



KLEIN INDEPENDENT SCHOOL DISTRICT
7200 SPRING CYPRESS ROAD | KLEIN, TEXAS 77379
HARRIS COUNTY
WWW.KLEINISD.NET



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

**KLEIN INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
AUGUST 31, 2018**

**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, 2018

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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 14, 2019

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, 2018.

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, 2018. 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, ten intermediate schools, and thirty-two elementary schools and serves an average daily attendance of 49,876 students. The ages of the school buildings range from zero to forty-seven years. Construction began on Klein Cain High School during spring 2015 and opened for the 2017-18 school year. Construction began on Hofius Intermediate during spring 2016 and opened in August 2018 for the 2018-19 school year. Construction began on elementary #33 during spring 2018 and is expected to be complete in August 2019.

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 \$215,621. ExxonMobil's move to the northern suburbs spurred a half-decade housing boom as ten thousand employees formerly scattered around Metro Houston, as well as many relocating from other regions of the country, found new homes in and around the District. The energy giant isn't the only factor contributing to job growth in the region. As the Houston Metro Area matures and land values in the urban core increase, many companies in need of large industrial and distribution spaces are also consolidating fragmented operations to the area. Also, new thoroughfares and decades of population growth have created new commercial opportunities.

At 2,000 acres, Springwood Village spans two school districts west of Interstate 45 (North Freeway). The urban district, called CityPlace, includes offices and retail, and is located within Spring Independent School District. Surrounding CityPlace, apartment buildings and other retail fronting Grand Parkway and North Freeway are planned or are under construction. The District's portion is exclusively reserved for single-family residential. Infrastructure is not yet in place for the residential portions in the District.

Three years after the opening of Grand Parkway through the District, commercial development is quickly being added along the corridor. The 75-acre Grand Parkway Marketplace, located along and south of Grand Parkway at Kuykendahl Road, is nearly complete, and more commercial investment is occurring in the area.

Millions of square feet of industrial and logistics space is being built and occupied nearby, particularly southeast of the District. The North Sam Houston Parkway Corridor (Beltway 8) continues to see distribution and industrial flex development due to its easy access to Bush Intercontinental Airport and to highways that move goods north toward Dallas-Fort Worth and the Midwest. Global developer, Hines, continues to develop Pinto Business Park at the southwest corner of Beltway 8 and North Freeway.

As raw land becomes scarce and more expensive in the District, developers are increasingly building on smaller, infill plots and are often building at higher densities. Notable projects that will soon be developed include:

Springwoods Village: The residential portion of this master-planned community has yet to develop in the District. Coventry Development Corporation is planning approximately 600 homes within the District, but no infrastructure exists currently. Projections are for 370 homes to be occupied within the next 10 years.

Klein Orchard: Once planned for commercial and multi-family development, now approximately 310 lots are proposed south of West Richey Road just east of Bammel North Houston Road. Initial lots will have homes ready for next school year. More lots will follow as street and utility infrastructure is installed in later years.

Klein Grove: Traditional single-family homes on 102 lots in a new development located east along Stuebner Airline Road. The homes will be marketed to first and second-time homebuyers. Completion of all homes is projected to take two to three years from the start of construction in late 2018.

Alexander Estates: Development is slated to begin soon on 164 lots adjacent to the Tomball Country Club along Hufsmith-Kohrville Road.

The fastest growing single-family subdivisions or potential development tracts are shown below:

Subdivision Names or Owner(s) Names	2018-2023	2023-2028
Laurel Park North and Laurel Park	418	28
Springwoods Village	5	365
Retreat at Champions Landing	256	74
Klein Orchard	220	90
Future SF	95	190
Gorious Way Grounds - 64 Acres	90	195
Bridgestone Crossing	200	-
Lakes at Creekside	138	56
Shadow Creek Estates	154	38
"Richard Panchasarp"	20	148
Visata at Klein Lake	158	10
Pine Trace Village	165	-
Alexander Estates	160	4
Total Development Tracts	2,079	1,198
Total Single Family Housing Projected	3,729	4,206

The latest wave of multi-family development is nearly complete. In the last two years, thirteen multi-family developments were completed in the District. The new units have mostly leased up, and no new projects will be ready for new tenants until after Fall 2019.

Despite a lull in multi-family occupancies, new projects are now in their initial development phases. This is due to continued retail growth and corporate expansions in the area, particularly in Springwoods Village. Three apartment properties recently broke ground and several more have been announced. Almost all of these are in the Grand Parkway Corridor. Apartment occupancies are expected to outnumber single-family housing units in the next ten years.

The District's total tax base grew 8.67% to \$19 billion in 2017-18. The tax base has increased on average more than 12 percent annually over the last four 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, 49,876, has increased 21 percent over a ten-year period and its enrollment is the eighteenth 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 1.74 percent during the 2018-19 school year. The level of student growth is expected to average 0.95 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-seven schools, the District has reached approximately 90 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 \$376.2 million of the 2015 bond authorization.

The District approach to managing increased academic standards in a fluctuating funding environment is to ensure the budget process be instructionally driven and guided by the Strategic Plan. The major budget priorities in 2018-2019 are to maintain the minimum teacher salary of \$52,600; minimize the impact of the budget shortfall on students; protect jobs for current employees in the Klein ISD family; and create a Klein Forest family of schools by working collaboratively on common goals and strategies.

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 2017-2018 school year, the District continued aligning workstreams and resources to 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 2017-2018, 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 2017-2018, advanced offerings and pathways were expanded and increased, as more students expressed a desire to participate. Klein ISD educators are continually provided personalized 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, 2017. 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, 2017, 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 2017-18 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

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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, 2017

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE
Executive Director



KLEIN ISD

PROMISE PURPOSE

Klein ISD Organization Chart

Stakeholders: Students | Parents | Employees | Taxpayers | Families | Businesses | Community

Board of Trustees

Mr. Bill Pilkington, *President* | Mr. Ronnie K. Anderson, *Vice President* | Ms. Cathy M. Arellano, *Secretary* |
Mr. Doug James | Mr. Rick Mann | Ms. Georgan Reitmeier | Mr. Stephen J. Szymczak

BRET A. CHAMPION, Ed.D.

Superintendent

Jenny McGown, Ed.D.
Deputy Superintendent

Terrell "TK" King
Associate Superintendent

Robert Robertson
Associate Superintendent

Daniel Schaefer
Chief Financial Officer

David Kimberly
Chief of Police

Stephanie Duran
Internal Audit

Teaching & Learning, Campus
Safety & Support, School
Leadership & Supervision, IT,
Communications

Human Resource Services
Workers' Compensation &
Unemployment

Facility & School Services,
Capital Projects, Energy
Maintenance, Nutrition & Food
Services, Plant Operations,
Safety, Transportation

Accounting, Budget, Purchasing,
Tax Office, Warehouse, Risk
Management, Benefits, Payroll

IN KLEIN ISD, **EVERY STUDENT**
ENTERS WITH A **EXIT** WITH A
PROMISE & PURPOSE

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
Doug James	Trustee

Appointed Administrators

Bret A. Champion, Ed.D.....	Superintendent
Jenny McGown, Ed.D.....	Deputy Superintendent
Daniel A. Schaefer, CPA	Chief Financial Officer
Robert Robertson.....	Associate Superintendent of Facility and School Services
Terrell King.....	Associate Superintendent of Human Resource Services
Jeff Bailey.....	Executive Director of Professional Learning and Development
Dayna Hernandez	Executive Director of Digital Learning and Media
Kelly Schumacher.....	Executive Director of Core Academics
Amy Miller	Executive Director of Curriculum Design and Delivery
LaToya Wynne	Executive Director of Multilingual Teaching and Learning
Beth Gilleland.....	Executive Director of College and Career Pathways
Kirsten Allman, Ed.D.	Executive Director of Special Programs
Jason Gossett, RTSBA.....	Executive Director of Business Services
Audrey Ambridge, RTSBA	Executive Director of Financial Services
Martha Werner.....	Executive Director of Employee Talent
Joffery Jones, Ed.D.....	Executive Director of Campus Safety and Support
Ron Webster	Executive Director of Campus Safety and Support
August Wunderlich.....	Executive Director of Facilities and Services
David Kimberly	Chief of Police
Stacy Kindsfather	Director of Assessment and Accountability
Thomas Haggerty	Director of Capital Projects
Rachel Trotter	Director of Communications
Deborah Bronner-Westerduin.....	Director of Career & Technical Education
Brad Froebel	Director of Data Services
Brian Marr	Director of Disciplinary Alternative Education Program
Monte Mast.....	Director of Fine Arts
Doug Massey	Director of Nutrition and Food Services
Darby Young	Director of Athletics, Physical Education, and Health
Chris Cummings	Director of Technology
Kevin Wieghat	Director of Maintenance
Scott Lazar	Director of Plant Operations
Amanda Salinas	Director of Research and Evaluation
Amber Snyder.....	Director of Special Education
Lauren Ivins-McFarland	Director of Special Education
Chris Ruggerio.....	Director of State and Federal Programs
David Hoffman.....	Director of Transportation
Cindy Doyle.....	Director of Community Relations and Education Foundation
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. (BRW)
4501 Magnolia Cove Drive
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Houston, Texas 77345

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

Texas - IBI Group
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Webster, Texas 77598

AUDITOR

Weaver and Tidwell, L.L.P.
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Conroe, Texas 77304

GENERAL COUNSEL

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Houston, Texas 77057

Karczewski | Bradshaw | Spalding
3700 Buffalo Speedway, Suite 560
Houston, Texas 77098

PROPERTY TAX ATTORNEY

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

FINANCIAL ADVISOR

RBC Capital Markets
First City Tower, Suite 1200
1001 Fannin
Houston, Texas 77002

OFFICIAL DEPOSITORY

Wells Fargo
420 Montgomery
San Francisco, CA 94104

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, 2018 at a meeting of the Board of Trustees of such school district on the 14th day of January, 2019.


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 Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Klein Independent School District (the District), as of and for the year ended August 31, 2018, 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 the Klein Independent School District, as of August 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I. D. to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinion is not modified with respect to this matter.

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 the 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 (Other Information) 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 December 20, 2018 on our consideration of the 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 the 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 the 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
December 20, 2018

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

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, 2018.

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$58,705,111 (*net position*).
- Unrestricted net position of (\$161,546,021) reflects a deficit as a result of a prior period adjustment due to the implementation of GASB 75.
- The District's total net position decreased by \$237,199,944 including the prior period adjustment.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$265,020,368, an increase of \$2,377,832 in comparison with the prior year. The increase in governmental fund balances was primarily due to increases of \$2,040,611 in the general fund, \$2,123,253 in the debt service fund, \$3,991,361 in other governmental funds offset by a decrease of \$5,777,393 in the capital projects fund.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$69,795,426 or 16 percent of total general fund expenditures.
- The District's bonded debt, at par, increased by \$50,235,000 (5 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 and other 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, 2018

In fiscal year 2018, the District implemented the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* – which superseded GASB Statement No. 45.

Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined benefit OPEB plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning OPEB liability and beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The implementation of this statement has no impact on the District's governmental fund financial statements. However, implementation has resulted in certain changes to the presentation of the District's government-wide financial statements. More information on the implementation of this statement and the District's OPEB plan is available in Note I. D. and Note IV.D., respectively.

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 thirty 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-seven 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.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

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 pension and OPEB plans of which the District is a participant. The required supplementary information is referenced as Exhibits D-1, E-1 through E-4, and the associated notes immediately following the exhibits in this report.

Supplementary information. The combining and individual fund statements and schedules and the compliance schedule comprise the supplementary information and are presented immediately following the required supplementary information. The supplementary information 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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$58,705,111 at the close of the fiscal year ended August 31, 2018.

KLEIN INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities	
	2018	2017
Current and Other Assets	\$ 331,025,844	\$ 335,751,588
Capital Assets, net of Accumulated Depreciation	1,128,058,987	1,072,628,968
Total Assets	1,459,084,831	1,408,380,556
Total Deferred Outflows of Resources	64,514,950	73,748,701
Other Liabilities	60,123,425	65,755,709
Long-term Liabilities Outstanding	1,436,598,903	1,231,212,110
Total Liabilities	1,496,722,328	1,296,967,819
Total Deferred Inflows of Resources	85,582,564	6,666,605
Net Position:		
Net Investment in Capital Assets	74,915,595	79,527,264
Restricted	27,925,315	27,472,410
Unrestricted (Deficit)	(161,546,021)	71,495,159
Total Net Position (Deficit)	\$ (58,705,111)	\$ 178,494,833

Net investment in capital assets of \$74,915,595 reflects the District's investment of \$1.1 billion 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. The District uses these capital assets 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.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

Restricted net position of \$27,925,315 is an additional portion of the District's net position which represents resources that are subject to external restrictions on how they may be used, such as debt service and grants. Net position of \$22,781,128 is restricted for debt service, \$4,382,914 is restricted for Grants – Food Services, and \$761,273 is restricted for Grants – Instructional Services.

Unrestricted net position of (\$161,546,021) reflects a deficit created by a prior period adjustment resulting from the implementation of GASB 75 in the current fiscal year for OPEB. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

Governmental activities. Governmental activities decreased the District's net position by \$58,705,111. Key elements of this decrease are as follows:

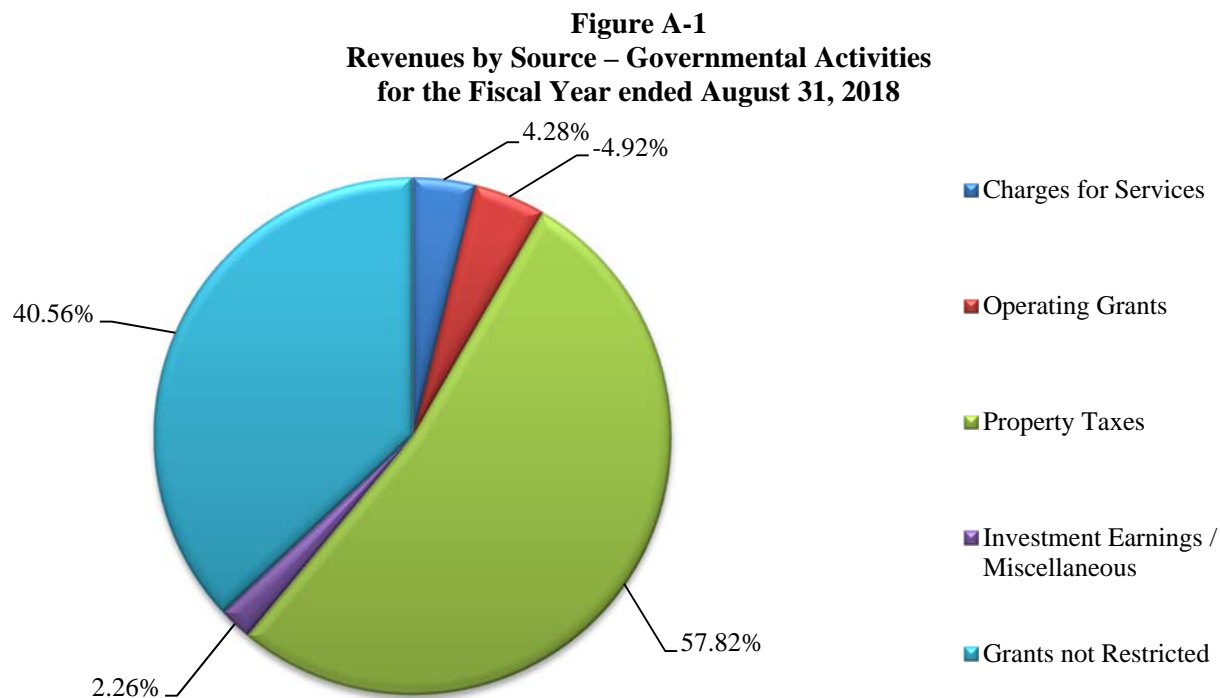
KLEIN INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities	
	2018	2017
REVENUE		
Program Revenues:		
Charges for Services	\$ 21,353,264	\$ 18,168,124
Operating Grants and Contributions	(24,538,225)	63,735,482
General Revenues:		
Taxes:		
Property Taxes, Levied for General Purpose	209,896,563	196,607,111
Property Taxes, Levied for Debt Service	78,631,659	74,706,981
Grants and Contributions Not Restricted to Specific Programs	202,377,983	194,835,547
Investment Earnings	5,204,773	2,687,183
Miscellaneous	6,079,242	3,720,690
Total Revenues	499,005,259	554,461,118
EXPENSES		
Instruction	219,985,174	302,562,778
Instructional Resources and Media Services	4,012,887	5,872,131
Curriculum and Instructional Staff Development	9,912,203	13,918,101
Instructional Leadership	2,960,023	4,708,140
School Leadership	22,411,053	30,958,352
Guidance, Counseling, and Evaluation Services	18,153,980	25,963,997
Social Work Services	319,702	392,916
Health Services	4,222,768	5,765,440
Student Transportation	13,451,366	14,669,296
Food Services	19,098,672	25,390,491
Extracurricular Activities	14,585,567	16,450,685
General Administration	8,729,159	10,581,827
Plant Maintenance and Operations	32,872,126	35,126,854
Security and Monitoring Services	5,613,791	6,128,003
Data Processing Services	9,465,491	10,646,336
Community Services	696,243	1,413,527
Interest on Long-term Debt	44,781,279	42,018,764
Bond Issuance Costs and Fees	1,128,181	1,098,266
Facilities Repair and Maintenance	7,271,334	14,507,936
Payments to Shared Services Arrangements	614,273	554,092
Payments to Juvenile Justice Alternative Education Programs	344,556	204,017
Other Intergovernmental Charges	2,122,804	1,990,384
Total Expenses	442,752,632	570,922,333
Extraordinary Items	712,170	(1,392,182)
Change in Net Position	56,964,797	(17,853,397)
Net Position - Beginning	178,494,833	196,348,230
Prior Period Adjustment - Implement GASB 75 for OPEB (a)	(294,164,741)	-
Net Position (Deficit) - Beginning, as restated	(115,669,908)	196,348,230
Net Position (Deficit) - Ending	\$ (58,705,111)	\$ 178,494,833

(a) The restatement of the beginning net position is the result of the District implementing GASB Statement No. 75 in fiscal year 2018. The implementation is discussed previously in MD&A.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

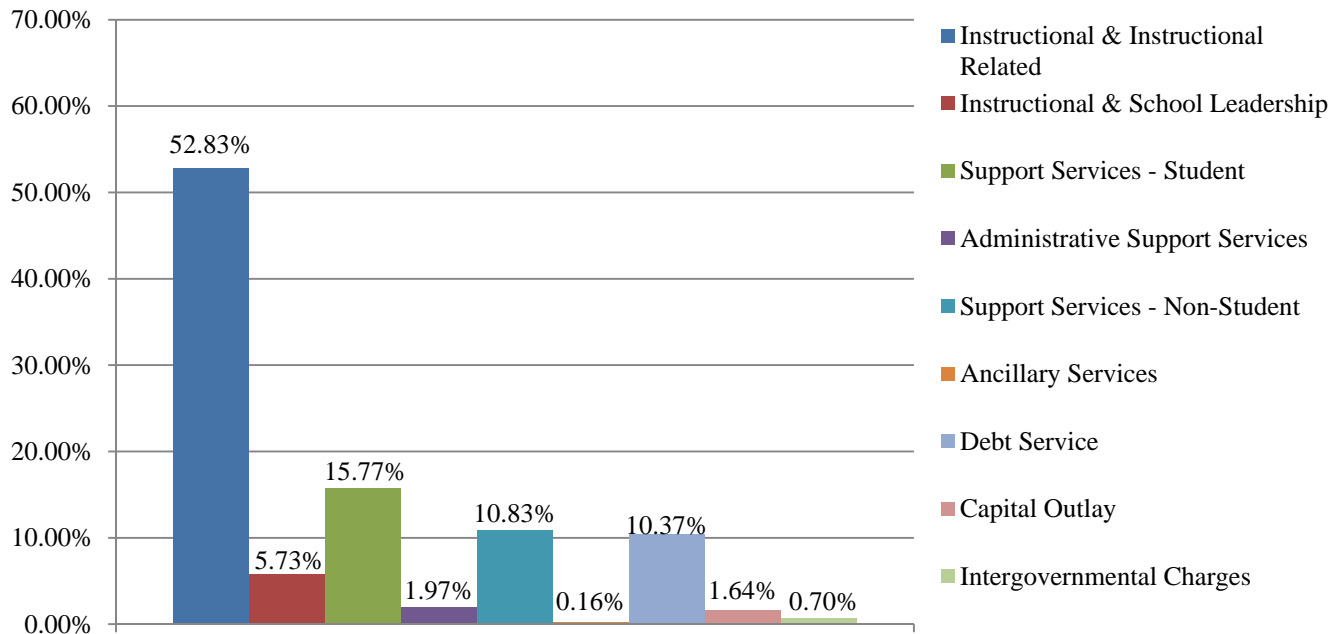
Revenues are generated primarily from two sources (see Figure A-1). Grants and contributions (program and general revenues totaling \$177,839,758) represent 36 percent of total revenues and property taxes (\$288,528,222) represent 58 percent of total revenues. The remaining 6 percent is generated from charges for services, investment earnings, and miscellaneous revenues. The decrease in grants and contributions was primarily due to adjustments to revenue for the implementation of GASB 75. Property taxes increased primarily due to an increase in property values.



KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

The primary functional expense (see figure A-2) of the District is instruction (\$219,985,174), which represents 50 percent of total expenses. Interest on long-term debt (\$44,781,279) represents 10 percent of total expenses and plant maintenance and operations (\$32,872,126) represents 7 percent of total expenses. The remaining individual functional categories of expenses are each less than 6 percent of total expenses. The decrease in functional expenses is primarily due to adjustments to functional expenses to record the State's negative on-behalf contributions for OPEB in conjunction with the implementation of GASB 75.

Figure A-2
Expenses by Major Function Categories – Governmental Activities
for the Fiscal Year ended August 31, 2018



KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

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 \$265,020,368, an increase of \$2,377,832 in comparison with the prior year. The increase in governmental fund balances was primarily due to increases in the general, debt service, and other governmental fund balances. Out of the combined ending fund balances, \$69,795,426 constitutes unassigned fund balances. The remaining \$195,224,942 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 \$69,795,426 while total fund balance reached \$139,722,188. 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 16 percent of total general fund expenditures, while total fund balance represents 32 percent of that same amount. The District's general fund balance increased by \$2,040,611 during the current fiscal year primarily due to an increase in property values, additional at-risk state funding due to Hurricane Harvey and the transfer of allowable costs related to Hurricane Harvey to emergency aid federal grants. The increase in local property tax revenue was offset by a decrease in state aid related to the increase in property values.

The debt service fund has a total fund balance of \$25,507,202, 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, 2018 were \$83,455,242. The net increase in fund balance of \$2,123,253 relates to an increase in property values.

The capital projects fund has a total fund balance of \$86,953,911, all of which is reserved for authorized construction and technology projects. The net decrease in fund balance during the current year of \$5,777,393 was primarily due to the expenditures related to ongoing capital projects.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

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		
\$	6,188,598	Net increase in supplemental state aid funding due to Hurricane Harvey.
	3,820,860	Net increase in state aid due to TEA Hold Harmless payments to offset levy loss on additional \$10,000 homestead exemption, an increase in state aid due to higher realized Weighted Average Daily Attendance, and an increase in TRS On-Behalf due to new positions and implementation of GASB 85.
	2,253,269	Net increase in SHARS and eRate revenues.
	1,456,590	Net increase in local revenues due to increase in interest income, flexible spending account liability, and other miscellaneous local revenues.
\$	13,719,317	<i>Total Estimated Revenues and Other Financing Sources Increase</i>
Appropriations and Other Financing Uses		
\$	2,943,422	Increase in salary and related fringe benefit appropriations due to the addition of 31.5 new positions during the 2017-18 school year and increase in TRS On-Behalf due to the addition of new positions and implementation of GASB 85.
	2,346,295	Increase in general supplies due to carryover technology resources from fiscal year 2017 and increased appropriations for fuel costs for student transportation.
	364,882	Increase in capital outlay expenditures utilizing excess payroll budgets to purchase non-recurring items.
	255,450	Net increase due to election costs.
	72,525	Net increase due to increase in SHARS billing.
	(20,000)	Net decrease in debt fees.
\$	5,962,574	<i>Total Appropriations and Other Financing Uses Increase</i>

The review of the final amended budget versus actual for the general fund reflected that revenues were more than budgetary estimates and expenditures were less than budgetary estimates. At year end, actual revenues exceeded estimated revenue amounts by \$3,523,527. Operating expenditures were \$11,703,486 less than final budgeted amounts primarily due to the receipt of the Project SERV, Temporary Emergency Impact Aid for Displaced Students Grant (EIA), and the Immediate Aid to Restart School Operations Grant (Restart) that enabled the District to transfer allowable costs from campuses impacted by Hurricane Harvey to these federal grants.

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

Capital Assets and Long-term Debt

Capital assets. The District's investment in capital assets for its governmental type activities as of August 31, 2018, amounts to \$1,128,058,987 (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 5.2 percent.

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

- Completion of Hofius Intermediate
- Completion of Lemm Reconstruction
- Construction on Elementary #33
- Renovations to Klein Forest High School CTE and gym addition
- Renovation of Front Vestibule Projects for Northampton and Haude Elementary Schools
- Renovations of existing facilities

KLEIN INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS

(Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	\$ 108,511,313	\$ 108,511,313
Buildings and Improvements	983,017,908	909,464,140
Furniture and Equipment	33,166,339	32,569,334
Construction in Progress	3,363,427	22,084,181
Totals	\$ 1,128,058,987	\$ 1,072,628,968

Construction commitments. The District has active construction projects as of August 31, 2018. The projects include the construction and equipment of school facilities. At year end, the District's remaining commitments with contractors totaled \$38,428,700 for all ongoing projects.

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

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

Long-term debt. At the end of the current fiscal year, the District had total long-term liabilities outstanding of \$1,436,598,903. Of this amount, \$1,081,920,000 (par value) is backed by the full faith and credit of the District.

KLEIN INDEPENDENT SCHOOL DISTRICT'S OUTSTANDING DEBT

	Governmental Activities	
	2018	2017
Bonds Payable, net	\$ 1,160,896,683	\$ 1,108,440,803
Compensated Absences	5,385,882	5,155,939
Workers' Compensation	1,814,669	1,987,320
Net Pension Liability (NPL)	100,742,471	115,628,048
Net OPEB Liability*	167,759,198	296,170,391
Totals	\$ 1,436,598,903	\$ 1,527,382,501

*Beginning balances for net OPEB liability includes the restatement of the liability per GASB 75.

The District's bonded debt at par increased by \$50,235,000 (5 percent) during the current fiscal year.

The District has sold \$376.2 million of the bonds authorized leaving \$121.8 million of authorized but unissued bonds as of August 31, 2018.

The District's net pension liability (NPL) decreased by \$14,885,577 as a result of differences between projected and actual investment earnings and changes in the District's contributions and its proportionate share of contributions.

The District implemented the requirements of the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – which superseded GASB Statement No. 45. Implementation resulted in a prior period adjustment and a net OPEB (Retiree Health) liability in the amount of \$167,759,198.

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

KLEIN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AUGUST 31, 2018

Economic Factors and Next Year's Budgets and Tax Rates

- Average daily attendance (ADA) totaled 49,876 students, which is a 2.2 percent increase from the prior year.
- District staff totals 7,325 employees, which primarily consists of 3,531 teachers and 1,060 teachers' aides and secretaries.
- The District maintains 47 campuses for instruction.
- The unemployment rate for the County is currently 4.5 percent, which is a decrease from a rate of 5.4 percent a year ago. This compares to the State's unemployment rate of 3.9 percent, which is a decrease from a rate of 4.2 percent a year ago.
- Property values of the district have increased 8.67 percent over the past year.
- The property tax rate will remain at \$1.43 per \$100 of assessed value for 2018-19.

All of these factors were considered in preparing the District's budget for the 2018-19 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, 2018

Exhibit A-1

Data Control Codes		Primary Government Governmental Activities
ASSETS		
1110	<i>Cash and Cash Equivalents</i>	\$ 220,388,310
1120	<i>Current Investments</i>	51,462,843
1225	<i>Property Taxes Receivable (Net of Allowance for Uncollectibles)</i>	11,634,521
1240	<i>Due from Other Governments</i>	27,787,360
1290	<i>Other Receivables</i>	1,016,552
1300	<i>Inventories, at Cost</i>	1,960,641
1410	<i>Prepaid Items</i>	1,267,123
1910	<i>Long-term Investments</i>	15,508,494
	Capital Assets, Not Being Depreciated:	
1510	<i>Land</i>	108,511,313
1580	<i>Construction in Progress</i>	3,363,427
	Capital Assets, Net of Accumulated Depreciation:	
1520	<i>Buildings and Improvements</i>	983,017,908
1530	<i>Furniture and Equipment</i>	33,166,339
1000	Total Assets	<u>1,459,084,831</u>
DEFERRED OUTFLOWS OF RESOURCES		
1704	<i>Deferred Outflows - Bond Refunding</i>	20,799,380
1705	<i>Deferred Outflows - Pension</i>	40,811,284
1706	<i>Deferred Outflows - OPEB</i>	2,904,286
	Total Deferred Outflows of Resources	<u>64,514,950</u>
LIABILITIES		
2110	<i>Accounts Payable</i>	25,616,254
2140	<i>Interest Payable</i>	5,752,470
2160	<i>Accrued Wages Payable</i>	28,167,036
2180	<i>Due to Other Governments</i>	189,743
2300	<i>Unearned Revenue</i>	397,922
	Noncurrent Liabilities:	
2501	<i>Due within One Year</i>	37,916,014
2502	<i>Due in More Than One Year</i>	1,130,181,220
2540	<i>Net Pension Liabilities</i>	100,742,471
2545	<i>Net OPEB Liabilities</i>	167,759,198
2000	Total Liabilities	<u>1,496,722,328</u>
DEFERRED INFLOWS OF RESOURCES		
2605	<i>Deferred Inflows - Pension</i>	15,408,574
2606	<i>Deferred Inflows - OPEB</i>	70,173,990
	Total Deferred Inflows of Resources	<u>85,582,564</u>
NET POSITION		
3200	<i>Net Investment in Capital Assets</i>	74,915,595
	Restricted for:	
3820	<i>Grants - Food Services</i>	4,382,914
3820	<i>Grants - Instructional Services</i>	761,273
3850	<i>Debt Service</i>	22,781,128
3900	<i>Unrestricted (Deficit)</i>	(161,546,021)
3000	Total Net Position (Deficit)	<u>\$ (58,705,111)</u>

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, 2018

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	Instruction	\$ 219,985,174	\$ 561,685	\$ (29,327,483)	\$ (248,750,972)
0012	Instructional Resource and Media Services	4,012,887	-	(230,409)	(4,243,296)
0013	Curriculum and Instructional Staff Development	9,912,203	-	458,618	(9,453,585)
0021	Instructional Leadership	2,960,023	-	(681,361)	(3,641,384)
0023	School Leadership	22,411,053	-	(4,835,182)	(27,246,235)
0031	Guidance, Counseling, and Evaluation Services	18,153,980	965	(76,826)	(18,229,841)
0032	Social Work Services	319,702	-	(97,796)	(417,498)
0033	Health Services	4,222,768	-	(586,147)	(4,808,915)
0034	Student Transportation	13,451,366	3,000	(1,327,044)	(14,775,410)
0035	Food Services	19,098,672	7,784,855	12,847,729	1,533,912
0036	Extracurricular Activities	14,585,567	8,378,294	(1,087,594)	(7,294,867)
0041	General Administration	8,729,159	-	(991,418)	(9,720,577)
0051	Plant Maintenance and Operations	32,872,126	4,541,931	(1,712,705)	(30,042,900)
0052	Security and Monitoring Services	5,613,791	-	(613,996)	(6,227,787)
0053	Data Processing Services	9,465,491	-	(741,617)	(10,207,108)
0061	Community Services	696,243	-	462,186	(234,057)
0072	Interest on Long-term Debt	44,781,279	-	3,719,530	(41,061,749)
0073	Bond Issuance Costs and Fees	1,128,181	-	-	(1,128,181)
0081	Facilities Repair and Maintenance	7,271,334	82,534	276,767	(6,912,033)
0093	Payments to Shared Services Arrangements	614,273	-	6,523	(607,750)
0095	Payments to Juvenile Justice Alternative Ed. Programs	344,556	-	-	(344,556)
0099	Other Intergovernmental Charges	2,122,804	-	-	(2,122,804)
TG	Total Governmental Activities	442,752,632	21,353,264	(24,538,225)	(445,937,593)
TP	Total Primary Government	\$ 442,752,632	\$ 21,353,264	\$ (24,538,225)	\$ (445,937,593)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				209,896,563
DT	Property Taxes, Levied for Debt Services				78,631,659
GC	Grants and Contributions Not Restricted to Specific Programs				202,377,983
IE	Investment Earnings				5,204,773
MI	Miscellaneous				6,079,242
EI	Extraordinary Item - Fire				712,170
TR	Total General Revenues and Extraordinary Item				502,902,390
CN	Change in Net Position				56,964,797
NB	Net Position - Beginning, as previously reported				178,494,833
PA	Period Adjustment - implement GASB 75 for OPEB				(294,164,741)
	Net Position (Deficit) - Beginning, as restated				(115,669,908)
NE	Net Position (Deficit) - Ending				\$ <u>(58,705,111)</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, 2018

Data Control Codes		General Fund	Debt Service Fund
ASSETS			
1110	<i>Cash and Cash Equivalents</i>	\$ 94,708,445	\$ 14,790,330
1120	<i>Current Investments</i>	44,064,437	7,398,406
1225	<i>Property Taxes Receivable (Net of Allowance for Uncollectibles)</i>	8,608,125	3,026,396
1240	<i>Due from Other Governments</i>	17,035,367	-
1260	<i>Due from Other Funds</i>	8,659,770	187,996
1290	<i>Other Receivables</i>	198,876	-
1300	<i>Inventories, at Cost</i>	1,270,834	-
1410	<i>Prepaid Items</i>	1,237,978	-
1910	<i>Long-term Investments</i>	12,375,822	3,132,672
1000	Total Assets	\$ 188,159,654	\$ 28,535,800
LIABILITIES			
2110	<i>Accounts Payable</i>	\$ 8,525,864	\$ 195
2160	<i>Accrued Wages Payable</i>	26,208,608	-
2170	<i>Due to Other Funds</i>	4,823,709	2,007
2180	<i>Due to Other Governments</i>	189,743	-
2300	<i>Unearned Revenue</i>	81,417	-
2000	Total Liabilities	39,829,341	2,202
DEFERRED INFLOWS OF RESOURCES			
2600	<i>Unavailable Revenue-Property Taxes</i>	8,608,125	3,026,396
	Total Deferred Inflows of Resources	8,608,125	3,026,396
FUND BALANCES			
	Nonspendable:		
3410	<i>Inventories</i>	1,270,834	-
3430	<i>Prepaid Items</i>	1,237,978	-
	Restricted For:		
3450	<i>Grants - Food Services</i>	-	-
3450	<i>Grants - Instructional Services</i>	-	-
3470	<i>Land Acquisitions and Construction Projects</i>	-	-
3480	<i>Retirement of Long-term Debt</i>	-	25,507,202
	Committed To:		
3545	<i>Other</i>	22,694,356	-
	Assigned To:		
3580	<i>Self-Insurance</i>	3,000,000	-
3590	<i>Other</i>	41,723,594	-
3600	Unassigned	69,795,426	-
3000	Total Fund Balances	139,722,188	25,507,202
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 188,159,654	\$ 28,535,800

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

Exhibit B-1

Capital Projects Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
\$ 99,523,823	\$ 11,365,712	\$ 220,388,310
-	-	51,462,843
-	-	11,634,521
321,370	10,430,623	27,787,360
1,661,788	4,599,348	15,108,902
-	817,676	1,016,552
-	689,807	1,960,641
-	29,145	1,267,123
-	-	15,508,494
\$ 101,506,981	\$ 27,932,311	\$ 346,134,746
\$ 14,360,875	\$ 2,729,320	\$ 25,616,254
4,199	1,954,229	28,167,036
187,996	10,095,190	15,108,902
-	-	189,743
-	316,505	397,922
<u>14,553,070</u>	<u>15,095,244</u>	<u>69,479,857</u>
-	-	11,634,521
<u>-</u>	<u>-</u>	<u>11,634,521</u>
-	-	1,270,834
-	29,145	1,267,123
-	4,382,914	4,382,914
-	761,273	761,273
86,953,911	-	86,953,911
-	-	25,507,202
-	7,663,735	30,358,091
-	-	3,000,000
-	-	41,723,594
-	-	69,795,426
<u>86,953,911</u>	<u>12,837,067</u>	<u>265,020,368</u>
\$ 101,506,981	\$ 27,932,311	\$ 346,134,746

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KLEIN INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2018

Exhibit B-1R

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 265,020,368

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	\$ 1,419,269,977	
Accumulated Depreciation of Governmental Capital Assets	<u>(291,210,990)</u>	1,128,058,987

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.	11,634,521
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Long-term liabilities, including bonds payable, compensated absences, workers' compensation, and net pension and OPEB 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	\$ (1,081,920,000)	
Premiums on Bonds Payable	(78,976,683)	
Deferred Charge on Refunding Adjustment	20,799,380	
Accrued Interest on Bonds	(5,752,470)	
Workers' Compensation	(1,814,669)	
Compensated Absences	(5,385,882)	
Net Pension Liability	(100,742,471)	
Net OPEB Liability	<u>(167,759,198)</u>	(1,421,551,993)

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.	40,811,284
--	------------

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.	(15,408,574)
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Deferred outflows for OPEB 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.	2,904,286
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Deferred inflows for OPEB 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>(70,173,990)</u>
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Total Net Position (Deficit) - Governmental Activities (Exhibit A-1) \$ (58,705,111)

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, 2018

Data Control Codes		General Fund	Debt Service Fund
REVENUES			
5700	<i>Local, Intermediate, and Out-of-State</i>	\$ 217,292,792	\$ 81,089,847
5800	<i>State Programs</i>	215,918,215	2,046,584
5900	<i>Federal Programs</i>	7,704,161	1,672,946
5020	Total Revenues	<u>440,915,168</u>	<u>84,809,377</u>
EXPENDITURES			
Current:			
0011	<i>Instruction</i>	270,471,837	-
0012	<i>Instructional Resources and Media Services</i>	4,614,478	-
0013	<i>Curriculum and Instructional Staff Development</i>	11,212,323	-
0021	<i>Instructional Leadership</i>	4,501,140	-
0023	<i>School Leadership</i>	30,614,071	-
0031	<i>Guidance, Counseling, and Evaluation Services</i>	22,227,003	-
0032	<i>Social Work Services</i>	514,870	-
0033	<i>Health Services</i>	5,397,099	-
0034	<i>Student Transportation</i>	14,722,272	-
0035	<i>Food Services</i>	-	-
0036	<i>Extracurricular Activities</i>	9,421,030	-
0041	<i>General Administration</i>	11,590,878	-
0051	<i>Plant Maintenance and Operations</i>	34,772,415	-
0052	<i>Security and Monitoring Services</i>	6,063,926	-
0053	<i>Data Processing Services</i>	9,848,110	-
0061	<i>Community Services</i>	526,831	-
Debt Service:			
0071	<i>Principal on Long-term Debt</i>	-	37,075,000
0072	<i>Interest on Long-term Debt</i>	-	45,252,061
0073	<i>Bond Issuance Costs and Fees</i>	-	1,128,181
Capital Outlay:			
0081	<i>Facilities Acquisition and Construction</i>	-	-
Intergovernmental:			
0093	<i>Payments to Shared Services Arrangements</i>	607,749	-
0095	<i>Payments to Juvenile Justice Alternative Education Programs</i>	344,556	-
0099	<i>Other Intergovernmental Charges</i>	2,122,804	-
6030	Total Expenditures	<u>439,573,392</u>	<u>83,455,242</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,341,776</u>	<u>1,354,135</u>
OTHER FINANCING SOURCES (USES)			
7901	<i>Issuance of Refunding Bonds</i>	-	12,310,000
7911	<i>Issuance of Capital-related Bonds</i>	-	-
7912	<i>Sale of Real and Personal Property</i>	57,915	-
7915	<i>Transfers In</i>	-	-
7916	<i>Premium from Issuance of Bonds</i>	-	2,812,826
8911	<i>Transfers Out</i>	(71,250)	-
8949	<i>Payment to Refunded Bond Escrow Agent</i>	-	(14,353,708)
7080	Total Other Financing Sources (Uses)	<u>(13,335)</u>	<u>769,118</u>
EXTRAORDINARY ITEMS			
7919	<i>Insurance Recovery for Fire</i>	846,273	-
8913	<i>Loss from Fire</i>	(134,103)	-
	Total Extraordinary Items	<u>712,170</u>	<u>-</u>
1200	Net Change in Fund Balances	2,040,611	2,123,253
0100	Fund Balances - Beginning	137,681,577	23,383,949
3000	Fund Balances - Ending	\$ <u>139,722,188</u>	\$ <u>25,507,202</u>

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

Exhibit B-2

Capital Projects Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
\$ 3,138,625	\$ 20,088,009	\$ 321,609,273
-	6,263,296	224,228,095
522,708	39,016,936	48,916,751
3,661,333	65,368,241	594,754,119
10,357,583	19,173,859	300,003,279
-	382,325	4,996,803
-	2,556,036	13,768,359
-	147,523	4,648,663
-	169,152	30,783,223
-	4,545,969	26,772,972
-	1,054	515,924
-	255,314	5,652,413
1,315,964	37,216	16,075,452
-	23,485,904	23,485,904
-	6,892,914	16,313,944
-	725	11,591,603
31,817	1,039,460	35,843,692
510,130	182,769	6,756,825
1,762,097	13,146	11,623,353
-	826,919	1,353,750
-	-	37,075,000
-	-	45,252,061
-	-	1,128,181
88,461,135	1,737,255	90,198,390
-	6,524	614,273
-	-	344,556
-	-	2,122,804
102,438,726	61,454,064	686,921,424
(98,777,393)	3,914,177	(92,167,305)
-	-	12,310,000
88,985,000	-	88,985,000
-	5,934	63,849
-	71,250	71,250
4,015,000	-	6,827,826
-	-	(71,250)
-	-	(14,353,708)
93,000,000	77,184	93,832,967
-	-	846,273
-	-	(134,103)
-	-	712,170
(5,777,393)	3,991,361	2,377,832
92,731,304	8,845,706	262,642,536
\$ 86,953,911	\$ 12,837,067	\$ 265,020,368

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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, 2018

Exhibit B-2R

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 2,377,832

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>	\$ 87,429,309	
Depreciation Expense	<u>(27,771,180)</u>	59,658,129

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. (4,228,110)

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. 487,749

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	\$ (101,295,000)	
(Premium) Discount	<u>(6,827,826)</u>	(108,122,826)

Payment to the escrow agent to refund bonds from refunding proceeds reduces long-term liabilities. 14,353,708

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 37,075,000

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	\$ (1,959,041)	
Amortization of Bond Premium	4,070,430	
Amortization of Deferred Charge on Refunding	<u>(1,640,607)</u>	470,782

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. (229,943)

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. 172,651

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)	\$ (10,329,622)	
Deferred Inflows (increased) decreased	(8,741,969)	
Net Pension Liability (increased) decreased	<u>14,885,577</u>	(4,186,014)

The net change in net OPEB 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)	\$ 898,636	
Deferred Inflows (increased) decreased	(70,173,990)	
Net OPEB Liability (increased) decreased	<u>128,411,193</u>	59,135,839

Change in Net Position for Governmental Activities (Exhibit A-2) \$ 56,964,797

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, 2018

Exhibit C-1

Data Control Codes		Agency Fund
	ASSETS	
1110	<i>Cash and Cash Equivalents</i>	\$ 895,938
1290	<i>Other Receivables</i>	21,214
1000	Total Assets	\$ 917,152
	LIABILITIES	
2110	<i>Accounts Payable</i>	\$ 4,793
2190	<i>Due to Student Groups</i>	912,359
2000	Total Liabilities	\$ 917,152

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, 2018

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, excluding property taxes, to be available if they are collected within 120 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, 2018

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. Change in Accounting Principle

In fiscal year 2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – which supersedes GASB Statement No. 45.

The requirements of Statement No. 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions that are administered through trusts or equivalent arrangements, and to the financial statements of state and local government in which the non-employer contributing entity (State) and District have a legal obligation to make contributions directly to such OPEB plan. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to the OPEB plan. Note disclosure and RSI requirements about the OPEB plan also are addressed. The implementation of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. The calculation of OPEB contributions is unaffected by the change. However, the implementation has resulted in the restatement of the District's beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of the Statement. Net position as of September 1, 2017 was decreased by \$294,164,741 to reflect the cumulative effect of implementation. An aggregate net OPEB liability of \$296,170,391 offset by aggregate deferred outflows of resources of \$2,005,650 at August 31, 2017 were reported as a prior period adjustment to the net position on September 1, 2017.

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Refer to Note IV, D. for more information regarding the District's OPEB plan. At transition, a government recognizes a beginning deferred outflows of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. Since the measurement date of the OPEB plan was different than the District's fiscal year-end, the District reported contributions to the plan subsequent to the respective measurement date as an increase in deferred outflows of resources and a decrease in net position. The beginning deferred outflows for OPEB includes contributions from September 1, 2016 through August 31, 2017, totaling \$2,005,650.

E. 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.

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.

KLEIN INDEPENDENT SCHOOL DISTRICT

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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 for unused days is based on half of 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, 2018.

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, 2018. 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, 2018.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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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.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- 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.

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.

KLEIN INDEPENDENT SCHOOL DISTRICT

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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.

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

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

12. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

13. 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.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

14. 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.

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.

KLEIN INDEPENDENT SCHOOL DISTRICT

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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, 2018, significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	Restricted	Committed	Assigned
	Fund Balance	Fund Balance	Fund Balance
General Fund	\$ -	\$ -	\$ 515,098
National School Breakfast and Lunch Program	106,394	-	-
Hurricane Harvey Fund	-	251,542	-
State Textbook Fund	46,223	-	-
Campus Activity Funds	-	54,117	-
Capital Projects Fund	42,640,440	-	-
Total Encumbrances	\$ 42,793,057	\$ 305,659	\$ 515,098

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.

For fiscal year 2018, the District invested in money market funds, 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.

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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.

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:

KLEIN INDEPENDENT SCHOOL DISTRICT
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		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)			
	August 31, 2018						
<i>Investments Pools, not subject to level reporting:</i>							
Investments Measured at Amortized Cost							
Texpool	\$ 40,669,800	\$ -	\$ -	\$ -	14.82%	28	AAAm
Lone Star	53,048,713	-	-	-	19.34%	20	AAAm
Investments Measured at Fair Value							
Texas CLASS	113,667,465	-	-	-	41.43%	70	AAAm
<i>Investments Measured at Fair Value, subject to level reporting:</i>							
Money Market Funds (RBC & Public Trust Advisors)	6,258,976	6,258,976	-	-	2.28%	1	AAAm
Municipal Securities	28,689,487	-	28,689,487	-	10.46%	282	*
U.S. Treasuries	13,577,179	-	13,577,179	-	4.95%	226	AA+
U.S. Government Agencies:							
Federal Farm Credit Banks	2,279,208	-	2,279,208	-	0.83%	336	AA+
Federal Home Loan Mortgage Corporation	5,008,852	-	5,008,852	-	1.83%	346	AA+
Federal National Mortgage Association	3,585,499	-	3,585,499	-	1.31%	151	AA+
Federal Home Loan Bank	7,572,136	-	7,572,136	-	2.76%	202	AA+
Total Investments	\$ 274,357,315	\$ 6,258,976	\$ 60,712,361	\$ -	100.00%		
Cash and Checking Accounts	13,898,270						
Total District Cash & Cash Equivalents and	\$						
Current & Long-term Investments, including Fiduciary	288,255,585						

Investment Portfolio Weighted Average Maturity

94

*Ratings by Standard and Poors range from A to AAA

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 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 547 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, 2018, is included in investment earnings as follows:

Investment Earnings	\$ 5,093,117
Net Increase in Fair Value of Investments	<u>111,656</u>
Total Investment Earnings	<u>\$ 5,204,773</u>

KLEIN INDEPENDENT SCHOOL DISTRICT

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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:

	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Receivables:					
Property Taxes, including					
Penalties and Interest	\$ 9,806,395	\$ 3,348,792	\$ -	\$ -	\$ 13,155,187
Due From Other Governments:					
State	13,675,378	-	-	10,191,844	23,867,222
Federal	3,359,989	-	321,370	235,269	3,916,628
Local	-	-	-	3,510	3,510
Miscellaneous	198,876	-	-	817,676	1,016,552
Gross Receivables	27,040,638	3,348,792	321,370	11,248,299	41,959,099
Less: Allowance for Uncollectibles	(1,198,270)	(322,396)	-	-	(1,520,666)
Net Total Receivables	\$ 25,842,368	\$ 3,026,396	\$ 321,370	\$ 11,248,299	\$ 40,438,433

Fifty-eight 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:

	Unearned
Escrow Local Taxes (General Fund)	\$ 30,986
Facility Rentals (General Fund)	30,126
Tuition (General Fund)	20,305
Grant Funds Received Prior to Meeting all Eligibility Requirements (Special Revenue Funds)	316,505
Total Unearned Revenue For Governmental Funds	\$ 397,922

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NOTES TO THE FINANCIAL STATEMENTS
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C. Capital Assets

Capital asset activity for the year ended August 31, 2018 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	\$ 108,511,313	\$ -	\$ -	\$ 108,511,313
Construction in Progress	22,084,181	3,257,737	(21,978,491)	3,363,427
Total Capital Assets, not being Depreciated	130,595,494	3,257,737	(21,978,491)	111,874,740
Capital Assets, being Depreciated:				
Buildings and Improvements	1,140,247,717	78,475,369	14,531,072	1,233,254,158
Furniture and Equipment	74,006,787	5,696,203	(5,561,911)	74,141,079
Total Capital Assets, being Depreciated	1,214,254,504	84,171,572	8,969,161	1,307,395,237
Less Accumulated Depreciation for:				
Buildings and Improvements	(230,783,577)	(22,971,457)	3,518,784	(250,236,250)
Furniture and Equipment	(41,437,453)	(4,799,723)	5,262,436	(40,974,740)
Total Accumulated Depreciation	(272,221,030)	(27,771,180)	8,781,220	(291,210,990)
Total Capital Assets, being Depreciated, net	942,033,474	56,400,392	17,750,381	1,016,184,247
Governmental Activities Capital Assets, net	\$ 1,072,628,968	\$ 59,658,129	\$ (4,228,110)	\$ 1,128,058,987

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

Governmental Activities:	
11 Instruction	\$ 17,182,704
12 Instructional Resources and Media Services	286,058
13 Curriculum and Instructional Staff Development	272,100
21 Instructional Leadership	53,889
23 School Leadership	1,431,660
31 Guidance, Counseling, and Evaluation Services	761,858
33 Health Services	278,574
34 Student Transportation	1,499,703
35 Food Services	1,708,379
36 Extracurricular Activities	643,734
41 General Administration	59,592
51 Plant Maintenance and Operations	1,958,756
52 Security and Monitoring Services	402,593
53 Data Processing Services	1,212,130
61 Community Services	19,450
Total Depreciation Expense	\$ 27,771,180

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

Construction Commitments

The District has active construction projects as of August 31, 2018. 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>
Elementary #33	\$ 22,405,850
Hildebrandt Intermediate Renovation	6,156,659
Front Entrance - Epps Island Elementary & Greenwood Forest Elementary	4,267,996
Hofius Intermediate	3,137,328
Klein Forest CTE Addition & Renovation	1,322,990
2018 Roofing Projects	278,800
Front Entrance - Northampton Elementary & Haude Elementary	252,937
Facility Renovation Projects - Hardware	195,662
Lemm Elementary Restoration	171,984
Facility Renovation & Mechanical Engineering Projects	120,000
Elementary School Vestibule Renovations	99,000
Ehrhardt Elementary & Student Services	19,495
Totals	\$ 38,428,700

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, 2018, is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General Fund	\$ 8,659,770	\$ 4,823,709
Debt Service Fund	187,996	2,007
Capital Projects Fund	1,661,788	187,996
Nonmajor Governmental Funds	4,599,348	10,095,190
Totals	\$ 15,108,902	\$ 15,108,902

KLEIN INDEPENDENT SCHOOL DISTRICT

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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, 2018:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Other Governmental Funds - Nonmajor	\$ 71,250
Total		\$ 71,250

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.

E. Long-term Liabilities

The District’s long-term liabilities consist of bond indebtedness, workers’ compensation, compensated absences, and net pension and net OPEB 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, 2018, 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	\$ 1,031,685,000	\$ 101,295,000	\$ (51,060,000)	\$ 1,081,920,000	\$ 35,855,000
Issuance Premiums	76,755,803	6,827,826	(4,606,946)	78,976,683	-
Total Bonds Payable, net	1,108,440,803	108,122,826	(55,666,946)	1,160,896,683	35,855,000
Compensated Absences	5,155,939	654,813	(424,870)	5,385,882	246,345
Workers' Compensation	1,987,320	727,953	(900,604)	1,814,669	1,814,669
Net Pension Liability	115,628,048	14,447,779	(29,333,356)	100,742,471	-
Net OPEB Liability*	296,170,391	28,390	(128,439,583)	167,759,198	-
Total Long-term Liabilities	\$ 1,527,382,501	\$ 123,981,761	\$ (214,765,359)	\$ 1,436,598,903	\$ 37,916,014

*Per GASB 75, beginning balances for net OPEB liability includes the restatement of Net OPEB Liability September 1, 2017

KLEIN INDEPENDENT SCHOOL DISTRICT

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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 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
2008A	3.25-5.05%	184,905,000	2038	23,990,000	-	(23,990,000)	-
2009A	2.00-5.00%	17,125,000	2019	5,470,000	-	(3,430,000)	2,040,000
2009B	2.25-5.03%	45,000,000	2039	11,140,000	-	(810,000)	10,330,000
2010A	2.50-5.00%	38,135,000	2023	20,380,000	-	(3,080,000)	17,300,000
2010B	4.982-5.96%	88,865,000	2040	88,865,000	-	-	88,865,000
2010	2.00-5.00%	28,445,000	2023	23,810,000	-	(2,010,000)	21,800,000
2011	3.00-5.00%	83,900,000	2041	75,100,000	-	-	75,100,000
2012A	2.00-5.00%	51,115,000	2042	45,865,000	-	-	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	71,295,000	-	(4,335,000)	66,960,000
2013B	4.00-5.00%	27,480,000	2027	25,490,000	-	(2,055,000)	23,435,000
2014	3.00-4.00%	44,000,000	2044	40,135,000	-	(1,530,000)	38,605,000
2015	2.70-4.00%	80,000,000	2045	77,260,000	-	(1,670,000)	75,590,000
2015A	3.00-5.00%	224,600,000	2045	213,020,000	-	(6,210,000)	206,810,000
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	-	(1,940,000)	143,950,000
2018	3.00-5.00%	88,985,000	2048	-	88,985,000	-	88,985,000
2018A	4.00-6.00%	12,310,000	2038	-	12,310,000	-	12,310,000
Totals				\$ 1,031,685,000	\$ 101,295,000	\$ (51,060,000)	\$ 1,081,920,000

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 2018 was reduced by 6.6 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, 2018, the District had \$121,866,112 in authorized but unissued bonds remaining from the 2015 bond election.

In July 2018, the District issued \$12,310,000 of unlimited tax refunding bonds. The proceeds of the refunding bonds were used to legally defease \$13,985,000 of previously issued District bonds in order to lower its overall debt service requirements. The net carrying value of the old debt exceeded the reacquisition price by \$64,290. The amount is netted against the new debt and amortized over the life of the new debt. The refunding resulted in a debt service savings of \$2,492,473 and an economic gain of \$2,195,328.

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.

KLEIN INDEPENDENT SCHOOL DISTRICT
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At August 31, 2018, the following outstanding bonds are considered defeased:

2009B General Obligation Bonds (maturing 2020-2034, callable August 1, 2019)	\$ 17,975,000
Total	\$ <u>17,975,000</u>

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

Year Ending August 31	Principal Value	Interest	Total Requirements
2019	\$ 35,855,000	\$ 48,971,537	\$ 84,826,537
2020	37,390,000	45,588,005	82,978,005
2021	40,755,000	44,037,317	84,792,317
2022	39,610,000	42,135,505	81,745,505
2023	38,835,000	40,233,380	79,068,380
2024	34,760,000	38,560,830	73,320,830
2025	36,510,000	36,917,508	73,427,508
2026	38,350,000	35,197,826	73,547,826
2027	40,105,000	33,390,871	73,495,871
2028	41,615,000	31,613,283	73,228,283
2029	43,225,000	29,857,688	73,082,688
2030	45,265,000	27,920,493	73,185,493
2031	47,355,000	25,917,166	73,272,166
2032	45,590,000	23,931,308	69,521,308
2033	40,985,000	22,044,311	63,029,311
2034	40,720,000	20,268,304	60,988,304
2035	42,480,000	18,458,223	60,938,223
2036	44,320,000	16,563,795	60,883,795
2037	46,240,000	14,583,392	60,823,392
2038	48,245,000	12,509,802	60,754,802
2039	40,910,000	10,343,937	51,253,937
2040	40,540,000	8,458,943	48,998,943
2041	35,175,000	6,581,133	41,756,133
2042	30,950,000	5,174,925	36,124,925
2043	28,850,000	3,994,540	32,844,540
2044	28,155,000	2,870,300	31,025,300
2045	26,785,000	1,785,200	28,570,200
2046	13,200,000	807,700	14,007,700
2047	4,480,000	276,200	4,756,200
2048	4,665,000	93,300	4,758,300
Totals	\$ <u>1,081,920,000</u>	\$ <u>649,086,717</u>	\$ <u>1,731,006,717</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. Rebutable 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. Rebutable 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.

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F. Fund Balance

Other committed fund balance includes the following commitments of funds:

General Fund:

Future Budget Deficits \$ 22,694,356

Nonmajor and Other Funds:

Earned but unspent funds in special local programs including campus activity 7,663,735

Total Other Committed Fund Balance \$ **30,358,091**

Other assigned fund balance includes the following assignments of funds:

General Fund:

Coca-Cola Funds \$ 3,670,154

E-rate 3,207,949

High School Allotment 1,068,689

Outstanding Encumbrances 515,098

Long-term Investments 12,375,822

Compensated Absences 5,385,882

Operating Costs of Future School Openings 7,500,000

Land Purchases for Future School Sites 8,000,000

Total Other Assigned Fund Balance \$ **41,723,594**

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:

	General	Debt Service	Capital Projects	Other Governmental Funds	Totals
Property Taxes	\$ 207,726,555	\$ 77,868,518	\$ -	\$ -	\$ 285,595,073
Penalties, Interest & Other					
Tax Related Income	1,873,465	571,935	-	-	2,445,400
Charges for Services	2,171,063	-	23,585	19,158,616	21,353,264
Investment Earnings	2,458,836	2,649,394	28,984	67,559	5,204,773
Other	3,062,873	-	3,086,056	861,834	7,010,763
Total	\$ 217,292,792	\$ 81,089,847	\$ 3,138,625	\$ 20,088,009	\$ 321,609,273

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

KLEIN INDEPENDENT SCHOOL DISTRICT

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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.

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 8/31/2018	Year Ended 8/31/2017
Unpaid Claims, Beginning of Fiscal Year	\$ 1,987,320	\$ 1,749,903
Incurred Claims (including IBNRs)	727,953	1,288,559
Claim Payments	(900,604)	(1,051,142)
Unpaid Claims, End of Fiscal Year	\$ 1,814,669	\$ 1,987,320

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, 2018, 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

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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

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Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for plan fiscal years 2016 and 2017 and the 85th Texas Legislature, GAA established the employer contribution rates for plan fiscal years 2018 and 2019. Rates for such plan fiscal years are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Member	7.7%	7.7%	7.2%
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 2018 are as follows:

District Contributions	\$ 11,498,697
Member Contributions	\$ 26,708,220
NECE On-behalf Contributions (State)	\$ 16,013,424

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

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Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
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 2017 to 2116 projection period (100 years)	2116
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Ad Hoc Post-Employment Benefit Changes	None

*If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017 (i.e. the rate closest to but not later than the Measurement Date). The source for the rate is the Fixed Income Market Data/Yield Curve./Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20 Year Municipal GO AA Index"..

The actuarial methods and assumptions are 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.

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Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Contributions to 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% lower (7%) or 1% higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
\$	169,831,902	\$ 100,742,471	\$ 43,214,307

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

At August 31, 2018, the District reported a liability of \$100,742,471 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	\$	100,742,471
State's proportionate share of the net pension liability associated with the District		152,738,834
Total	\$	<u>253,481,305</u>

The net pension liability was measured as of August 31, 2017 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, 2016 through August 31, 2017.

At August 31, 2017, the employer's proportion of the net pension liability was .3150702% which was an increase of .0090829% from its proportion measured at August 31, 2016.

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, 2018, the District recognized pension expense of \$27,335,022 and revenue of \$11,650,311 for support provided by the state.

At August 31, 2018, the District reported deferred outflows of resources for contributions made after the measurement date and 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 Actual Experience	\$ 1,473,908	\$ 5,432,909
Changes in Assumptions	4,588,979	2,627,084
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	7,341,892
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions (Cost-Sharing Plan)	23,249,700	6,689
District Contribution after Measurement Date	11,498,697	-
Totals	\$ <u>40,811,284</u>	\$ <u>15,408,574</u>

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

The \$11,498,697 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, 2019. 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:

2019	\$ 2,277,994
2020	8,708,647
2021	1,783,887
2022	(167,148)
2023	1,046,801
Thereafter	253,832
Total	\$ <u>13,904,013</u>

D. Defined Other Post-Employment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates Effective September 1, 2016 - December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and spouse	20	175	255
Retiree* and children	41	132	182
Retiree and family	61	237	337
Surviving children only	28	62	82

* or surviving spouse

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	2018	2017
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.00%
Employers/District	0.75%	0.55%
Federal/private funding remitted by employers	1.25%	1.00%

The contribution amounts for the District's fiscal year 2018 are as follows:

District Contributions	\$ 2,878,027
Member Contributions	\$ 2,254,259
NECE On-behalf Contributions (State)	\$ 4,939,674

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

In addition, the State of Texas contributed \$1,019,978, \$983,516 and \$1,220,986 in 2018, 2017, and 2016, respectively, for on-behalf payments for Medicare Part D.

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$212 million in fiscal year 2018.

Actuarial Assumptions

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The following additional actuarial methods and assumptions were employed in the August 31, 2017 actuarial valuation of the total OPEB liability:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate	3.42%*
Aging factors	Based on plan specific experience
Expenses	Thirty-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Payroll growth rate	2.50%
Projected salary increases**	3.50% to 9.50%**
Healthcare trend rates***	4.50% to 12.00%***
Election rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retiree; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability

Discount Rate

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the net OPEB liability.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions

1% Decrease	Current Single	1% Increase
(2.42%)	Discount Rate	(4.42%)
(3.42%)	(3.42%)	(4.42%)
\$ 197,997,501	\$ 167,759,198	\$ 143,454,421

Healthcare Cost Trend Rates

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

1% Decrease	Current	1% Increase
Trend Rate	Healthcare Cost	Trend Rate
(1.0%)	(1.0%)	(1.0%)
\$ 139,676,293	\$ 167,759,198	\$ 204,607,510

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

At August 31, 2018, the District reported a liability of \$167,759,198 for its proportionate share of the TRS’s net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 167,759,198
State's proportionate share of the net OPEB liability associated with the District	259,984,330
Total	\$ 427,743,528

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

The net OPEB liability was measured as of August 31, 2017 and the total OPEB Liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net OPEB liability was 0.3857753% which was the same proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation –

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

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

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

GASB 75 requires the District to record OPEB expense for the amount of the State's proportionate share of collective OPEB expense that is associated with the District, and record revenue in the same amount for the support provided by the State. For the measurement period ended August 31, 2017, the State's proportionate share of collected OPEB expense was a negative expense of \$8,504,163,580 and the portion of that amount that is associated with the District is a negative expense of \$86,997,670. This amount is recorded as a negative revenue and negative expense for the year ended August 31, 2018.

For the year ended August 31, 2018, the District recognized total negative OPEB expense of \$56,257,812, which includes both the District's proportionate share of collective OPEB expense and the portion of the State's proportionate share of collective OPEB expense that is associated with the District, as described above.

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

At August 31, 2018, the District reported the District's contribution after the measurement date and its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 3,502,101
Changes in Assumptions	-	66,671,889
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	25,483	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions (Cost-Sharing Plan)	776	-
District Contribution after Measurement Date	2,878,027	-
Totals	\$ 2,904,286	\$ 70,173,990

The \$2,878,027 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended August 31, 2019. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31:

2019	\$ (9,256,074)
2020	(9,256,074)
2021	(9,256,074)
2022	(9,256,074)
2023	(9,262,445)
Thereafter	(23,860,990)
Total	\$ (70,147,731)

KLEIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2018

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, 2018 attributable to the District's participation in the shared services arrangement:

Revenues

State Revenue Distributed by TEA	\$ 315,409
Local Revenue Paid by District	619,248
Total Revenues	\$ <u>934,657</u>

Expenditures

Payroll Costs	\$ 931,159
Contracted Services	1,216
Supplies and materials	50
Miscellaneous Expenses	2,232
Total Expenditures	\$ <u>934,657</u>

F. Extraordinary Item

The District experienced a fire at Frank Elementary in May 2017. The renovations began in fiscal year 2017 and were finalized in fiscal year 2018. The net gain of \$712,170 was the result of the additional insurance recovery of \$846,273 exceeding the additional expenses of \$134,103.

G. Prior Period Adjustment

Net position at September 1, 2017 was restated per the following table for the implementation of GASB 75, which was previously described in Note I. D.:

	Governmental Activities
Beginning Net Position, as previously reported	\$ 178,494,833
Implementation of GASB 75 for OPEB	(294,164,741)
Beginning Net Position (Deficit), restated	\$ <u>(115,669,908)</u>

Required Supplementary Information

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KLEIN INDEPENDENT SCHOOL DISTRICT

Exhibit D-1

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES					
5700	Local, Intermediate, and Out-of-State	\$ 214,813,123	\$ 216,262,713	\$ 217,292,792	\$ 1,030,079
5800	State Programs	203,389,401	213,398,859	215,918,215	2,519,356
5900	Federal Programs	5,476,800	7,730,069	7,704,161	(25,908)
5020	Total Revenues	423,679,324	437,391,641	440,915,168	3,523,527
EXPENDITURES					
Current:					
0011	Instruction	273,456,797	275,984,352	270,471,837	5,512,515
0012	Instructional Resources and Media Services	4,990,173	4,732,017	4,614,478	117,539
0013	Curriculum and Instructional Staff Development	11,957,115	11,662,687	11,212,323	450,364
0021	Instructional Leadership	4,257,228	4,763,824	4,501,140	262,684
0023	School Leadership	30,558,868	30,953,380	30,614,071	339,309
0031	Guidance, Counseling, and Evaluation Services	23,820,794	22,980,360	22,227,003	753,357
0032	Social Work Services	390,137	533,295	514,870	18,425
0033	Health Services	5,402,801	5,683,283	5,397,099	286,184
0034	Student Transportation	13,758,795	14,954,615	14,722,272	232,343
0035	Food Services	-	15,000	-	15,000
0036	Extracurricular Activities	9,525,901	9,858,667	9,421,030	437,637
0041	General Administration	12,100,373	11,915,280	11,590,878	324,402
0051	Plant Maintenance and Operations	35,839,277	35,711,191	34,772,415	938,776
0052	Security and Monitoring Services	6,041,880	6,411,510	6,063,926	347,584
0053	Data Processing Services	9,615,899	11,346,834	9,848,110	1,498,724
0061	Community Services	463,266	605,834	526,831	79,003
Debt Service:					
0073	Bond Issuance Costs and Fees	20,000	-	-	-
Intergovernmental:					
0093	Payments to Shared Services Arrangements	560,000	607,749	607,749	-
0095	Payments to Juvenile Justice Alternative Education Programs	355,000	357,000	344,556	12,444
0099	Other Intergovernmental Charges	2,200,000	2,200,000	2,122,804	77,196
6030	Total Expenditures	445,314,304	451,276,878	439,573,392	11,703,486
Excess (Deficiency) of Revenues Over					
1100	(Under) Expenditures	(21,634,980)	(13,885,237)	1,341,776	15,227,013
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real and Personal Property	50,000	57,000	57,915	915
8911	Transfers Out	(71,250)	(71,250)	(71,250)	-
7080	Total Other Financing Sources and (Uses)	(21,250)	(14,250)	(13,335)	915
EXTRAORDINARY ITEMS					
7919	Insurance Recovery for Fire	-	907,751	846,273	(61,478)
8913	Loss from Fire	-	(862,103)	(134,103)	728,000
	Total Extraordinary Items	-	45,648	712,170	666,522
1200	Net Change in Fund Balance	(21,656,230)	(13,853,839)	2,040,611	15,894,450
0100	Fund Balance - Beginning	137,681,577	137,681,577	137,681,577	-
3000	Fund Balance - Ending	\$ 116,025,347	\$ 123,827,738	\$ 139,722,188	\$ 15,894,450

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****FOR THE FOUR YEARS ENDED***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.31507020%	0.30598730%	0.30579369%	0.19296490%
District's Proportionate Share of the Net Pension Liability	\$ 100,742,471	\$ 115,628,048	\$ 108,093,967	\$ 51,543,594
State's Proportionate Share of the Net Pension Liability Associated with the District	152,738,834	184,046,365	171,194,816	144,671,755
Total	\$ 253,481,305	\$ 299,674,413	\$ 279,288,783	\$ 196,215,349
District's Covered Payroll	\$ 326,904,468	\$ 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	30.82%	36.86%	36.91%	19.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	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 CONTRIBUTIONS TO THE
TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN
FOR THE FOUR YEARS ENDED*

Exhibit E-2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$ 11,498,697	\$ 10,324,043	\$ 9,721,927	\$ 9,056,605
Contributions in Relation to the Contractually Required Contributions	<u>(11,498,697)</u>	<u>(10,324,043)</u>	<u>(9,721,927)</u>	<u>(9,056,605)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
 District's Covered Payroll	 \$ 346,854,772	 \$ 326,904,468	 \$ 313,654,090	 \$ 292,880,706
 Contributions as a Percentage of Covered Payroll	 3.32%	 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**Exhibit E-3****REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY OF A COST-SHARING MULTIPLE-EMPLOYER OPEB PLAN
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST FISCAL YEAR***

	<u>2018</u>
District's Proportion of the Net OPEB Liability	0.38577530%
District's Proportionate Share of the Net OPEB Liability	\$ 167,759,198
State's Proportionate Share of the Net OPEB Liability Associated with the District	<u>259,984,330</u>
Total	<u>\$ 427,743,528</u>
 District's Covered Payroll	 \$ 326,904,468
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	 51.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

* The amounts presented for the fiscal year were determined as of the Plan'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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE
TEACHER RETIREMENT SYSTEM OF TEXAS OPEB PLAN
LAST FISCAL YEAR*

Exhibit E-4

	<u>2018</u>
Contractually Required Contributions	\$ 2,878,027
Contributions in Relation to the Contractually Required Contributions	<u>(2,878,027)</u>
Contribution Deficiency (Excess)	\$ <u><u>-</u></u>
 District's Covered Payroll	 \$ 346,854,772
 Contributions as a Percentage of Covered Payroll	 0.83%

* The amounts presented for the fiscal year 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, 2018

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 \$13,719,317 in estimated revenues, including other financing sources, was primarily due to an increase in interest earnings, flexible spending account liability, increase in supplemental state aid due to Hurricane Harvey, and the receipt of SHARS reimbursements.

The net increase of \$5,962,574 to appropriations, including other financing uses, was primarily due to an increase in salary and benefits for additional positions, an increase in SHARS billing, an increase in general supplies due to carryover resources, an increase in election costs and increased capital outlay expenditures utilizing excess payroll budgets to purchase non-recurring items.

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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

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL DEBT SERVICE FUND FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES					
5700	Local, Intermediate, and Out-of-State	\$ 79,964,516	\$ 80,718,596	\$ 81,089,847	\$ 371,251
5800	State Programs	2,237,041	2,046,887	2,046,584	(303)
5900	Federal Programs	1,667,573	1,667,573	1,672,946	5,373
5020	Total Revenues	83,869,130	84,433,056	84,809,377	376,321
EXPENDITURES					
Debt Service:					
0071	Principal on Long-term Debt	37,075,000	37,075,000	37,075,000	-
0072	Interest on Long-term Debt	48,126,686	47,153,469	45,252,061	1,901,408
0073	Bond Issuance Costs and Fees	28,300	1,121,025	1,128,181	(7,156)
6030	Total Expenditures	85,229,986	85,349,494	83,455,242	1,894,252
Excess (Deficiency) of Revenues Over (Under)					
1100	Expenditures	(1,360,856)	(916,438)	1,354,135	2,270,573
OTHER FINANCING SOURCES (USES)					
7901	Issuance of Refunding Bonds	-	12,310,000	12,310,000	-
7916	Premium from Issuance of Bonds	-	2,812,827	2,812,826	(1)
8949	Payment to Refunded Bond Escrow Agent	-	(14,353,709)	(14,353,708)	1
7080	Total Other Financing Sources (Uses)	-	769,118	769,118	-
1200	Net Change in Fund Balance	(1,360,856)	(147,320)	2,123,253	2,270,573
0100	Fund Balance - Beginning	23,383,949	23,383,949	23,383,949	-
3000	Fund Balance - Ending	\$ 22,023,093	\$ 23,236,629	\$ 25,507,202	\$ 2,270,573

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, 2018

ESSA 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.

ESSA Title II, Part A, Supporting Effective Instruction – 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.

ESSA 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.

Hurricane Harvey Fund – To account, on a project basis, for funds received from Texas Department of Emergency Management (TDEM), FEMA, and insurance proceeds that provided the district additional resources to help mitigate the effects of Hurricane Harvey.

ESSA 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.

Federally Funded Special Revenue Funds – To account, on a project basis, for funds from various federal programs, awarded for Student Success, Hurricane Recovery grants, and Impact Aid due to Hurricane Harvey.

KLEIN INDEPENDENT SCHOOL DISTRICT

FUND DESCRIPTIONS

NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2018

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.

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 funds donated by local sources for various organizations within the district.

Young Sheldon STEM Initiative – To account for funds received from the Chuck Lorre Family Foundation, awarded to support each awarded school's STEM teachers and STEM educational programs within their existing in-class curriculum and/or after-school programs.

Innovation Challenge – To account for funds received from community donations to help support innovation challenge events, typically STEM in nature, where students use a design thinking process to develop solutions for real world problems.

Project Lead the Way – To account for funds received from Chevron to help the district expand the Project Lead the Way programs across the district.

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.

KLEIN INDEPENDENT SCHOOL DISTRICT***FUND DESCRIPTIONS******NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018***

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.

KLEIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
AUGUST 31, 2018

Data Control Codes	211 ESSA Title I Part A Improving Basic Programs	224 IDEA Part B Formula	225 IDEA Part B Preschool
ASSETS			
1110 <i>Cash and Cash Equivalents</i>	\$ -	\$ -	\$ -
1240 <i>Due from Other Governments</i>	1,821,757	3,191,149	33,533
1260 <i>Due from Other Funds</i>	-	-	-
1290 <i>Other Receivables</i>	-	-	-
1300 <i>Inventories, at Cost</i>	-	-	-
1410 <i>Prepaid Items</i>	-	-	-
1000 Total Assets	\$ 1,821,757	\$ 3,191,149	\$ 33,533
LIABILITIES			
2110 <i>Accounts Payable</i>	\$ 29,785	\$ 7,662	\$ -
2160 <i>Accrued Wages Payable</i>	487,621	703,273	10,543
2170 <i>Due to Other Funds</i>	1,304,351	2,480,214	22,990
2300 <i>Unearned Revenue</i>	-	-	-
2000 Total Liabilities	1,821,757	3,191,149	33,533
FUND BALANCES			
Nonspendable:			
3430 <i>Prepaid Items</i>	-	-	-
Restricted For:			
3450 <i>Grants - Food Services</i>	-	-	-
3450 <i>Grants - Instructional Services</i>	-	-	-
Committed To:			
3545 <i>Other</i>	-	-	-
3000 Total Fund Balances	-	-	-
4000 Total Liabilities and Fund Balances	\$ 1,821,757	\$ 3,191,149	\$ 33,533

240	244	255	263	272
National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESSA Title II Part A Supporting Effective Instruction	ESSA Title III Part A English Language Acquisition and Enhancement	Medicaid Administrative Claiming Program
\$ 4,433,621	\$ -	\$ -	\$ -	\$ -
691,399	117,096	137,956	288,316	210,414
37,345	-	-	-	-
74,452	575	-	-	-
689,807	-	-	-	-
29,145	-	-	-	-
<u>\$ 5,955,769</u>	<u>\$ 117,671</u>	<u>\$ 137,956</u>	<u>\$ 288,316</u>	<u>\$ 210,414</u>
\$ 677,249	\$ 13,615	\$ 36,045	\$ 36,981	\$ -
662,082	-	8,151	37,865	-
204,379	104,056	93,760	213,470	210,414
-	-	-	-	-
<u>1,543,710</u>	<u>117,671</u>	<u>137,956</u>	<u>288,316</u>	<u>210,414</u>
29,145	-	-	-	-
4,382,914	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,412,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,955,769</u>	<u>\$ 117,671</u>	<u>\$ 137,956</u>	<u>\$ 288,316</u>	<u>\$ 210,414</u>

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AUGUST 31, 2018

		287	288	289
Data Control Codes			ESSA Title VI	
		Hurricane Harvey Fund	Part A Summer School LEP	Federally Funded Special Revenue Funds
	ASSETS			
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	24,855	30,371	3,865,167
1260	Due from Other Funds	849,708	-	-
1290	Other Receivables	742,649	-	-
1300	Inventories, at Cost	-	-	-
1410	Prepaid Items	-	-	-
1000	Total Assets	\$ 1,617,212	\$ 30,371	\$ 3,865,167
	LIABILITIES			
2110	Accounts Payable	\$ 302,189	\$ -	\$ -
2160	Accrued Wages Payable	-	-	6,874
2170	Due to Other Funds	16,170	30,371	3,858,293
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	318,359	30,371	3,865,167
	FUND BALANCES			
	Nonspendable:			
3430	Prepaid Items	-	-	-
	Restricted For:			
3450	Grants - Food Services	-	-	-
3450	Grants - Instructional Services	-	-	-
	Committed To:			
3545	Other	1,298,853	-	-
3000	Total Fund Balances	1,298,853	-	-
4000	Total Liabilities and Fund Balances	\$ 1,617,212	\$ 30,371	\$ 3,865,167

385	392	397	410	427
State Supplemental Visually Impaired	Non-Educational Community- Based Support	Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -
-	3,510	-	8,100	7,000
-	803	28,263	2,220,745	16,162
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 4,313</u>	<u>\$ 28,263</u>	<u>\$ 2,228,845</u>	<u>\$ 23,162</u>
\$ -	\$ -	\$ -	\$ 1,496,597	\$ -
-	420	-	-	22,400
-	3,893	-	-	-
-	-	-	-	-
<u>-</u>	<u>4,313</u>	<u>-</u>	<u>1,496,597</u>	<u>22,400</u>
-	-	-	-	-
-	-	-	-	-
-	-	28,263	732,248	762
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>28,263</u>	<u>732,248</u>	<u>762</u>
<u>\$ -</u>	<u>\$ 4,313</u>	<u>\$ 28,263</u>	<u>\$ 2,228,845</u>	<u>\$ 23,162</u>

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AUGUST 31, 2018

	429	461	482
Data Control Codes	Pre- Kindergarten Grant Program	Campus Activity Funds	Klein ISD Education Foundation Grant
ASSETS			
1110 <i>Cash and Cash Equivalents</i>	\$ -	\$ 6,932,091	\$ -
1240 <i>Due from Other Governments</i>	-	-	-
1260 <i>Due from Other Funds</i>	-	-	73,672
1290 <i>Other Receivables</i>	-	-	-
1300 <i>Inventories, at Cost</i>	-	-	-
1410 <i>Prepaid Items</i>	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 6,932,091</u>	<u>\$ 73,672</u>
LIABILITIES			
2110 <i>Accounts Payable</i>	\$ -	\$ 80,684	\$ 5,376
2160 <i>Accrued Wages Payable</i>	-	-	-
2170 <i>Due to Other Funds</i>	-	1,552,829	-
2300 <i>Unearned Revenue</i>	-	27,518	68,296
2000 Total Liabilities	<u>-</u>	<u>1,661,031</u>	<u>73,672</u>
FUND BALANCES			
Nonspendable:			
3430 <i>Prepaid Items</i>	-	-	-
Restricted For:			
3450 <i>Grants - Food Services</i>	-	-	-
3450 <i>Grants - Instructional Services</i>	-	-	-
Committed To:			
3545 <i>Other</i>	-	5,271,060	-
3000 Total Fund Balances	<u>-</u>	<u>5,271,060</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 6,932,091</u>	<u>\$ 73,672</u>

483	485	486	487	488
Miscellaneous Donations	Young Sheldon STEM Initiative	Innovation Challenge	Project Lead the Way	Miscellaneous Grants
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
51,597	45,000	634	55,000	164,940
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 51,597</u>	<u>\$ 45,000</u>	<u>\$ 634</u>	<u>\$ 55,000</u>	<u>\$ 164,940</u>
\$ 5,523	\$ -	\$ -	\$ 1,011	\$ 36,178
-	-	-	-	15,000
-	-	-	-	-
-	45,000	-	53,989	113,762
<u>5,523</u>	<u>45,000</u>	<u>-</u>	<u>55,000</u>	<u>164,940</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
46,074	-	634	-	-
<u>46,074</u>	<u>-</u>	<u>634</u>	<u>-</u>	<u>-</u>
<u>\$ 51,597</u>	<u>\$ 45,000</u>	<u>\$ 634</u>	<u>\$ 55,000</u>	<u>\$ 164,940</u>

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
AUGUST 31, 2018

		489	490	491
Data Control Codes		Jason Project - Chevron	Dual Credit Program	Aquaponics Project
	ASSETS			
1110	<i>Cash and Cash Equivalents</i>	\$ -	\$ -	\$ -
1240	<i>Due from Other Governments</i>	-	-	-
1260	<i>Due from Other Funds</i>	-	1,047,539	7,940
1290	<i>Other Receivables</i>	-	-	-
1300	<i>Inventories, at Cost</i>	-	-	-
1410	<i>Prepaid Items</i>	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 1,047,539</u>	<u>\$ 7,940</u>
	LIABILITIES			
2110	<i>Accounts Payable</i>	\$ -	\$ 425	\$ -
2160	<i>Accrued Wages Payable</i>	-	-	-
2170	<i>Due to Other Funds</i>	-	-	-
2300	<i>Unearned Revenue</i>	-	-	7,940
2000	Total Liabilities	<u>-</u>	<u>425</u>	<u>7,940</u>
	FUND BALANCES			
	Nonspendable:			
3430	<i>Prepaid Items</i>	-	-	-
	Restricted For:			
3450	<i>Grants - Food Services</i>	-	-	-
3450	<i>Grants - Instructional Services</i>	-	-	-
	Committed To:			
3545	<i>Other</i>	-	1,047,114	-
3000	Total Fund Balances	<u>-</u>	<u>1,047,114</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,047,539</u>	<u>\$ 7,940</u>

Total Nonmajor Governmental Funds	
<hr/>	
\$	11,365,712
	10,430,623
	4,599,348
	817,676
	689,807
	29,145
\$	<u>27,932,311</u>

\$	2,729,320
	1,954,229
	10,095,190
	316,505
	<u>15,095,244</u>

	29,145
	4,382,914
	761,273
	<u>7,663,735</u>
	<u>12,837,067</u>
\$	<u>27,932,311</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, 2018

Data Control Codes		211	224	225
		ESSA 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>	\$ 7,970	\$ 1,374	\$ -
5800	<i>State Programs</i>	-	-	-
5900	<i>Federal Programs</i>	7,621,150	8,949,653	142,507
5020	Total Revenues	<u>7,629,120</u>	<u>8,951,027</u>	<u>142,507</u>
EXPENDITURES				
Current:				
0011	<i>Instruction</i>	4,955,020	5,244,983	142,507
0012	<i>Instructional Resources and Media Services</i>	96,373	-	-
0013	<i>Curriculum and Instructional Staff Development</i>	1,313,308	32,416	-
0021	<i>Instructional Leadership</i>	59,874	50,206	-
0023	<i>School Leadership</i>	93,162	-	-
0031	<i>Guidance, Counseling, and Evaluation Services</i>	350,809	3,551,159	-
0032	<i>Social Work Services</i>	-	-	-
0033	<i>Health Services</i>	3,307	60,505	-
0034	<i>Student Transportation</i>	3,188	4,746	-
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>	644	-	-
0053	<i>Data Processing Services</i>	-	-	-
0061	<i>Community Services</i>	753,435	488	-
0081	<i>Facilities Acquisition and Construction</i>	-	-	-
Intergovernmental:				
0093	<i>Payments to Shared Services Arrangements</i>	-	6,524	-
6030	Total Expenditures	<u>7,629,120</u>	<u>8,951,027</u>	<u>142,507</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
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	ESSA Title II Part A Supporting Effective Instruction	ESSA Title III Part A English Language Acquisition and Enhancement	Medicaid Administrative Claiming Program
\$ 7,999,225	\$ 1,281	\$ 596	\$ 4,265	\$ -
645,266	-	-	-	-
16,153,080	328,171	549,027	924,285	180,837
<u>24,797,571</u>	<u>329,452</u>	<u>549,623</u>	<u>928,550</u>	<u>180,837</u>
-	153,838	-	373,053	-
-	-	-	-	-
-	90,986	496,481	468,508	-
-	9,138	20,390	-	-
-	13,112	27,814	2,551	-
-	17,189	4,938	80,940	-
-	-	-	-	-
-	-	-	1,949	180,837
-	-	-	-	-
23,433,604	-	-	-	-
-	45,189	-	-	-
-	-	-	-	-
299,175	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	1,549	-
-	-	-	-	-
-	-	-	-	-
<u>23,732,779</u>	<u>329,452</u>	<u>549,623</u>	<u>928,550</u>	<u>180,837</u>
1,064,792	-	-	-	-
5,934	-	-	-	-
71,250	-	-	-	-
<u>77,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,141,976	-	-	-	-
3,270,083	-	-	-	-
<u>\$ 4,412,059</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, 2018

		287	288	289
Data Control Codes		Hurricane Harvey Fund	ESSA Title VI Part A Summer School LEP	Federally Funded Special Revenue Funds
REVENUES				
5700	Local, Intermediate, and Out-of-State	\$ 3,806,676	\$ -	\$ -
5800	State Programs	15,000	-	-
5900	Federal Programs	229,636	32,565	3,906,025
5020	Total Revenues	4,051,312	32,565	3,906,025
EXPENDITURES				
Current:				
0011	Instruction	489,411	32,565	3,432,293
0012	Instructional Resources and Media Services	25,196	-	910
0013	Curriculum and Instructional Staff Development	-	-	20,500
0021	Instructional Leadership	-	-	-
0023	School Leadership	1,111	-	14,500
0031	Guidance, Counseling, and Evaluation Services	-	-	683
0032	Social Work Services	-	-	-
0033	Health Services	6,527	-	2,189
0034	Student Transportation	9,113	-	20,169
0035	Food Services	25,466	-	26,834
0036	Extracurricular Activities	-	-	-
0041	General Administration	125	-	-
0051	Plant Maintenance and Operations	402,719	-	337,566
0052	Security and Monitoring Services	169,373	-	-
0053	Data Processing Services	13,146	-	-
0061	Community Services	-	-	5,846
0081	Facilities Acquisition and Construction	1,610,272	-	44,535
Intergovernmental:				
0093	Payments to Shared Services Arrangements	-	-	-
6030	Total Expenditures	2,752,459	32,565	3,906,025
Excess (Deficiency) of Revenues Over				
1100	(Under) Expenditures	1,298,853	-	-
OTHER FINANCING SOURCES				
7912	Sale of Real and Personal Property	-	-	-
7915	Transfers In	-	-	-
7080	Total Other Financing Sources	-	-	-
1200	Net Change in Fund Balances	1,298,853	-	-
0100	Fund Balances - Beginning	-	-	-
3000	Fund Balances - Ending	\$ 1,298,853	\$ -	\$ -

385	392	397	410	427
State Supplemental Visually Impaired	Non-Educational Community- Based Support	Advanced Placement Incentives	State Textbook Fund	State Funded Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -
20,000	59,265	3,515	5,442,428	23,829
-	-	-	-	-
20,000	59,265	3,515	5,442,428	23,829
-	-	-	3,960,751	-
-	-	-	248,000	29
-	-	27,220	10,410	23,100
-	-	-	-	-
-	-	-	-	-
20,000	-	-	491,019	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	59,265	-	-	-
-	-	-	-	-
-	-	-	-	-
20,000	59,265	27,220	4,710,180	23,129
-	-	(23,705)	732,248	700
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(23,705)	732,248	700
-	-	51,968	-	62
\$ -	\$ -	\$ 28,263	\$ 732,248	\$ 762

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, 2018

		429	461	482
Data Control Codes		Pre- Kindergarten Grant Program	Campus Activity Funds	Klein ISD Education Foundation Grant
REVENUES				
5700	Local, Intermediate, and Out-of-State	\$ -	\$ 7,618,626	\$ 123,893
5800	State Programs	53,993	-	-
5900	Federal Programs	-	-	-
5020	Total Revenues	53,993	7,618,626	123,893
EXPENDITURES				
Current:				
0011	Instruction	50,483	-	92,177
0012	Instructional Resources and Media Services	-	-	11,817
0013	Curriculum and Instructional Staff Development	3,510	-	10,500
0021	Instructional Leadership	-	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-
0032	Social Work Services	-	-	-
0033	Health Services	-	-	-
0034	Student Transportation	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	6,845,404	1,921
0041	General Administration	-	-	-
0051	Plant Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	-	-
0081	Facilities Acquisition and Construction	-	74,970	7,478
Intergovernmental:				
0093	Payments to Shared Services Arrangements	-	-	-
6030	Total Expenditures	53,993	6,920,374	123,893
Excess (Deficiency) of Revenues Over				
1100	(Under) Expenditures	-	698,252	-
OTHER FINANCING SOURCES				
7912	Sale of Real and Personal Property	-	-	-
7915	Transfers In	-	-	-
7080	Total Other Financing Sources	-	-	-
1200	Net Change in Fund Balances	-	698,252	-
0100	Fund Balances - Beginning	-	4,572,808	-
3000	Fund Balances - Ending	\$ -	\$ 5,271,060	\$ -

483	485	486	487	488
Miscellaneous Donations	Young Sheldon STEM Initiative	Innovation Challenge	Project Lead the Way	Miscellaneous Grants
\$ 49,226	\$ -	\$ 12,286	\$ 1,012	\$ 112,339
-	-	-	-	-
-	-	-	-	-
49,226	-	12,286	1,012	112,339
13,759	-	11,595	1,012	40,613
-	-	-	-	-
11,000	-	-	-	43,664
-	-	-	-	6,130
-	-	-	-	16,902
-	-	-	-	4,030
1,054	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	400
-	-	-	-	600
-	-	-	-	-
11,211	-	1,541	-	-
-	-	-	-	-
250	-	6,086	-	-
-	-	-	-	-
-	-	-	-	-
37,274	-	19,222	1,012	112,339
11,952	-	(6,936)	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
11,952	-	(6,936)	-	-
34,122	-	7,570	-	-
\$ 46,074	\$ -	\$ 634	\$ -	\$ -

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, 2018

		489	490	491
Data				
Control				
Codes				
	Jason Project -	Dual Credit	Aquaponics	
	Chevron	Program	Project	
	REVENUES			
5700	<i>Local, Intermediate, and Out-of-State</i>	\$ 41,668	\$ 307,512	\$ 60
5800	<i>State Programs</i>	-	-	-
5900	<i>Federal Programs</i>	-	-	-
5020	Total Revenues	41,668	307,512	60
	EXPENDITURES			
	Current:			
0011	<i>Instruction</i>	37,500	142,239	60
0012	<i>Instructional Resources and Media Services</i>	-	-	-
0013	<i>Curriculum and Instructional Staff Development</i>	2,383	2,050	-
0021	<i>Instructional Leadership</i>	1,785	-	-
0023	<i>School Leadership</i>	-	-	-
0031	<i>Guidance, Counseling, and Evaluation Services</i>	-	25,202	-
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>	-	-	-
0053	<i>Data Processing Services</i>	-	-	-
0061	<i>Community Services</i>	-	-	-
0081	<i>Facilities Acquisition and Construction</i>	-	-	-
	Intergovernmental:			
0093	<i>Payments to Shared Services Arrangements</i>	-	-	-
6030	Total Expenditures	41,668	169,491	60
	Excess (Deficiency) of Revenues Over			
1100	(Under) Expenditures	-	138,021	-
	OTHER FINANCING SOURCES			
7912	<i>Sale of Real and Personal Property</i>	-	-	-
7915	<i>Transfers In</i>	-	-	-
7080	Total Other Financing Sources	-	-	-
1200	Net Change in Fund Balances	-	138,021	-
0100	Fund Balances - Beginning	-	909,093	-
3000	Fund Balances - Ending	\$ -	\$ 1,047,114	\$ -

Total Nonmajor Governmental Funds	
<hr/>	
\$	20,088,009
	6,263,296
	39,016,936
	<hr/>
	65,368,241
	<hr/>
	19,173,859
	382,325
	2,556,036
	147,523
	169,152
	4,545,969
	1,054
	255,314
	37,216
	23,485,904
	6,892,914
	725
	1,039,460
	182,769
	13,146
	826,919
	1,737,255
	6,524
	<hr/>
	61,454,064
	<hr/>
	3,914,177
	<hr/>
	5,934
	71,250
	<hr/>
	77,184
	<hr/>
	3,991,361
	8,845,706
\$	<hr/>
	12,837,067
	<hr/>

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KLEIN INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local, Intermediate, and Out-of-State	\$ 10,392,992	\$ 10,392,992	\$ 7,999,225	\$ (2,393,767)
5800	State Programs	700,000	704,022	645,266	(58,756)
5900	Federal Programs	13,815,707	13,815,707	16,153,080	2,337,373
5020	Total Revenues	24,908,699	24,912,721	24,797,571	(115,150)
EXPENDITURES					
Current:					
0035	Food Services	24,670,579	24,676,505	23,433,604	1,242,901
0051	Plant Maintenance and Operations	309,370	309,370	299,175	10,195
6030	Total Expenditures	24,979,949	24,985,875	23,732,779	1,253,096
Excess (Deficiency) of Revenues Over					
1100	(Under) Expenditures	(71,250)	(73,154)	1,064,792	1,137,946
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real and Personal Property	-	1,904	5,934	4,030
7915	Transfers In	71,250	71,250	71,250	-
7080	Total Other Financing Sources (Uses)	71,250	73,154	77,184	4,030
1200	Net Change in Fund Balance	-	-	1,141,976	1,141,976
0100	Fund Balance - Beginning	3,270,083	3,270,083	3,270,083	-
3000	Fund Balance - Ending	\$ 3,270,083	\$ 3,270,083	\$ 4,412,059	\$ 1,141,976

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, 2018

Exhibit H-1

<u>AGENCY FUND:</u>					
<u>Data Control Codes</u>		<u>Beginning Balance 9/1/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance 8/31/2018</u>
ASSETS					
1110	Cash and Cash Equivalents	\$ 847,954	\$ 13,215,260	\$ 11,522,667	\$ 895,938
1290	Other Receivables	45,378	21,214	45,378	21,214
1000	Total Assets	<u>\$ 893,332</u>	<u>\$ 13,236,474</u>	<u>\$ 11,568,045</u>	<u>\$ 917,152</u>
LIABILITIES					
2110	Accounts Payable	\$ 28,949	\$ 4,488	\$ 28,949	\$ 4,793
2190	Due to Student Groups	864,383	13,231,986	11,539,096	912,359
2000	Total Liabilities	<u>\$ 893,332</u>	<u>\$ 13,236,474</u>	<u>\$ 11,568,045</u>	<u>\$ 917,152</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, 2018

Year Ended August 31	Tax Rates		Actual Taxable Value For School Tax Purposes
	Maintenance	Debt Service	
2009 and Prior Years	\$ Various	\$ Various	\$ Various
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	1.04	0.39	17,570,905,964
2018 School Year Under Audit	1.04	0.39	19,094,598,428
TOTALS			

Beginning Balance 9/1/2017	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/2018
\$ 920,106	\$ -	\$ 46,479	\$ 10,317	\$ (181,840)	\$ 681,470
316,741	-	16,205	4,986	5,899	301,449
308,391	-	20,023	7,123	5,824	287,069
364,479	-	26,441	9,915	6,307	334,430
421,328	-	50,797	19,537	25,864	376,858
546,805	-	72,774	27,290	(22,480)	424,261
640,624	-	75,211	25,312	(15,442)	524,659
1,205,750	-	382,857	136,209	(16,809)	669,875
3,637,095	-	1,226,924	460,097	(672,856)	1,277,218
-	273,052,758	205,803,894	77,176,464	13,908,735	3,981,135
\$ 8,361,319	\$ 273,052,758	\$ 207,721,605	\$ 77,877,250	\$ 13,043,202	\$ 8,858,424

Reconciliation of Ending Balance to Exhibit B-1:

Ending Balance at 8/31/18	\$ 8,858,424
Less: Uncollectible Taxes	(1,520,666)
Add: Penalties & Interest Accrued on Receivable Balance	4,296,763
Adjusted Ending Balance	11,634,521
Property Taxes Receivable (Net) per Exhibit B-1	\$ 11,634,521

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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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ 74,915,595	\$ 79,527,264	\$ 79,488,178	\$ 83,664,009
Restricted	27,925,315	27,472,410	30,206,175	27,859,732
Unrestricted	(161,546,021)	71,495,159	86,653,877	87,141,699
Total Primary Government Net Position	\$ <u>(58,705,111)</u>	(2) \$ <u>178,494,833</u>	\$ <u>196,348,230</u>	\$ <u>198,665,440</u> (1)

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

(2) Net position decreased primarily due to a prior period adjustment for GASB 75.

Table 1

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 86,495,792	\$ 91,841,007	\$ 97,566,894	\$ 116,250,408	\$ 97,112,148	\$ 104,157,550
26,179,487	21,083,922	17,712,203	27,516,920	27,392,482	30,588,549
129,960,846	124,057,805	125,344,755	110,003,812	106,680,037	90,111,225
<u><u>\$ 242,636,125</u></u>	<u><u>\$ 236,982,734</u></u>	<u><u>\$ 240,623,852</u></u>	<u><u>\$ 253,771,140</u></u>	<u><u>\$ 231,184,667</u></u>	<u><u>\$ 224,857,324</u></u>

KLEIN INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	2018	2017	2016	2015
Expenses				
Governmental Activities:				
Instruction	\$ 219,985,174	\$ 302,562,778	\$ 304,113,383	\$ 266,100,967
Instructional Resources and Media Services	4,012,887	5,872,131	5,366,476	5,053,079
Curriculum and Instructional Staff Development	9,912,203	13,918,101	13,238,508	12,142,990
Instructional Leadership	2,960,023	4,708,140	3,863,525	3,488,463
School Leadership	22,411,053	30,958,352	30,545,804	27,312,594
Guidance, Counseling, and Evaluation Services	18,153,980	25,963,997	24,868,239	22,147,773
Social Work Services	319,702	392,916	437,881	344,491
Health Services	4,222,768	5,765,440	5,484,771	4,831,391
Student Transportation	13,451,366	14,669,296	13,563,441	12,804,878
Food Services	19,098,672	25,390,491	24,183,474	24,108,723
Extracurricular Activities	14,585,567	16,450,685	15,584,454	15,215,849
General Administration	8,729,159	10,581,827	10,759,626	9,119,865
Plant Maintenance and Operations	32,872,126	35,126,854	34,208,250	31,768,702
Security and Monitoring Services	5,613,791	6,128,003	6,230,356	5,953,900
Data Processing Services	9,465,491	10,646,336	11,331,790	9,273,936
Community Services	696,243	1,413,527	1,025,017	892,063
Interest on Long-term Debt	44,781,279	42,018,764	38,708,632	36,248,469
Bond Issuance Costs and Fees	1,128,181	1,098,266	1,343,134	2,001,163
Facilities Repair and Maintenance	7,271,334	14,507,936	3,063,663	5,484,843
Payments to Shared Services Arrangements	614,273	554,092	531,338	446,994
Payments to Juvenile Justice Alternative Ed. Programs	344,556	204,017	241,501	273,555
Other Intergovernmental Charges	2,122,804	1,990,384	1,830,644	1,730,065
Total Primary Government Expenses	442,752,632	570,922,333	550,523,907	496,744,753
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	561,685	503,180	544,373	576,518
Food Services	7,784,855	9,201,747	9,681,304	9,675,609
Extracurricular Activities	8,378,294	7,586,968	7,748,386	7,954,832
Other Activities	4,628,430	876,229	877,044	2,076,814
Operating Grants and Contributions	(24,538,225)	63,735,482	72,598,700	65,067,570
Total Primary Government Program Revenues	(3,184,961)	81,903,606	91,449,807	85,351,343
Net (Expense)/Revenue				
Total Primary Government Net Expense	\$ (445,937,593)	\$ (489,018,727)	\$ (459,074,100)	\$ (411,393,410)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes, Levied for General Purposes	\$ 209,896,563	\$ 196,607,111	\$ 179,128,104	\$ 162,012,918
Property Taxes, Levied for Debt Service	78,631,659	74,706,981	63,292,880	54,807,873
Investment Earnings	5,204,773	2,687,183	1,293,324	951,706
Grants and Contributions Not Restricted to Specific Programs	202,377,983	194,835,547	210,649,814	206,980,778
Miscellaneous	6,079,242	3,720,690	2,392,768	1,068,558
Extraordinary Items	712,170	(1,392,182)	-	-
Total Primary Government General Revenues and Extraordinary Items	502,902,390	471,165,330	456,756,890	425,821,833
Change in Net Position - Total Primary Government	\$ 56,964,797	\$ (17,853,397)	\$ (2,317,210)	\$ 14,428,423

Table 2

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 261,995,657	\$ 237,402,727	\$ 228,428,016	\$ 226,936,309	\$ 227,259,298	\$ 210,080,162
5,141,715	4,735,979	4,597,243	4,665,295	4,676,195	4,571,064
10,638,923	8,791,759	7,383,084	8,884,156	8,555,952	8,237,518
3,220,638	2,793,028	2,816,981	3,233,607	3,051,479	2,847,376
25,250,622	22,703,876	21,257,601	22,680,296	21,530,470	20,759,231
20,005,177	17,245,827	16,053,051	16,725,075	16,175,961	15,725,641
342,695	341,274	335,801	311,120	284,689	232,713
4,674,883	3,973,678	3,758,239	3,927,511	3,744,745	3,506,935
12,620,591	11,421,613	10,293,905	7,740,516	10,320,720	10,014,649
23,533,970	21,063,851	20,463,403	20,424,181	18,317,408	16,754,450
8,093,036	7,264,382	7,096,837	7,072,470	7,016,028	6,988,560
8,574,785	7,553,949	7,017,401	7,130,879	6,995,391	7,127,181
32,035,346	30,318,968	30,342,379	30,875,139	32,141,123	34,547,230
5,103,168	4,422,906	4,157,771	4,630,736	3,956,517	3,545,021
9,412,906	7,348,984	7,235,616	7,099,607	6,550,447	5,627,867
842,374	820,411	758,595	812,290	797,016	678,202
33,162,655	32,297,830	31,923,267	29,288,228	26,158,019	24,376,255
504,392	1,028,515	30,312	572,296	293,400	238,368
2,388,678	6,098,178	21,537,898	(8,862,409)	7,151,895	4,430,405
428,169	417,838	442,927	373,556	413,808	384,219
195,232	116,444	95,784	59,982	92,232	351,446
1,498,385	1,447,764	1,489,863	1,489,965	1,441,158	1,380,616
<u>469,663,997</u>	<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>
6,249,630	6,773,107	5,811,787	416,506	475,413	654,875
9,462,827	9,420,047	8,842,033	9,158,425	9,492,564	9,480,182
972,415	924,248	927,954	6,936,180	6,463,566	6,445,225
801,287	275,758	225,114	154,445	185,458	202,065
63,705,418	56,014,013	65,592,853	68,781,819	68,483,283	46,304,943
<u>81,191,577</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>\$ (388,472,420)</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>
\$ 143,367,503	\$ 132,808,947	\$ 131,996,247	\$ 130,391,777	\$ 134,619,451	\$ 133,668,302
54,028,207	51,399,561	49,968,675	46,602,489	41,700,392	34,519,630
340,241	656,765	403,110	542,000	1,215,906	5,401,383
194,177,589	171,074,720	150,136,654	155,453,082	150,113,558	150,243,370
2,212,271	708,269	464,259	220,555	501,703	646,540
-	-	-	-	-	2,555,669
<u>394,125,811</u>	<u>356,648,262</u>	<u>332,968,945</u>	<u>333,209,903</u>	<u>328,151,010</u>	<u>327,034,894</u>
<u>\$ 5,653,391</u>	<u>\$ 445,654</u>	<u>\$ (13,147,288)</u>	<u>\$ 22,586,473</u>	<u>\$ 6,327,343</u>	<u>\$ 7,717,075</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund (2)				
Nonspendable	\$ 2,508,812	\$ 2,102,815	\$ 1,783,786	\$ 2,031,540
Restricted	-	1,758,031	3,075,533	3,007,210
Committed	22,694,356	-	14,045,900	14,691,800
Assigned	44,723,594	61,782,500	80,899,438	58,727,022
Unassigned	69,795,426	72,038,231	46,078,491	60,624,373
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	\$ <u>139,722,188</u>	\$ <u>137,681,577</u>	\$ <u>145,883,148</u>	\$ <u>139,081,945</u>
All Other Governmental Funds (2)				
Nonspendable	\$ 29,145	\$ 33,444	\$ 756,393	\$ 692,248
Restricted	117,605,300	119,403,922	102,530,553	245,078,831
Committed	7,663,735	5,523,593	5,378,336	4,923,894
Reserved (3)	-	-	-	-
Total All Other Governmental Funds	\$ <u>125,298,180</u>	\$ <u>124,960,959</u>	\$ <u>108,665,282</u>	\$ <u>250,694,973</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

2014	2013	2012	2011 (1)	2010	2009
\$ 2,077,777	\$ 2,398,595	\$ 2,397,862	\$ 2,277,226	\$ -	\$ -
3,212,274	3,347,006	3,200,295	3,156,524	-	-
-	1,415,000	3,300,000	3,700,000	-	-
79,111,760	74,336,973	52,554,775	48,703,900	-	-
43,880,808	35,843,498	50,168,919	46,782,498	-	-
-	-	-	-	18,631,069	17,698,183
-	-	-	-	77,455,372	62,813,933
\$ 128,282,619	\$ 117,341,072	\$ 111,621,851	\$ 104,620,148	\$ 96,086,441	\$ 80,512,116
\$ 835,914	\$ 626,940	\$ 623,138	\$ 681,239	\$ -	\$ -
69,288,389	70,449,813	105,908,645	183,231,527	-	-
4,634,190	7,945,659	7,313,627	6,738,527	-	-
-	-	-	-	189,426,064	176,879,854
\$ 74,758,493	\$ 79,022,412	\$ 113,845,410	\$ 190,651,293	\$ 189,426,064	\$ 176,879,854

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES				
Local, Intermediate, and Out-of-State	\$ 321,609,273	\$ 294,654,365	\$ 266,519,005	\$ 239,358,880
State Programs	224,228,095	216,482,265 (4)	236,563,481 (4)	238,088,445
Federal Programs	48,916,751	37,833,273	36,472,254	33,996,147
Total Revenues	<u>594,754,119</u>	<u>548,969,903</u>	<u>539,554,740</u>	<u>511,443,472</u>
EXPENDITURES				
Current:				
Instruction (1)	300,003,279	280,378,113	278,892,090	254,931,476
Instructional Resources and Media Services	4,996,803	5,521,936	5,150,327	4,829,600
Curriculum and Instructional Staff Development	13,768,359	13,084,592	13,118,808	12,018,105
Instructional Leadership	4,648,663	4,414,194	3,761,756	3,449,797
School Leadership	30,783,223	28,828,086	27,862,437	26,266,362
Guidance, Counseling, and Evaluation Services	26,772,972	24,438,551	23,528,336	21,595,133
Social Work Services	515,924	389,809	435,507	350,430
Health Services	5,652,413	5,379,602	5,032,069	4,626,359
Student Transportation	16,075,452	13,066,425	14,299,437	12,132,350
Food Services	23,485,904	23,673,901	23,023,338	22,901,090
Extracurricular Activities	16,313,944	15,681,648	14,393,470	14,733,324
General Administration	11,591,603	10,371,524	9,511,006	9,222,576
Plant Maintenance and Operations	35,843,692	33,455,017	32,768,680	30,474,136
Security and Monitoring Services	6,756,825	6,021,987	5,953,443	5,658,847
Data Processing Services	11,623,353	10,411,220	10,365,775	7,776,823
Community Services	1,353,750	1,435,557	1,040,869	926,002
Debt Service: (2)				
Principal on Long-term Debt	37,075,000	35,790,000	31,955,000	30,775,000
Interest on Long-term Debt	45,252,061	43,856,249	40,610,877	37,739,074
Bond Issuance Costs and Fees	1,128,181	1,098,266	1,343,134	2,001,163
Capital Outlay:				
Facilities Acquisition and Construction (3)	90,198,390	140,575,834	130,389,392	76,413,336
Intergovernmental:				
Payments to Shared Services Arrangements	614,273	554,092	531,338	446,994
Payments to Juvenile Justice Alternative Education Programs	344,556	204,017	241,501	273,555
Other Intergovernmental Charges	2,122,804	1,990,384	1,830,644	1,730,065
Total Expenditures	<u>686,921,424</u>	<u>700,621,004</u>	<u>676,039,234</u>	<u>581,271,597</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(92,167,305)</u>	<u>(151,651,101)</u>	<u>(136,484,494)</u>	<u>(69,828,125)</u>
OTHER FINANCING SOURCES (USES) AND EXTRAORDINARY ITEMS				
Issuance of Capital-Related Bonds	88,985,000	145,890,000	-	242,015,000
Issuance of Refunding Bonds	12,310,000	-	152,870,000	62,585,000
Premium/Discount from Issuance of Bonds	6,827,826	15,204,877	19,984,986	24,217,299
Sale of Real and Personal Property	63,849	42,512	153,079	324,532
Insurance Proceeds	-	-	-	-
Transfers In	71,250	70,000	68,750	67,500
Transfers Out	(71,250)	(70,000)	(68,750)	(67,500)
Payment to Refunded Bond Escrow Agent	(14,353,708)	-	(171,482,842)	(72,577,900)
Extraordinary Items	712,170	(1,392,182)	(269,217)	-
Total Other Financing Sources (Uses) and Extraordinary Items	<u>94,545,137</u>	<u>159,745,207</u>	<u>1,256,006</u>	<u>256,563,931</u>
Net Change in Fund Balances	\$ <u>2,377,832</u>	\$ <u>8,094,106</u>	\$ <u>(135,228,488)</u>	\$ <u>186,735,806</u>
Debt Service as a Percentage of Noncapital Expenditures (2)	13.73%	13.92%	13.35%	13.48%

- (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

	2014	2013	2012	2011	2010	2009
\$	217,841,699	\$ 204,262,883	\$ 199,547,347	\$ 195,135,296	\$ 194,875,123	\$ 190,512,938
	223,969,748	193,988,410	178,791,537	174,003,953	169,083,287	170,277,202
	32,230,586	32,303,258	36,168,738	49,596,155	49,054,502	25,877,121
	<u>474,042,033</u>	<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>
	244,961,463	228,421,970	219,544,329	215,421,836	219,506,912	199,711,365
	4,812,891	4,528,306	4,404,689	4,540,607	4,488,172	4,374,549
	10,272,298	8,630,149	7,279,333	8,634,881	8,377,827	7,996,284
	3,194,789	2,740,767	2,786,900	3,199,092	2,965,176	2,851,314
	23,646,088	21,601,616	20,242,960	21,314,541	20,500,683	19,722,736
	19,118,162	16,652,008	15,552,339	15,976,596	15,525,757	15,035,619
	342,660	340,865	335,717	308,251	287,298	230,988
	4,331,424	3,749,147	3,576,446	3,692,921	3,571,320	3,336,767
	11,733,461	10,513,598	9,831,779	11,623,856	10,725,430	11,060,564
	22,398,855	20,090,723	19,629,942	19,169,730	17,973,253	16,273,457
	7,340,347	6,822,027	6,645,847	6,643,691	6,641,773	6,588,311
	8,541,307	7,575,212	6,997,310	7,045,050	6,932,585	7,017,191
	30,801,398	29,397,947	30,019,180	30,118,417	31,281,461	34,013,437
	5,079,679	4,340,696	4,072,466	4,501,082	3,780,272	3,317,685
	7,129,217	5,835,742	5,833,107	5,608,809	5,405,260	4,917,412
	836,262	832,559	749,323	803,375	787,212	689,974
	33,375,232	29,154,981	28,207,440	23,555,000	23,620,000	19,235,000
	34,609,848	34,138,584	31,695,184	30,610,055	25,456,550	24,159,633
	29,160	1,023,534	353,053	579,357	1,528,515	549,355
	40,883,290	60,499,465	122,218,814	77,836,659	103,993,554	81,917,265
	428,169	417,838	442,927	373,556	413,808	384,219
	195,232	116,444	95,784	59,982	92,232	351,446
	1,498,385	1,447,764	1,489,863	1,489,965	1,441,158	1,380,616
	<u>515,559,617</u>	<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>(41,517,584)</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>
	44,000,000	36,840,000	51,115,000	83,900,000	127,000,000	45,000,000
	-	69,945,000	18,390,000	-	29,240,000	17,125,000
	899,845	13,331,052	8,291,398	111,617	6,408,464	2,348,997
	1,710,665	490,855	168,546	119,224	114,632	128,742
	-	-	38,834	-	127,127	3,456,899
	3,052,202	65,000	1,512,268	85,000	3,152,886	80,000
	(1,467,500)	(65,000)	(1,512,268)	(85,000)	(3,152,886)	(80,000)
	-	(81,393,293)	(20,310,848)	-	(32,486,392)	(18,319,581)
	-	-	-	-	-	-
	<u>48,195,212</u>	<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>6,677,628</u>	<u>(29,103,777)</u>	<u>(69,804,180)</u>	<u>9,758,936</u>	<u>28,120,535</u>	<u>(28,707,869)</u>
	14.35%	14.36%	13.67%	13.64%	11.90%	11.26%

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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		
2018	\$ 21,242,399,971	\$ 1,373,649,070	\$ 3,521,450,613	\$ 19,094,598,428	\$ 1.4300
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

(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)

Taxing Authority	2018	2017	2016	2015
<u>Overlapping Rates:</u>				
Bilma PUD	\$ 0.5300	\$ 0.5300	\$ 0.5600	\$ 0.5700
Bridgestone MUD	0.5200	0.5500	0.6000	0.7100
Charterwood MUD	0.4200	0.4200	0.4400	0.5400
Cypress Forest PUD	0.2900	0.2800	0.2930	0.3219
Cypress Klein UD	0.1120	0.1500	0.1700	0.2000
Cypresswood UD	0.3600	0.3600	0.3500	0.3600
Dowdell PUD- Defined Area	0.3800	0.0000	0.0000	0.0000
Dowdell PUD	0.8400	0.8500	0.9000	0.9200
Encanto Real UD	0.9300	0.9875	0.9875	0.9875
Fountainhead MUD	0.5800	0.6050	0.6300	0.6500
Harris County MUD No. 1	0.7850	0.8000	0.9200	0.9700
Harris County MUD No. 24	0.4600	0.5100	0.5400	0.5700
Harris County MUD No. 104	0.4200	0.4350	0.4800	0.5000
Harris County MUD No. 118	0.5660	0.5700	0.6400	0.7200
Harris County MUD No. 119	0.4610	0.4610	0.4850	0.4850
Harris County MUD No. 150	0.7200	0.7600	0.8400	0.9400
Harris County MUD No. 180	0.7270	0.7550	0.7950	0.8300
Harris County MUD No. 202	1.2500	1.2500	1.2500	1.2500
Harris County MUD No. 275	0.9000	0.9000	0.9000	0.9000
Harris County MUD No. 316	0.5100	0.5100	0.5300	0.6000
Harris County MUD No. 366	0.1600	0.1800	0.2000	0.2000
Harris County MUD No. 367	0.6200	0.6200	0.6700	0.6850
Harris County MUD No. 368	0.7000	0.7200	0.7900	0.8700
Harris County MUD No. 383	0.7700	0.7700	0.8400	0.8900
Harris County MUD No. 401	1.0300	1.0500	1.1300	1.1850
Harris County MUD No. 468	0.5700	0.6650	0.7400	0.7900
Harris County MUD No. 530	1.2500	1.2500	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	0.4300	0.4400	0.4600
Harris County WC&ID No. 114	0.2500	0.2500	0.2500	0.3000
Harris County WC&ID No. 116	0.2150	0.2150	0.1000	0.1000
Harris County WC&ID No. 119	0.4800	0.4800	0.5200	0.5400
Harris County WC&ID No. 132	0.4400	0.4400	0.4700	0.4800
Harris County WC&ID No. 133	0.7700	0.8000	0.9400	0.9700
Heatherloch MUD	0.3900	0.3900	0.3900	0.3950
Klein PUD	0.4300	0.4300	0.4300	0.4300
Kleinwood MUD	0.3950	0.4050	0.4300	0.4700
Lonestar College System (1)	0.1078	0.1078	0.1079	0.1081
Louetta North PUD	0.2600	0.2600	0.2700	0.2800
Louetta Road UD	0.4300	0.4325	0.4400	0.4750
Meadowhill Regional MUD (2)	0.7500	0.7900	0.7900	0.7900
Northampton MUD	0.5800	0.5800	0.6100	0.6100
Northampton MUD - Defined Area	0.6400	0.6400	0.0000	0.0000
Northwest Harris County MUD No. 6	0.3830	0.3830	0.3900	0.3900
Northwest Harris County MUD No. 19	0.8000	0.8200	0.8800	0.9900
Northwest Harris County MUD No. 24	0.5800	0.6000	0.7000	0.8000
Northwest Harris County MUD No. 28	0.6800	0.6600	0.6800	0.6800
Northwest Harris County MUD No. 30	0.6800	0.6800	0.7200	0.7500
Northwest Harris County MUD No. 32	0.7000	0.7000	0.7200	0.7900
Northwest Harris County MUD No. 36	0.7900	0.7950	0.8100	0.8500
Northwest Park MUD	0.4300	0.4400	0.4500	0.4800
Oakmont PUD	0.8700	0.9000	1.0000	1.1000
Shasla PUD	0.9410	0.9550	1.0100	1.0900
Spring Creek Forest PUD	0.4700	0.4700	0.4650	0.4750
Spring West MUD	0.7900	0.8200	0.8200	0.9000
Terranova West MUD	0.6400	0.6400	0.6500	0.6800
Harris County (3)	\$ 0.4180	\$ 0.4166	\$ 0.4192	\$ 0.4173
Houston, City of	0.5842	0.5864	0.6011	0.6311
Total Harris County/City of Houston	\$ <u>1.0022</u>	\$ <u>1.0030</u>	\$ <u>1.0203</u>	\$ <u>1.0484</u>
<u>District Direct Rates (4):</u>				
Maintenance & Operations	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400
Debt Service	0.3900	0.3900	0.3700	0.3500
Total District Direct Rates	\$ <u>1.4300</u>	\$ <u>1.4300</u>	\$ <u>1.4100</u>	\$ <u>1.3900</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

2014	2013	2012	2011	2010	2009
\$ 0.5900	\$ 0.5900	\$ 0.5900	\$ 0.5600	\$ 0.5600	\$ 0.5500
0.7500	0.7500	0.7500	0.7500	0.7500	0.7500
0.5900	0.6400	0.6400	0.6400	0.6400	0.6500
0.3240	0.3240	0.3240	0.3100	0.3100	0.3040
0.2200	0.2400	0.2500	0.2450	0.2300	0.2300
0.3700	0.3700	0.3000	0.2500	0.2500	0.2500
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.9200	0.9200	0.8800	0.8500	0.8500	0.8500
0.9875	0.9875	0.9400	0.9400	0.9400	0.9400
0.6700	0.6700	0.6700	0.5500	0.5350	0.5100
1.0200	1.0300	1.0400	1.0400	1.0500	1.0500
0.5900	0.6000	0.6000	0.6000	0.6000	0.5800
0.5500	0.5500	0.5500	0.5500	0.5500	0.5500
0.7200	0.7200	0.6500	0.6000	0.6000	0.6500
0.5150	0.4700	0.4600	0.4600	0.4600	0.4600
0.9800	0.9800	0.9500	0.9300	0.8500	0.8500
0.9800	0.9800	0.9000	0.9000	0.9000	0.9000
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
1.0000	1.0000	1.1000	1.3500	1.3500	1.3500
0.6700	0.7200	0.7200	0.7500	0.7200	0.7500
0.2500	0.2500	0.2500	0.2500	0.2500	0.2500
0.7000	0.7000	0.7100	0.7400	0.7500	0.7700
0.9950	0.9950	0.9450	0.9300	0.9300	0.9300
0.9400	0.9400	0.9400	0.9400	0.9400	0.9800
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
0.8400	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
0.5300	0.5400	0.5500	0.5500	0.5300	0.5000
0.3000	0.3000	0.3000	0.3000	0.3000	0.1000
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
0.5900	0.5900	0.5500	0.5500	0.5500	0.5500
0.4500	0.4400	0.3900	0.3500	0.3500	0.3500
0.9900	0.9900	0.9900	0.9900	0.8200	0.7600
0.3950	0.3950	0.3750	0.3750	0.3600	0.3600
0.4300	0.4300	0.4300	0.4280	0.4150	0.3750
0.5300	0.5600	0.6000	0.6300	0.6300	0.6300
0.1160	0.1198	0.1210	0.1176	0.1101	0.1101
0.3100	0.3600	0.4200	0.4200	0.4300	0.4600
0.5000	0.5000	0.4900	0.4900	0.4850	0.4500
0.8750	0.9400	0.9400	0.9400	0.9400	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	1.1200	1.0900	1.0300	1.0300
0.8300	0.8300	0.8300	0.8800	1.0000	1.0700
0.6800	0.6800	0.6800	0.6800	0.6800	0.6500
0.8000	0.8000	0.8000	0.8000	0.7700	0.7200
0.8950	0.9100	0.9100	0.9100	0.9100	1.0100
0.8660	0.8660	0.8300	0.8300	0.8300	0.7700
0.5200	0.5500	0.5200	0.5000	0.4800	0.4300
1.2400	1.2500	1.2500	1.2500	1.2500	1.2500
1.1900	1.0950	0.9680	0.9680	0.9400	0.9400
0.4900	0.4950	0.4950	0.4950	0.4950	0.4700
0.9800	1.0200	1.0500	1.0600	1.0900	1.0900
0.6900	0.6900	0.6900	0.6900	0.6900	0.6900
\$ 0.6363	\$ 0.6366	\$ 0.6366	\$ 0.6366	\$ 0.6360	\$ 0.6358
0.6388	0.6388	0.6388	0.6388	0.6388	0.6388
\$ 1.2751	\$ 1.2754	\$ 1.2754	\$ 1.2754	\$ 1.2748	\$ 1.2746
\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400	\$ 1.0400
0.3900	0.4000	0.3900	0.3700	0.3200	0.2700
\$ 1.4300	\$ 1.4400	\$ 1.4300	\$ 1.4100	\$ 1.3600	\$ 1.3100

- (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 lessor 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	2018			2009		
	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.	\$ 171,751,544	1	0.90%	\$ 62,561,287	3	0.57%
HP Enterprise Services LLC	129,150,728	2	0.68%	-	-	-
Centerpoint Energy	127,514,826	3	0.67%	87,533,482	2	0.79%
Hewlett Packard	83,405,927	4	0.44%	237,647,160	1	2.15%
Vintage Dunhill LLC	81,529,577	5	0.43%	-	-	-
Eastgroup Properties LP	75,868,785	6	0.40%	-	-	-
NOV Rig Solutions	73,317,750	7	0.38%	-	-	-
Liberty Property	68,266,300	8	0.36%	-	-	-
Vetco Grey Inc	63,591,343	9	0.33%	-	-	-
WF&B Cutter Road Owner	57,108,000	10	0.29%	-	-	-
Vintage Park LLC	-	-	-	49,728,400	4	0.45%
ABB Vetco Gray, Inc.	-	-	-	43,574,534	5	0.39%
Southwestern Bell Telephone Co.	-	-	-	39,816,384	6	0.36%
V & W Partners LTD	-	-	-	37,953,228	7	0.34%
IHR Vintage Park Partners LP	-	-	-	37,263,505	8	0.34%
Radler LTD Partnership	-	-	-	36,916,836	9	0.33%
WRI HR Venture Properties	-	-	-	36,000,000	10	0.33%
TOTALS	\$ 931,504,780		4.88%	\$ 668,994,816		6.05%

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

(2) Actual taxable value equals: \$ 19,094,598,428

(3) Actual taxable value equals: \$ 11,053,766,596

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
2018	\$ 286,961,493	\$ 282,980,358	98.61%	\$ -	\$ 282,980,358	98.61%
2017	268,670,284	265,706,045	98.65%	1,687,021	267,393,066	99.52%
2016	241,513,051	239,204,277	99.04%	1,638,899	240,843,176	99.72%
2015	214,918,179	213,117,245	99.15%	1,276,275	214,393,520	99.76%
2014	196,037,459	194,305,721	99.11%	1,307,477	195,613,198	99.78%
2013	184,195,562	182,305,315	98.99%	1,513,389	183,818,704	99.80%
2012	180,742,943	178,874,525	98.97%	1,533,988	180,408,513	99.81%
2011	175,142,088	173,154,058	98.87%	1,700,961	174,855,019	99.84%
2010	173,687,163	171,233,764	98.59%	2,151,950	173,385,714	99.83%
2009	165,819,044	162,738,993	98.04%	2,398,581	165,137,574	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)
2018	\$ 1,160,896,683	\$ 1,160,896,683	6.08%	\$ 23,276
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

(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)
2018	\$ 1,160,896,683	\$ 25,507,202	\$ 1,135,389,481	5.95%	\$ 22,764
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

(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, 2018

Table 11

Taxing Authority	Gross Debt Outstanding	Percent Overlapping (1)	Applicable to School District
<u>Overlapping:</u>			
Bilma PUD	\$ 13,285,000	100.00%	\$ 13,285,000
Bridgestone MUD	74,860,000	100.00%	74,860,000
Charterwood MUD	11,740,000	100.00%	11,740,000
Cypress Forest PUD	1,305,000	87.73%	1,144,877
Cypresswood UD	6,900,000	100.00%	6,900,000
Dowdell PUD (Defined Area)	4,550,000	100.00%	4,550,000
Dowdell PUD	53,615,000	100.00%	53,615,000
Encanto Real UD	29,595,000	100.00%	29,595,000
Fountainhead MUD	6,875,000	100.00%	6,875,000
Harris County	2,200,173,022	4.43%	97,467,665
Harris County Dept. of Education	6,555,000	4.43%	290,387
Harris County Flood Control District	83,075,000	4.43%	3,680,223
Harris County Hospital District	59,490,000	4.43%	2,635,407
Harris County Improvement Dist. No. 18 (Defined Area No. 1)	26,655,000	100.00%	26,655,000
Harris County Improvement District No. 18	133,115,000	0.11%	146,427
Harris County MUD No. 1	50,155,000	100.00%	50,155,000
Harris County MUD No. 24	15,345,000	100.00%	15,345,000
Harris County MUD No. 104	9,885,000	100.00%	9,885,000
Harris County MUD No. 118	8,825,000	100.00%	8,825,000
Harris County MUD No. 119	5,040,000	63.04%	3,177,216
Harris County MUD No. 150	13,250,000	34.52%	4,573,900
Harris County MUD No. 180	9,526,561	100.00%	9,526,561
Harris County MUD No. 316	1,945,000	100.00%	1,945,000
Harris County MUD No. 367	19,800,000	100.00%	19,800,000
Harris County MUD No. 368	54,255,000	100.00%	54,255,000
Harris County MUD No. 383	39,265,000	100.00%	39,265,000
Harris County MUD No. 401	35,535,000	100.00%	35,535,000
Harris County MUD No. 468	41,325,000	100.00%	41,325,000
Harris County MUD No. 530	15,920,000	100.00%	15,920,000
Harris County WC&ID No. 109	5,675,000	89.95%	5,104,663
Harris County WC&ID No. 110	19,995,000	37.17%	7,432,142
Harris County WC&ID No. 116	5,415,000	31.15%	1,686,773
Harris County WC&ID No. 119	32,855,000	100.00%	32,855,000
Harris County WC&ID No. 132	3,640,000	100.00%	3,640,000
Harris County WC&ID No. 133	2,930,000	100.00%	2,930,000
Heatherloch MUD	800,000	100.00%	800,000
Houston, City of	3,742,955,000	0.11%	4,117,251
Kleinwood MUD	10,369,992	100.00%	10,369,992
Lone Star College (2)	613,550,000	10.95%	67,183,725
Louetta North PUD	5,000,000	100.00%	5,000,000
Louetta Road UD	370,000	100.00%	370,000
Meadowhill Regional MUD (3)	32,900,000	100.00%	32,900,000
Northampton MUD	27,705,000	100.00%	27,705,000
Northampton MUD - Defined Area	12,035,000	100.00%	12,035,000
Northwest Harris County MUD No. 6	9,890,000	100.00%	9,890,000
Northwest Harris County MUD No. 19	62,485,000	100.00%	62,485,000
Northwest Harris County MUD No. 24	5,575,000	100.00%	5,575,000
Northwest Harris County MUD No. 28	4,365,000	100.00%	4,365,000
Northwest Harris County MUD No. 30	16,290,000	100.00%	16,290,000
Northwest Harris County MUD No. 32	26,840,000	100.00%	26,840,000
Northwest Harris County MUD No. 36	11,575,000	100.00%	11,575,000
Northwest Park MUD	21,935,000	32.11%	7,043,329
Oakmont PUD	28,650,000	100.00%	28,650,000
Port of Houston Authority	613,699,397	4.43%	27,186,883
Shasla PUD	4,590,000	100.00%	4,590,000
Spring Creek Forest PUD	5,060,000	100.00%	5,060,000
Spring West MUD	26,535,000	40.97%	10,871,390
Terranova West MUD	3,380,000	100.00%	3,380,000
Total Overlapping Debt			1,080,903,811
<u>Direct:</u>			
Klein Independent School District (4)	1,160,896,683	100.00%	1,160,896,683
TOTAL OVERLAPPING AND DIRECT DEBT			\$ 2,241,800,494
Ratio of Total Overlapping Debt and Direct Debt to Actual Taxable Value for Fiscal Year Ended August 31, 2018 (5)			11.74%

- (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: \$ 19,094,598,428

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)
2018	76,964	\$ 14,133,877,828	\$ 183,643	49,876	4.5%
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%

(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	2018			2009		
	Employees	Rank	Percentage of Total Employment (1)	Employees	Rank	Percentage of Total Employment (2)
Wal-Mart Stores	34,000	1	1.53%	31,900	1	1.74%
Houston ISD	28,652	2	1.29%	29,706	2	1.62%
H-E-B	26,956	3	1.22%	-	-	-
Memorial Hermann Healthcare System	26,011	4	1.17%	20,201	4	1.10%
Houston Methodist	22,247	5	1.01%	-	-	-
University of Texas MD Anderson Cancer Center	20,189	6	0.91%	17,536	5	0.96%
Kroger	17,188	7	0.78%	14,620	7	0.80%
McDonald's Corp.	16,100	8	0.73%	-	-	-
United Airlines (3)	14,084	9	0.64%	-	-	-
Texas Children's Hospital	13,445	10	0.61%	-	-	-
Administaff	-	-	-	20,589	3	1.13%
Continental Airlines (3)	-	-	-	16,451	6	0.90%
Exxon Mobil Corporation	-	-	-	14,396	8	0.79%
Shell Oil Company	-	-	-	12,850	9	0.70%
The Methodist Hospital System	-	-	-	12,363	10	0.68%
	<u>218,872</u>		<u>9.89%</u>	<u>190,612</u>		<u>10.42%</u>

- (1) Total Employment for 2018: 2,213,052
(2) Total Employment for 2009: 1,829,899
(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:	2018	2017	2016 (1)	2015
Administrator	70.0	69.5	63.0	62.0
Associate/Assistant Principal	135.0	131.5	126.0	120.0
Bus Driver/Attendant	331.0	310.0	283.0	282.0
Cafeteria Workers	538.0	537.0	539.0	532.0
Custodial	359.0	336.0	330.0	325.0
Library Info. Spec./Library Asst./Historian	71.0	77.0	75.5	74.0
Manual Trades/Warehouse/Vending	193.0	187.0	192.0	187.0
Nurse/Clinic Assistant	103.5	99.0	95.0	92.5
Other Professional (2)	503.5	443.4	375.1	352.0
Police Officer	45.0	43.0	43.0	43.0
Principal	48.0	47.0	44.9	43.7
Registrar	10.0	9.0	9.0	9.0
School Counselor	132.5	127.7	121.5	117.5
Secretary/Clerical	473.6	443.0	424.8	417.7
Security Support Personnel	103.0	99.0	93.5	46.0
Teacher	2,856.4	2,745.4	2,746.6	2,661.3
Teacher - Bilingual/ESL	252.5	257.7	237.7	222.8
Teacher - Special Education	421.6	392.6	376.4	358.5
Teacher Assistant	586.0	599.7	565.9	524.5
Technical	92.0	83.0	82.0	79.0
	<u>7,324.6</u>	<u>7,037.5</u>	<u>6,823.9</u>	<u>6,549.5</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

2014	2013 (3)	2012	2011	2010	2009
62.0	61.0	60.0	61.0	60.0	57.0
111.0	110.3	97.0	108.3	105.5	102.5
273.0	269.0	254.0	256.0	243.0	237.0
446.0	447.0	435.0	428.0	413.0	398.0
325.0	314.0	303.0	299.0	320.0	358.5
73.5	72.5	69.6	87.1	85.1	85.1
182.0	173.6	165.6	175.6	179.0	176.0
92.0	89.5	87.5	85.0	79.5	77.5
296.0	244.3	205.6	208.7	208.5	199.0
43.0	35.0	34.0	34.0	34.0	34.0
43.0	42.7	42.4	40.7	39.8	38.6
8.0	8.0	8.0	6.0	6.0	6.0
109.5	105.5	103.5	109.0	106.3	101.0
410.0	383.7	367.9	396.5	381.5	377.0
42.0	29.0	26.0	26.0	26.0	26.0
2,585.8	2,810.4	2,786.2	2,814.6	2,763.9	2,675.9
210.8	211.4	204.6	210.6	209.5	205.5
332.2	-	-	-	-	-
499.5	459.0	454.5	495.0	492.5	456.0
72.0	87.0	88.0	89.0	88.0	81.0
6,216.3	5,952.9	5,792.4	5,930.1	5,841.1	5,691.6

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
2018	49,876	\$ 516,036,873	\$ 10,346	2.74%
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%

(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>
\$ 442,752,632	\$ 8,877	-24.12%	3,531	14.13	39.13%
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%

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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)		
2018	\$ 52,600	\$ 67,000	\$ 56,943	\$ 53,334
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

(1) Source: District records

(2) Source: Texas Education Agency website

KLEIN INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2018	2017	2016	2015
HIGHSCHOOLS				
Klein (2014) (1)				
Square Footage	674,633	674,633	674,633	674,633
Capacity	3,600	3,600	3,600	3,600
Enrollment	3,672	4,049	3,922	3,860
Klein Cain (2017)				
Square Footage	679,289	679,289	-	-
Capacity	3,500	3,500	-	-
Enrollment	1,408	-	-	-
Klein Collins (2001)				
Square Footage	582,488	582,488	582,488	582,488
Capacity	3,500	3,500	3,500	3,500
Enrollment	3,644	3,707	3,582	3,633
Klein Forest (1979)				
Square Footage	644,310	644,310	644,310	644,310
Capacity	4,000	4,000	4,000	4,000
Enrollment	3,686	3,734	3,661	3,582
Klein Oak (1982)				
Square Footage	603,924	603,924	603,924	603,924
Capacity	3,500	3,500	3,500	3,500
Enrollment	3,947	4,260	3,996	3,883
INTERMEDIATE SCHOOLS				
Doerre (1984)				
Square Footage	171,250	171,250	171,250	171,250
Capacity	1,219	1,219	1,219	1,219
Enrollment	1,316	1,288	1,141	1,154
Hildebrandt (1973)				
Square Footage	207,360	207,360	207,360	207,360
Capacity	1,349	1,349	1,349	1,349
Enrollment	1,361	1,294	1,247	1,139
Hofius (2018)				
Square Footage	205,000	-	-	-
Capacity	1,250	-	-	-
Enrollment	-	-	-	-
Kleb (1993)				
Square Footage	172,000	172,000	172,000	172,000
Capacity	1,257	1,257	1,257	1,257
Enrollment	1,365	1,401	1,403	1,396
Klein (1984)				
Square Footage	192,972	192,972	192,972	192,972
Capacity	1,213	1,213	1,213	1,213
Enrollment	1,112	1,130	1,113	1,239
Krimmel (2007)				
Square Footage	186,700	186,700	186,700	186,700
Capacity	1,180	1,180	1,180	1,180
Enrollment	1,389	1,342	1,280	1,319
Schindewolf (2002)				
Square Footage	187,308	187,308	187,308	183,000
Capacity	1,170	1,170	1,170	1,170
Enrollment	1,495	1,423	1,375	1,326
Strack (1977)				
Square Footage	215,125	215,125	215,125	215,125
Capacity	1,295	1,295	1,295	1,295
Enrollment	1,381	1,319	1,217	1,198
Ulrich (2010)				
Square Footage	195,825	195,825	195,825	195,825
Capacity	1,250	1,250	1,250	1,250
Enrollment	1,286	1,231	1,152	1,130
Wunderlich (1975)				
Square Footage	239,998	239,998	211,415	211,415
Capacity	1,600	1,600	1,458	1,458
Enrollment	1,621	1,574	1,569	1,552

(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
Page 1 of 3

2014	2013	2012	2011	2010	2009
674,633	519,437	519,437	519,437	519,437	519,437
3,600	3,462	3,462	3,381	3,381	3,381
3,762	3,561	3,112	3,019	3,152	3,183
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
582,488	582,488	582,488	582,315	582,315	534,213
3,500	3,500	3,500	3,500	3,500	3,131
3,484	3,437	3,368	3,265	3,279	3,244
644,310	644,310	644,310	644,310	634,002	634,002
4,000	4,000	4,000	4,000	4,000	3,973
3,451	3,507	3,511	3,472	3,534	3,539
603,924	603,924	603,924	608,924	608,924	526,461
3,500	3,500	3,500	3,500	3,500	2,903
3,828	3,730	4,139	3,933	3,727	3,462
171,250	171,250	171,250	172,000	172,000	172,000
1,219	1,219	1,219	1,168	1,168	1,168
1,203	1,225	1,188	1,220	1,320	1,341
207,360	207,360	207,360	207,360	207,360	207,360
1,349	1,349	1,349	1,365	1,365	1,365
1,102	1,014	934	944	1,215	1,213
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
172,000	172,000	172,000	172,000	172,000	172,000
1,257	1,257	1,257	1,204	1,204	1,204
1,344	1,346	1,313	1,264	1,026	1,032
192,972	192,972	192,972	192,972	192,972	192,972
1,213	1,213	1,213	1,199	1,199	1,199
1,236	1,212	1,209	1,167	1,123	1,121
186,700	186,700	186,700	186,700	186,700	186,700
1,180	1,180	1,180	1,250	1,250	1,250
1,142	1,064	1,026	1,027	1,558	1,468
183,000	183,000	183,000	183,000	183,000	183,000
1,170	1,170	1,170	1,176	1,176	1,176
1,357	1,339	1,301	1,323	1,495	1,520
215,125	215,125	215,125	215,125	215,125	215,125
1,295	1,295	1,295	1,361	1,361	1,361
1,167	1,173	1,100	1,133	1,180	1,159
195,825	195,825	195,825	195,825	195,825	-
1,250	1,250	1,250	1,250	1,250	-
1,079	1,079	972	867	-	-
211,415	211,415	211,415	211,615	211,615	211,615
1,458	1,458	1,458	1,458	1,458	1,458
1,550	1,571	1,513	1,471	1,411	1,364

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2018	2017	2016	2015
ELEMENTARY SCHOOLS				
Benfer (1977)				
Square Footage	86,963	86,963	86,963	86,963
Capacity	818	818	818	818
Enrollment	847	775	792	800
Benignus (2006)				
Square Footage	108,750	108,750	108,750	108,750
Capacity	868	868	868	868
Enrollment	796	832	910	947
Bernshausen (2013)				
Square Footage	117,282	117,282	117,282	117,282
Capacity	850	850	850	850
Enrollment	926	914	806	784
Blackshear (2011)				
Square Footage	116,727	116,727	116,727	116,727
Capacity	940	940	940	940
Enrollment	1,044	996	960	973
Brill (1978)				
Square Footage	95,238	95,238	95,238	95,238
Capacity	846	846	846	846
Enrollment	760	764	766	772
Ehrhardt (1979)				
Square Footage	88,481	88,481	88,481	88,481
Capacity	810	810	810	810
Enrollment	748	767	729	699
Eiland (1993)				
Square Footage	87,366	87,366	87,366	87,366
Capacity	684	684	684	684
Enrollment	547	535	579	616
Epps Island (1973)				
Square Footage	93,639	93,639	93,639	93,639
Capacity	887	887	887	887
Enrollment	658	709	723	763
Frank (2007)				
Square Footage	108,750	108,750	108,750	108,750
Capacity	844	844	844	844
Enrollment	697	685	645	618
French (2015)				
Square Footage	125,752	125,752	125,752	125,752
Capacity	940	940	940	940
Enrollment	683	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	485	477	510	472
Greenwood Forest (1971)				
Square Footage	75,711	75,711	75,711	75,711
Capacity	667	667	667	667
Enrollment	737	725	756	734
Hassler (1999)				
Square Footage	115,145	115,145	115,145	115,145
Capacity	794	794	794	794
Enrollment	791	735	639	656
Haude (1971)				
Square Footage	75,712	75,712	75,712	75,712
Capacity	747	747	747	747
Enrollment	729	720	736	705
Kaiser (1978)				
Square Footage	109,790	109,790	109,790	109,790
Capacity	892	892	892	892
Enrollment	745	767	798	794
Klenk (1992)				
Square Footage	91,494	91,494	91,494	91,494
Capacity	894	894	894	894
Enrollment	824	842	830	857

Table 17
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2014	2013	2012	2011	2010	2009
86,963	86,963	86,963	87,263	87,263	87,263
818	818	818	851	851	851
707	707	666	667	679	675
108,750	108,750	108,750	108,750	108,750	108,750
868	868	868	850	850	850
950	939	895	892	900	1,083
117,282	117,282	-	-	-	-
850	850	-	-	-	-
686	675	-	-	-	-
116,727	116,727	116,727	116,727	-	-
940	940	940	940	-	-
914	906	810	-	-	-
95,238	95,238	95,238	95,272	95,272	95,272
846	846	846	823	823	823
747	743	749	896	892	847
88,481	88,481	88,481	88,515	88,515	88,515
810	810	810	829	829	829
686	681	687	703	691	672
87,366	87,366	87,366	87,400	87,400	87,400
684	684	684	744	744	744
564	568	712	712	671	660
93,639	93,639	93,639	93,876	93,876	93,876
887	887	887	891	891	891
806	782	879	936	889	898
108,750	108,750	108,750	108,750	108,750	108,750
844	844	844	850	850	850
614	875	849	1,048	1,003	935
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
65,500	65,500	65,500	-	-	-
1,000	1,000	1,000	-	-	-
532	503	-	-	-	-
75,711	75,711	75,711	75,711	75,711	75,711
667	667	667	721	721	721
720	688	726	725	687	633
115,145	115,145	115,145	115,179	115,179	115,179
794	794	794	828	828	828
708	698	731	781	800	804
75,712	75,712	75,712	75,683	75,683	75,683
747	747	747	701	701	701
706	701	690	713	702	693
109,790	109,790	109,790	109,790	108,875	108,875
892	892	892	961	961	961
631	789	893	948	946	932
91,494	91,494	91,494	91,528	91,528	91,528
894	894	894	824	824	824
791	787	876	879	890	864

Continued

KLEIN INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2018	2017	2016	2015
ELEMENTARY SCHOOLS				
Kohrville (2002)				
Square Footage	107,898	107,898	107,898	107,898
Capacity	928	928	928	928
Enrollment	671	696	725	738
Krahn (1983)				
Square Footage	109,116	109,116	109,116	109,116
Capacity	1,085	1,085	1,085	1,085
Enrollment	748	707	730	745
Kreinhop (2004)				
Square Footage	108,293	108,293	108,293	108,293
Capacity	984	984	984	984
Enrollment	982	893	871	891
Kuehnle (1989)				
Square Footage	87,216	87,216	87,216	87,216
Capacity	831	831	831	831
Enrollment	882	839	851	765
Lemm (1980)				
Square Footage	103,056	103,056	103,056	103,056
Capacity	705	705	705	705
Enrollment	690	694	677	605
Mahaffey (2016)				
Square Footage	126,000	126,000	126,000	-
Capacity	950	950	950	-
Enrollment	748	643	-	-
McDougle (2004)				
Square Footage	108,293	108,293	108,293	108,293
Capacity	796	796	796	796
Enrollment	575	635	666	698
Metzler (2005)				
Square Footage	108,293	108,293	108,293	108,293
Capacity	914	914	914	914
Enrollment	871	867	851	872
Mittelstadt (1991)				
Square Footage	91,494	91,494	91,494	91,494
Capacity	891	891	891	891
Enrollment	871	836	877	854
Mueller (2009)				
Square Footage	115,689	115,689	115,689	115,689
Capacity	935	935	935	935
Enrollment	897	876	1,022	931
Nitsch (1980)				
Square Footage	93,810	93,810	93,810	93,810
Capacity	802	802	802	802
Enrollment	778	828	804	790
Northampton (1971)				
Square Footage	75,711	75,711	75,711	75,711
Capacity	863	863	863	863
Enrollment	569	565	502	865
Roth (1984)				
Square Footage	98,891	98,891	98,891	98,891
Capacity	852	852	852	852
Enrollment	719	712	694	712
Schultz (1994)				
Square Footage	93,816	93,816	93,816	93,816
Capacity	906	906	906	906
Enrollment	658	658	980	921
Theiss (1974)				
Square Footage	71,277	71,277	71,277	71,277
Capacity	754	754	754	754
Enrollment	666	674	641	637
Zwink (2012)				
Square Footage	125,073	125,073	125,073	125,073
Capacity	940	940	940	940
Enrollment	1,101	1,060	1,010	934

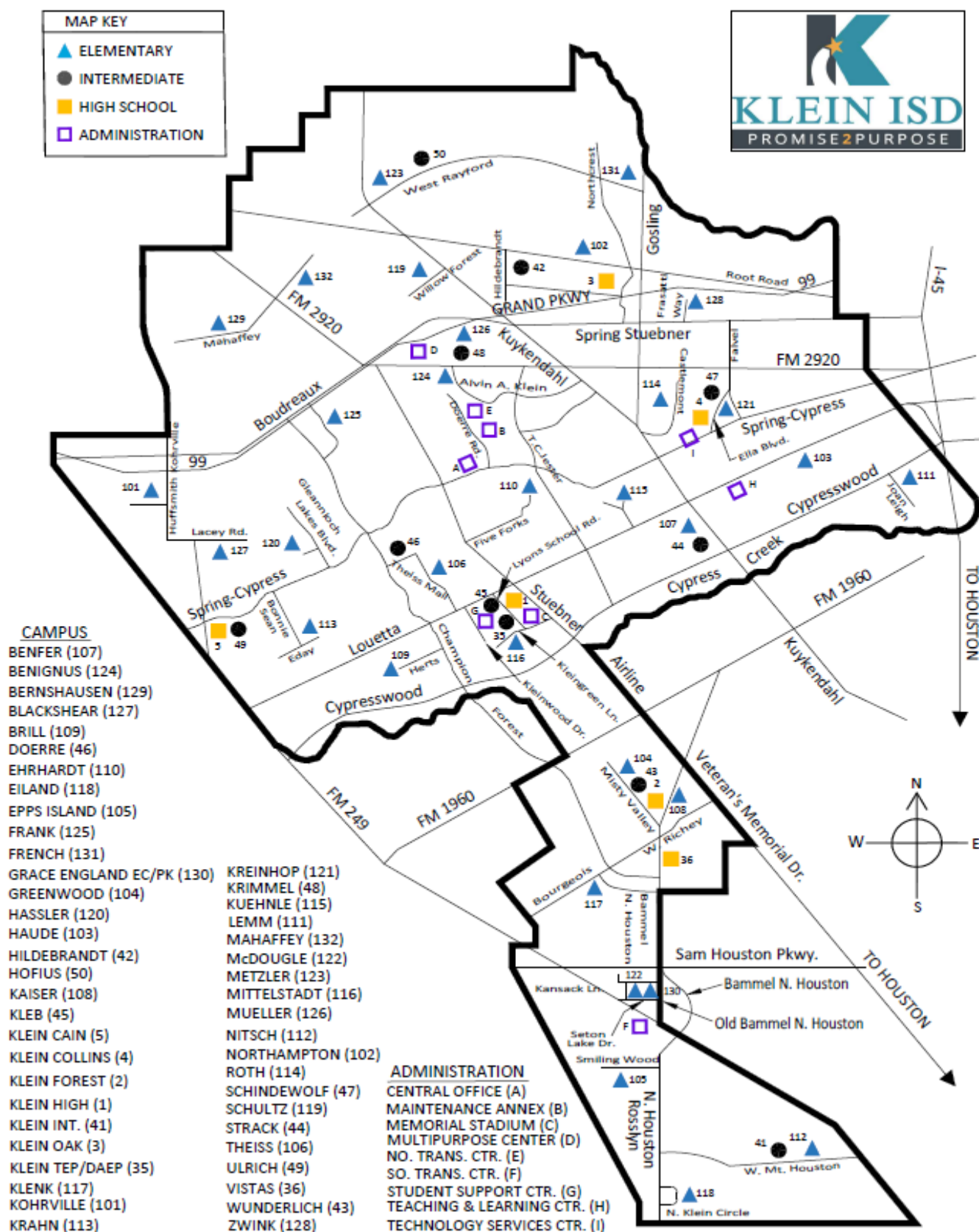
Table 17
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2014	2013	2012	2011	2010	2009
107,898	107,898	107,898	107,898	107,898	107,898
928	928	928	945	945	945
770	978	975	1,055	1,027	1,001
109,116	109,116	109,116	109,150	109,150	109,150
1,085	1,085	1,085	1,011	1,011	1,011
758	775	779	1,039	1,000	968
108,293	108,293	108,293	108,293	108,293	108,293
984	984	984	959	959	959
855	829	942	937	934	936
87,216	87,216	87,216	87,250	87,250	87,250
831	831	831	793	793	793
697	651	866	803	790	740
103,056	103,056	103,056	103,090	103,090	103,090
705	705	705	843	843	843
591	578	721	709	692	715
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
108,293	108,293	108,293	108,293	108,293	108,293
796	796	796	959	959	959
667	629	774	825	793	795
108,293	108,293	108,293	108,293	108,293	108,293
914	914	914	929	929	929
860	969	899	878	867	817
91,494	91,494	91,494	91,528	91,528	91,528
891	891	891	824	824	824
887	839	749	680	696	654
115,689	115,689	115,689	115,689	115,689	115,689
935	935	935	900	900	900
827	720	744	686	647	-
93,810	93,166	93,166	93,200	93,200	93,200
802	802	802	833	833	833
791	737	840	843	853	852
75,711	75,711	75,711	75,711	75,711	75,711
863	863	863	731	731	731
815	778	895	895	859	840
98,891	98,891	98,891	98,891	95,580	95,580
852	852	852	852	816	816
694	699	759	768	750	759
93,816	93,816	93,816	93,850	93,850	93,850
906	906	906	836	836	836
877	821	767	772	753	1,066
71,277	71,277	71,277	71,311	71,311	71,311
754	754	754	703	703	703
631	661	643	678	686	667
125,073	125,073	125,073	-	-	-
940	940	940	-	-	-
883	830	-	-	-	-

KLEIN INDEPENDENT SCHOOL DISTRICT

Table 18

DISTRICT MAP
AUGUST 31, 2018





KLEIN INDEPENDENT SCHOOL DISTRICT
7200 SPRING CYPRESS ROAD
KLEIN, TEXAS 77379
HARRIS COUNTY

WWW.KLEINISD.NET