403	1,396	1,344
Klein (1984)				
Square Footage	192,972	192,972	192,972	192,972
Capacity	1,213	1,213	1,213	1,213
Enrollment	1,130	1,113	1,239	1,236
Krimmel (2007)				
Square Footage	186,700	186,700	186,700	186,700
Capacity	1,180	1,180	1,180	1,180
Enrollment	1,342	1,280	1,319	1,142
Schindewolf (2002)				
Square Footage	187,308	187,308	183,000	183,000
Capacity	1,170	1,170	1,170	1,170
Enrollment	1,423	1,375	1,326	1,357
Strack (1977)				
Square Footage	215,125	215,125	215,125	215,125
Capacity	1,295	1,295	1,295	1,295
Enrollment	1,319	1,217	1,198	1,167
Ulrich (2010)				
Square Footage	195,825	195,825	195,825	195,825
Capacity	1,250	1,250	1,250	1,250
Enrollment	1,231	1,152	1,130	1,079
Wunderlich (1975)				
Square Footage	239,998	211,415	211,415	211,415
Capacity	1,600	1,458	1,458	1,458
Enrollment	1,574	1,569	1,552	1,550

(1) Klein HS was originally built in 1963, but was torn down & rebuilt in phases; the rebuild was completed & opened in August 2014.
Source: District records. Enrollment is peak enrollment for the most recently completed school year.

Table 17
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<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
519,437	519,437	519,437	519,437	519,437	519,437
3,462	3,462	3,381	3,381	3,381	3,381
3,561	3,112	3,019	3,152	3,183	3,287
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
582,488	582,488	582,315	582,315	534,213	534,213
3,500	3,500	3,500	3,500	3,131	3,131
3,437	3,368	3,265	3,279	3,244	3,239
644,310	644,310	644,310	634,002	634,002	634,002
4,000	4,000	4,000	4,000	3,973	3,973
3,507	3,511	3,472	3,534	3,539	3,491
603,924	603,924	608,924	608,924	526,461	526,461
3,500	3,500	3,500	3,500	2,903	2,903
3,730	4,139	3,933	3,727	3,462	3,177
171,250	171,250	172,000	172,000	172,000	172,000
1,219	1,219	1,168	1,168	1,168	1,168
1,225	1,188	1,220	1,320	1,341	1,326
207,360	207,360	207,360	207,360	207,360	207,360
1,349	1,349	1,365	1,365	1,365	1,365
1,014	934	944	1,215	1,213	1,138
172,000	172,000	172,000	172,000	172,000	172,000
1,257	1,257	1,204	1,204	1,204	1,204
1,346	1,313	1,264	1,026	1,032	1,030
192,972	192,972	192,972	192,972	192,972	192,972
1,213	1,213	1,199	1,199	1,199	1,199
1,212	1,209	1,167	1,123	1,121	1,106
186,700	186,700	186,700	186,700	186,700	186,700
1,180	1,180	1,250	1,250	1,250	1,250
1,064	1,026	1,027	1,558	1,468	1,244
183,000	183,000	183,000	183,000	183,000	183,000
1,170	1,170	1,176	1,176	1,176	1,176
1,339	1,301	1,323	1,495	1,520	1,467
215,125	215,125	215,125	215,125	215,125	199,881
1,295	1,295	1,361	1,361	1,361	1,361
1,173	1,100	1,133	1,180	1,159	1,136
195,825	195,825	195,825	195,825	-	-
1,250	1,250	1,250	1,250	-	-
1,079	972	867	-	-	-
211,415	211,415	211,615	211,615	211,615	197,500
1,458	1,458	1,458	1,458	1,458	1,341
1,571	1,513	1,471	1,411	1,364	1,396

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2017	2016	2015	2014
ELEMENTARY SCHOOLS				
Benfer (1977)				
Square Footage	86,963	86,963	86,963	86,963
Capacity	818	818	818	818
Enrollment	775	792	800	707
Benignus (2006)				
Square Footage	108,750	108,750	108,750	108,750
Capacity	868	868	868	868
Enrollment	832	910	947	950
Bernshausen (2013)				
Square Footage	117,282	117,282	117,282	117,282
Capacity	850	850	850	850
Enrollment	914	806	784	686
Blackshear (2011)				
Square Footage	116,727	116,727	116,727	116,727
Capacity	940	940	940	940
Enrollment	996	960	973	914
Brill (1978)				
Square Footage	95,238	95,238	95,238	95,238
Capacity	846	846	846	846
Enrollment	764	766	772	747
Ehrhardt (1979)				
Square Footage	88,481	88,481	88,481	88,481
Capacity	810	810	810	810
Enrollment	767	729	699	686
Eiland (1993)				
Square Footage	87,366	87,366	87,366	87,366
Capacity	684	684	684	684
Enrollment	535	579	616	564
Epps Island (1973)				
Square Footage	93,639	93,639	93,639	93,639
Capacity	887	887	887	887
Enrollment	709	723	763	806
Frank (2007)				
Square Footage	108,750	108,750	108,750	108,750
Capacity	844	844	844	844
Enrollment	685	645	618	614
French (2015)				
Square Footage	125,752	125,752	125,752	-
Capacity	940	940	940	-
Enrollment	654	565	-	-
Grace England Early Childhood & PreK Center (2012)				
Square Footage	65,500	65,500	65,500	65,500
Capacity	1,000	1,000	1,000	1,000
Enrollment	477	510	472	532
Greenwood Forest (1971)				
Square Footage	75,711	75,711	75,711	75,711
Capacity	667	667	667	667
Enrollment	725	756	734	720
Hassler (1999)				
Square Footage	115,145	115,145	115,145	115,145
Capacity	794	794	794	794
Enrollment	735	639	656	708
Haude (1971)				
Square Footage	75,712	75,712	75,712	75,712
Capacity	747	747	747	747
Enrollment	720	736	705	706
Kaiser (1978)				
Square Footage	109,790	109,790	109,790	109,790
Capacity	892	892	892	892
Enrollment	767	798	794	631

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<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
86,963	86,963	87,263	87,263	87,263	87,263
818	818	851	851	851	851
707	666	667	679	675	641
108,750	108,750	108,750	108,750	108,750	108,750
868	868	850	850	850	850
939	895	892	900	1,083	1,038
117,282	-	-	-	-	-
850	-	-	-	-	-
675	-	-	-	-	-
116,727	116,727	116,727	-	-	-
940	940	940	-	-	-
906	810	-	-	-	-
95,238	95,238	95,272	95,272	95,272	95,272
846	846	823	823	823	823
743	749	896	892	847	838
88,481	88,481	88,515	88,515	88,515	88,515
810	810	829	829	829	829
681	687	703	691	672	715
87,366	87,366	87,400	87,400	87,400	87,400
684	684	744	744	744	744
568	712	712	671	660	680
93,639	93,639	93,876	93,876	93,876	93,876
887	887	891	891	891	891
782	879	936	889	898	863
108,750	108,750	108,750	108,750	108,750	108,750
844	844	850	850	850	850
875	849	1,048	1,003	935	816
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
65,500	65,500	-	-	-	-
1,000	1,000	-	-	-	-
503	-	-	-	-	-
75,711	75,711	75,711	75,711	75,711	75,711
667	667	721	721	721	721
688	726	725	687	633	648
115,145	115,145	115,179	115,179	115,179	115,179
794	794	828	828	828	828
698	731	781	800	804	819
75,712	75,712	75,683	75,683	75,683	75,683
747	747	701	701	701	701
701	690	713	702	693	707
109,790	109,790	109,790	108,875	108,875	108,875
892	892	961	961	961	961
789	893	948	946	932	936

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2017	2016	2015	2014
ELEMENTARY SCHOOLS				
Klenk (1992)				
Square Footage	91,494	91,494	91,494	91,494
Capacity	894	894	894	894
Enrollment	842	830	857	791
Kohrville (2002)				
Square Footage	107,898	107,898	107,898	107,898
Capacity	928	928	928	928
Enrollment	696	725	738	770
Krahn (1983)				
Square Footage	109,116	109,116	109,116	109,116
Capacity	1,085	1,085	1,085	1,085
Enrollment	707	730	745	758
Kreinhop (2004)				
Square Footage	108,293	108,293	108,293	108,293
Capacity	984	984	984	984
Enrollment	893	871	891	855
Kuehnle (1989)				
Square Footage	87,216	87,216	87,216	87,216
Capacity	831	831	831	831
Enrollment	839	851	765	697
Lemm (1980)				
Square Footage	103,056	103,056	103,056	103,056
Capacity	705	705	705	705
Enrollment	694	677	605	591
Mahaffey (2016)				
Square Footage	126,000	126,000	-	-
Capacity	950	950	-	-
Enrollment	643	-	-	-
McDougle (2004)				
Square Footage	108,293	108,293	108,293	108,293
Capacity	796	796	796	796
Enrollment	635	666	698	667
Metzler (2005)				
Square Footage	108,293	108,293	108,293	108,293
Capacity	914	914	914	914
Enrollment	867	851	872	860
Mittelstadt (1991)				
Square Footage	91,494	91,494	91,494	91,494
Capacity	891	891	891	891
Enrollment	836	877	854	887
Mueller (2009)				
Square Footage	115,689	115,689	115,689	115,689
Capacity	935	935	935	935
Enrollment	876	1,022	931	827
Nitsch (1980)				
Square Footage	93,810	93,810	93,810	93,810
Capacity	802	802	802	802
Enrollment	828	804	790	791
Northampton (1971)				
Square Footage	75,711	75,711	75,711	75,711
Capacity	863	863	863	863
Enrollment	565	502	865	815
Roth (1984)				
Square Footage	98,891	98,891	98,891	98,891
Capacity	852	852	852	852
Enrollment	712	694	712	694
Schultz (1994)				
Square Footage	93,816	93,816	93,816	93,816
Capacity	906	906	906	906
Enrollment	658	980	921	877
Theiss (1974)				
Square Footage	71,277	71,277	71,277	71,277
Capacity	754	754	754	754
Enrollment	674	641	637	631
Zwink (2012)				
Square Footage	125,073	125,073	125,073	125,073
Capacity	940	940	940	940
Enrollment	1,060	1,010	934	883

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<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
91,494	91,494	91,528	91,528	91,528	91,528
894	894	824	824	824	824
787	876	879	890	864	888
107,898	107,898	107,898	107,898	107,898	107,898
928	928	945	945	945	945
978	975	1,055	1,027	1,001	949
109,116	109,116	109,150	109,150	109,150	109,150
1,085	1,085	1,011	1,011	1,011	1,011
775	779	1,039	1,000	968	948
108,293	108,293	108,293	108,293	108,293	108,293
984	984	959	959	959	959
829	942	937	934	936	994
87,216	87,216	87,250	87,250	87,250	87,250
831	831	793	793	793	793
651	866	803	790	740	706
103,056	103,056	103,090	103,090	103,090	103,090
705	705	843	843	843	843
578	721	709	692	715	763
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
108,293	108,293	108,293	108,293	108,293	108,293
796	796	959	959	959	959
629	774	825	793	795	755
108,293	108,293	108,293	108,293	108,293	108,293
914	914	929	929	929	929
969	899	878	867	817	779
91,494	91,494	91,528	91,528	91,528	91,528
891	891	824	824	824	824
839	749	680	696	654	671
115,689	115,689	115,689	115,689	115,689	-
935	935	900	900	900	-
720	744	686	647	-	-
93,166	93,166	93,200	93,200	93,200	93,200
802	802	833	833	833	833
737	840	843	853	852	844
75,711	75,711	75,711	75,711	75,711	75,711
863	863	731	731	731	731
778	895	895	859	840	845
98,891	98,891	98,891	95,580	95,580	95,580
852	852	852	816	816	816
699	759	768	750	759	688
93,816	93,816	93,850	93,850	93,850	93,850
906	906	836	836	836	836
821	767	772	753	1,066	955
71,277	71,277	71,311	71,311	71,311	71,311
754	754	703	703	703	703
661	643	678	686	667	651
125,073	125,073	-	-	-	-
940	940	-	-	-	-
830	-	-	-	-	-

