Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2018



KATY

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

KATY INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2018

PREPARED BY THE FINANCE DEPARTMENT

Christopher J. Smith
Chief Financial Officer

Anne M. Faichtinger
Business Manager

Elizabeth A. Haven
Accounting Supervisor

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

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INTRODUCTORY SECTION

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January 21, 2019

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

Dear Board Members and Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Katy Independent School District (the District) for the fiscal year ended August 31, 2018 is presented herein. The CAFR is management's report of the financial operations of the District for the Board of Education (the Board), patrons, taxpayers, employees, grantor agencies, the Texas Education Agency (TEA), and other interested parties. The Government-wide Financial Statements in this report provide an overview of the District's governmental activities, while detailed Fund Financial Statements describe specific activities of each fund group used in accounting for the District's financial transactions. This report has been prepared by the District's Financial Services Department in accordance with the accounting principles and reporting standards promulgated by the Governmental Accounting Standards Board (GASB) and the official rules published by the Texas Education Agency.

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

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

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

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

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

PROFILE OF THE DISTRICT

The Katy Independent School District was established in 1919 and is governed by an elected Board of seven trustees. The District is a recognized political subdivision of the State of Texas and has the responsibility for and control over all activities related to public education within its 181 square mile boundary. Located approximately 16 miles west of downtown Houston, the District has a population of approximately 352,249 and extends beyond the City of Katy into Harris, Fort Bend, and Waller counties. The District and the City of Katy are governed independently, with each having individual taxing authority. The District is an independent entity and has no component units. Any charter school within the District's boundaries is funded separately by the State's Foundation School Program based on their student attendance as well as their program participation. Katy ISD has an enrollment of more than 77,522 students and is comprised of 66 campuses including 40 elementary schools, 15 junior high schools, 8 comprehensive high schools, a high school of choice, an alternative learning center, and a career and technology center. The ages and capacities of these facilities range from 0 to 71 years with an average age of 20.4 years and can be found in Exhibit XVII of the Statistical Section.

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

Attesting to the solid relationship between the District and the community, Katy ISD offers an award winning Partners in Education program, providing a number of initiatives encouraging our campuses and community to forge long-term relationships beneficial to all involved. In 2017-2018, this volunteer force contributed more than one million documented volunteer hours district-wide.

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

The District is a leader among Texas public school districts in the integration of technology and education and maintains more than 35,000 centrally managed computers. Katy's mobile device management system, Jamf, is in place to handle the setup and deployment of applications for the 30,000 iPad tablet devices utilized by the district. The District also uses more than 4,000 interactive white boards and is in its second year of implementing the use of Chromebooks, with close to 13,000 of these devices in the hands of students.

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

Local Economy

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

The 2017-2018 fiscal year opened with the arrival of Hurricane Harvey, a storm which will be remembered for the widespread flooding throughout the Texas gulf coast area. The District had two facilities experience major flood damage, as did many surrounding homes and businesses. However, the District reopened its doors to students on September 11, 2017 to an even larger enrollment than prior to the storms arrival. Enrollment continued to increase throughout the school year. Homes and businesses were repaired and rebuilt, new developments continued to enter the District, and the population and tax base continue to increase.

Katy ISD's reputation of strong educational programs is reflected by its academic achievements and the school district is expected to continue its strong growth and development. Amenities such as the school system, proximity to employment and activity centers, and an effective transportation system combine to attract new residents. Several large projects continue to draw people to the District including several master planned residential developments, healthcare facilities for Texas Medical Center staples like Texas Children's, Methodist, MD Anderson, and Memorial Hermann Hospitals, as well as numerous commercial projects including hotels, restaurants, entertainment venues, and shopping centers. In addition, residents have more mobility options with access to I-10 and the Grand Parkway, which now stretches across the northwest part of the district from I-10 to I-59, as well as the recent expansion of the Westpark Tollway through the west side of the District.

Growth and Long Range Planning

According to American Schools and Universities Magazine, Katy ISD is the 47th largest school district in the nation and is one of the fastest growing school districts. With 2017-2018 enrollments of 77,522 the District's growth is showing no signs of stopping. The District's latest demographic report predicts that with the most likely growth projections, over 97,500 students will attend Katy ISD schools by the year 2028. There are many reasons for the District's growth but a community survey revealed that the primary reason new residents move to the Katy area is because of its schools.

In November of 2017, a $609.2 million bond referendum was passed by voters to address anticipated growth. The District's 41st elementary campus opens in the fall of 2018. Elementary 42 and junior high 16 are currently under construction and are scheduled to open in the fall of 2019, while elementary 43 and high school 9 are scheduled to open in 2020. The District's seventeenth junior high as well as work at existing facilities including renovations, component replacements, technology, school buses, safety and security projects and property acquisitions are scheduled for completion over the next two to four years.

The population of the District continues to grow and all indicators point to continued growth over the next decade. This growth makes it imperative for the District to continue to plan wisely for the future. A need for additional facilities continues to be a financial focal point of the District. The District maintains its Long Range Facilities Plan that projects and prioritizes facility needs over the next five to ten years. This plan, which includes both new and existing facilities serves as a tool to assist bond planning committees. The plan was updated for the recent 2017 bond referendum. With the schedule for opening new facilities and renovations, projected enrollments, and projected funding levels based on current law, the District continuously develops and monitors budget priorities and short and long range plans.

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

FINANCIAL INFORMATION

Accounting Systems

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

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

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

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

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

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

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

Budgetary Process

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

This priority budgeting approach allows the District to establish layers of expenditures that can be matched to the anticipated revenues and desired levels of fund balances. The ultimate decision of the level of funding and components to be funded is the responsibility of the Board.

The budget may be amended during the year to address unanticipated or changing needs of the District. Changes to functional expenditure categories, revenue objects, or other sources and uses accounts require Board approval.

Significant Financial Activities

The Texas Legislature meets every other year and 2018 was not a scheduled legislative year. However, the impact of Hurricane Harvey brought many new funding facets to the forefront as the District negotiated through the disaster and funding tools available. The District is located in three counties, all covered by the Presidential Disaster Declaration, and all included in the Governor's request for federal assistance, both for Hurricane Harvey in 2017 and the Tax Day Floods in 2016. This added and/or reduced funding availability to the District in several ways:

- Section 26.08 (a) of the Texas Property Tax Code allows a school district to adopt a tax rate without requiring an election for the year following the year in which the disaster occurs, when increased expenditures by the school district are necessary, as long as the governor has requested federal disaster assistance for the area in which the school district is located. The District chose to increase its General Operating tax rate and decrease its Interest and Sinking tax rate by $0.02, holding the total tax rate steady. This generated an increase of approximately $12 million of state funding based on the funding formulas from the state for the General Fund. A transfer was made back to the Interest and Sinking Fund from fund balance to hold it harmless for the rate adjustment.

- The State and Federal Departments of Agriculture granted an eligibility waiver to serve meals at no charge to students for the months of September and October 2017. This waiver allowed students to receive free breakfasts and lunches regardless of their eligibility to assist families affected by the storm. In Texas, the compensatory education portion of state funding is calculated based on free and reduced lunch counts on an October through September year. The two months of waivers crossed funding years, thus increasing state funding in both 2017-18 and 2018-19. The increased revenue realized in 2017-18 was approximately $11 million.

- The Texas Commissioner of Education authorized a hold harmless calculation for enrollment growth to be applied in the state funding formulas for the 2017-2018 school year to offset decreased enrollment or enrollment growth under original projections for districts affected by the storm. Although the District's enrollment did continue to grow, the growth was at a slower rate than had been experienced over the prior couple of years. The hold harmless calculation provided approximately $5.8 million in additional state funding to the District.

- Several grants became available to the District late in the 2017-18 fiscal year to assist with Hurricane Harvey costs. Of note were the Emergency Impact Aide Grant and the Hurricane Restart Grant, which totaled over $7.4 million for the District, the majority of which covered identified 2017-2018 fiscal year costs.

- The District authorized a reappraisal of properties within its boundaries affected by the storm. Properties damaged by the storm were subject to reappraisal for the portion of the tax year from the disaster date until December 31. Reappraisals that have been processed through August 31, 2018, are reflected in the tax revenues presented for the 2017-2018 fiscal year.

Even with the reappraisal, the District's tax base grew $1.6 billion in 2017-18, an increase of 4.5%. Residential properties, including multi-family residences, comprised 68.6% of the total tax base, commercial property 26.6%, vacant land 4.8%, and minerals less than 1%. Due to the District's boundaries falling within three counties, property located in Katy ISD is appraised by three County Appraisal Districts (CAD's).

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

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

State legislation passed in 2005 reduced the District's M&O tax rate from $1.63 to $1.445 in 2006-07 and to $1.0866 in 2007-08. School Boards are given local discretion to increase the M&O tax rates by four cents without holding an election. The District's 2017-2018 M&O tax rate maintains the additional four cent increase originally adopted in 2006-07 and increases for the additional two cents allowed by the Texas Tax Code 26.08(a) as discussed earlier. With the increase in property values and strategic debt management, the District was able to decrease the District's debt tax rate from $.40 to $.39 in 2015-16 and maintained the lower rate in 2016-17. The 2017-18 debt rate was reduced an additional two cents to $.37 to keep the total tax rate steady, while generating additional state funding in the General Fund as previously mentioned.

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

	2017-18	2016-17	2015-16	2014-15	2013-14
General Fund	$ 1.1466	$ 1.1266	$ 1.1266	$ 1.1266	$ 1.1266
Debt Service Fund	0.3700	0.3900	0.3900	0.4000	0.4000
Total	$ 1.5166	$ 1.5166	$ 1.5166	$ 1.5266	$ 1.5266

AWARDS AND ACKNOWLEDGEMENTS

Financial Reporting Awards

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended August 31, 2017 the thirty-fifth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the requirements of the Certificate of Achievement program and are submitting it to the GFOA to determine its eligibility for certification.

Additionally, the District was awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International (ASBO) for its Comprehensive Annual Financial Report for the year ended August 31, 2017. This award has also been received for thirty-five consecutive years. We believe the Comprehensive Annual Financial Report for the year ended August 31, 2018 continues to conform to the standards for which this award was granted.

Acknowledgements

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

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

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

Kenneth Gregorski
Superintendent

Christopher J. Smith
Chief Financial Officer

Anne M. Faichtinger
Business Manager

Elizabeth A. Haven
Accounting Supervisor

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KATY INDEPENDENT SCHOOL DISTRICT

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Associate of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Katy Independent School District, Texas for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2017.

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

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Katy Independent School District

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2017

Christopher P. Morrill

Executive Director/CEO

KATY INDEPENDENT SCHOOL DISTRICT

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to Katy Independent School District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2017.

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

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

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Katy Independent School District

for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended August 31, 2017.

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

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

John D. Musso, CAE
Executive Director

Certificate of Board

Katy Independent School District	Harris	101-914
Name of School District	County	County District No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2018 at a meeting of the Board of Trustees of such school district on the 21 day of January 2019.

Signature of Board President

Signature of Board Vice President

KATY INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2018

PRINCIPAL OFFICIALS AND ADVISORS

Board of Trustees

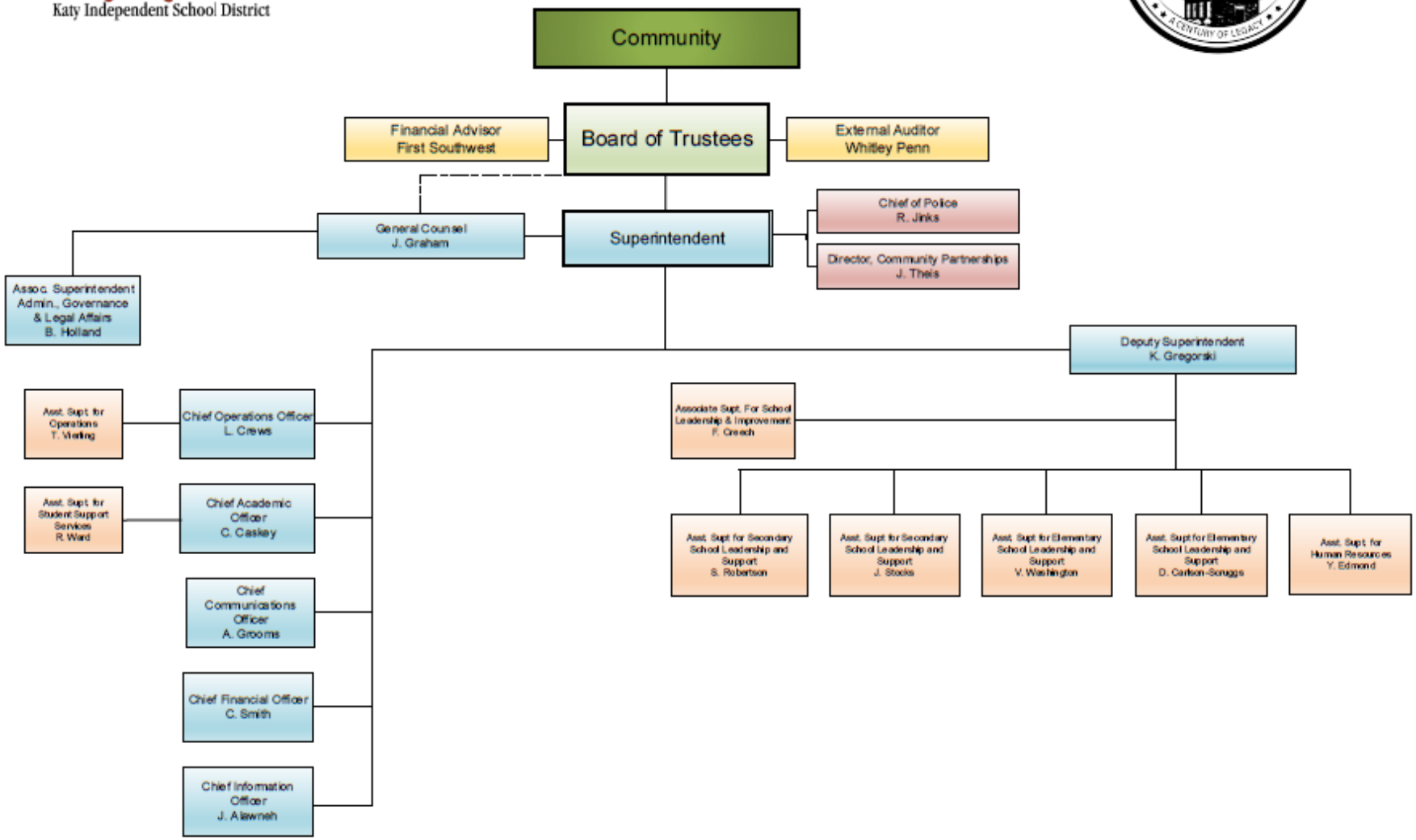
Courtney Doyle Realtor	President
Bill Lacy Senior Loan Officer	Vice President
Ashley Vann Volunteer	Secretary
Rebecca Fox Volunteer	Member
George Scott Self-Employed/Semi-Retired	Member
Susan Gesoff Engineer	Member
Dawn Champagne Volunteer	Member

Administrative Staff

Lance Hindt, EdD	Superintendent
Ken Gregorski	Deputy Superintendent
Christopher J. Smith	Chief Financial Officer
Lee Crews	Chief Operations Officer
Christine Caskey, EdD	Chief Academic Officer
John Alawneh, PhD	Chief Information Officer
Andrea Grooms, PhD	Chief Officer for Communications, Government Relations & Administrative Support
Justin Graham	General Counsel

Accountants and Advisors

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


Community
Financial Advisor
First Southwest
Board of Trustees
External Auditor
Whitley Penn
General Counsel
J. Graham
Superintendent
Chief of Police
R. Jinks
Director, Community Partnerships
J. Theis
Assoc. Superintendent
Admin., Governance
& Legal Affairs
B. Holland
Deputy Superintendent
K. Gregorski
Asst. Supt. for
Operations
T. Werling
Chief Operations Officer
L. Crews
Asst. Supt. for
Student Support
Services
R. Ward
Chief Academic
Officer
C. Caskey
Chief
Communications
Officer
A. Grooms
Chief Financial Officer
C. Smith
Chief Information
Officer
J. Alawneh
Associate Supt. For School
Leadership & Improvement
F. Creech
Asst. Supt for Secondary
School Leadership and
Support
S. Robertson
Asst. Supt for Secondary
School Leadership and
Support
J. Stocks
Asst. Supt for Elementary
School Leadership and
Support
V. Washington
Asst. Supt for Elementary
School Leadership and
Support
D. Carlson-Scruggs
Asst. Supt. for
Human Resources
Y. Edmond

FINANCIAL SECTION

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INDEPENDENT AUDITORS REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Katy Independent School District (the "District"), as of and for the year ended August 31, 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 fraud or error.

Auditor's Responsibility

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

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

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

A member of Nexia International

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 16 to the financial statements, the District adopted the provisions of Government Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of August 31, 2018. 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 management's discussion and analysis on pages 5 through 15, budgetary comparison information on pages 88 through 90, pension information on pages 91 through 94, and other post-employment benefit information on pages 95 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, such as the combining and individual fund statements and schedules, other supplementary information and other information, such as the introductory and statistical section, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and

schedules and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
January 21, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Katy Independent School District's (the District) financial performance provides an overview of the District's financial activities for the twelve months ended August 31, 2018. It should be read in conjunction with the information in the letter of transmittal and the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's liabilities and deferred inflows exceeded assets and deferred outflows at August 31, 2018, resulting in a negative net position of $7.3 million. Of this amount, unrestricted net position represents a deficit net position of $199.9 million. This deficit position is mainly attributable to the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which requires the District to reflect its proportionate share of the post-employment benefit liability in the financials. The inclusion of this financial data does not affect the financial stability of the District, nor does it influence financial decisions for the District. The GASB No. 75 financial data represents the District's portion of the liability for post-employment benefits administered by the State of Texas.

The District's Governmental Fund Financial Statements reported a combined ending fund balance in fiscal year 2018 of $430.5 million. The total fund balance for the General Fund was $213.5 million or 30.8% of the total General Fund expenditures of $694.0 million. The Debt Service Fund ended its year with a fund balance of $57.4 million which is to be used for the retirement of debt. The Capital Projects Fund ended the year with a fund balance of $141.8 million which is restricted for school district construction projects. The Special Revenue Fund had a balance totaling $17.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

Statement of Net Position presents information on all of the District's assets, liabilities and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, although the effects of new accounting pronouncements such as GASB No. 75 will require consideration as net position is analyzed. Further information can be found in Note 16.

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information essential to a complete understanding of the data provided in the Government-wide and Fund Financial Statements. The notes can be found on pages 34-86 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual expenditures for the fiscal year. This is required supplementary information for the General Fund and any major special revenue funds. The General Fund is the only fund presented as required supplementary information. The required supplementary information also provides data related to the District's participation in pension and other post-employment benefit plans as required by GASB Statements No. 68 and 75. Required Supplementary Information can be found on pages 88-98 of this report.

Other Supplementary Information

Other Supplementary Information provides additional analysis and is not a required part of the basic financial statements. Other supplementary information includes comparative information on selected funds and additional detail of the General Fund's revenues and expenditures. It also contains the combining statements referred to earlier in connection with the special revenue fund and certain compliance schedules required by state regulatory agencies. The Other Supplementary Information can be found on pages 102-142 of this report.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a District's financial position. At August 31, 2018, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $7.3 million, a decrease of $278.5 million. As noted earlier, this decrease is primarily attributable to the District's implementation of GASB Statement No. 75 and does not indicate a financial hardship or the District's ability to continue operations.

Net Position Summary
Table I

	Governmental Activities		
	2018	2017	Change
Current and Other Assets	$ 573,000,092	$ 574,439,323	$ (1,439,231)
Capital Assets	1,894,080,914	1,718,977,926	175,102,988
Total Assets	2,467,081,006	2,293,417,249	173,663,757
Total Deferred Outflows of Resources	122,323,835	131,665,115	(9,341,280)
Long-Term Liabilities	2,348,478,895	2,012,938,134	335,540,761
Other Liabilities	103,950,931	116,452,398	(12,501,467)
Total Liabilities	2,452,429,826	2,129,390,532	323,039,294
Total Deferred Inflows of Resources	144,277,923	24,540,915	119,737,008
Net Position:			
Net Investment in Capital Assets	124,413,226	82,852,902	41,560,324
Restricted	68,233,054	65,667,551	2,565,503
Unrestricted	(199,949,188)	122,630,464	(322,579,652)
Total Net Position	$ (7,302,908)	$ 271,150,917	$ (278,453,825)

Table I represents a summary of the District's net position based on information from the Statement of Net Position in Exhibit A-1 for the years ending August 31, 2018 and 2017. The fiscal 2017 data has not been restated to reflect GASB Statement No. 75.

Net investment in capital assets of $124.4 million reflects the District's investment of $1.9 billion in capital assets (e.g., land, building and improvements, and furniture and equipment) less any related debt used to acquire those assets still outstanding. These assets are not available for future spending.

Restricted net position of $68.2 million is an additional portion of the District's net position which represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position reflects a deficit of $199.9 million, resulting from the implementation of GASB No. 75 in the current year for other post-employment benefits (OPEB). Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability. The total District liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information, and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

Governmental Activities

Changes in Net Position
Table II

	Governmental Activities			
	2018	2017	Change	Change %
Revenues:				
Program Revenues:				
Charges for Services	$ 21,605,189	$ 24,698,910	$ (3,093,721)	(12.53%)
Operating Grants and Contributions	(29,607,127)	103,725,938	(133,333,065)	(128.54)
General Revenues:				
Property Taxes	562,317,828	539,132,920	23,184,908	4.30
State Revenues	217,776,729	199,890,131	17,886,598	8.95
Extraordinary Item - Insurance Proceeds	15,000,000		15,000,000	100.00
Other	9,897,123	5,844,396	4,052,727	69.34
Total Revenues	796,989,742	873,292,295	(76,302,553)	(8.74)
Expenses:				
Instruction	332,524,107	499,089,811	(166,565,704)	(33.37)
Instructional Resources and Media Services	9,471,060	12,273,284	(2,802,224)	(22.83)
Curriculum and Instructional Staff Development	8,688,155	12,472,927	(3,784,772)	(30.34)
Instructional Leadership	3,850,220	6,057,793	(2,207,573)	(36.44)
School Leadership	28,413,536	41,475,495	(13,061,959)	(31.49)
Guidance, Counseling and Evaluation Services	21,589,973	32,968,404	(11,378,431)	(34.51)
Health Services	5,684,111	8,143,076	(2,458,965)	(30.20)
Student Transportation	20,470,400	23,746,998	(3,276,598)	(13.80)
Food Services	31,430,840	36,363,758	(4,932,918)	(13.57)
Extracurricular Activities	20,168,678	21,460,317	(1,291,639)	(6.02)
General Administration	10,705,270	12,977,024	(2,271,754)	(17.51)
Facilities Maintenance and Operations	71,530,944	65,888,818	5,642,126	8.56
Security and Monitoring Services	6,799,265	8,022,653	(1,223,388)	(15.25)
Data Processing Services	12,486,010	14,199,302	(1,713,292)	(12.07)
Community Services	576,779	867,309	(290,530)	(33.50)
Interest and Issuance Costs on Long-Term Debt	71,117,461	64,227,782	6,889,679	10.73
Facilities Planning	657,421	836,105	(178,684)	(21.37)
Payments to Shared Services Arrangements	428,982	315,376	113,606	36.02
Payments to Juvenile Justice Alternative Education Programs (JJAEP)	26,124	35,755	(9,631)	(26.94)
Payments to Tax Increment Reinvestment Zone	1,951,121	1,787,431	163,690	9.16
Other Intergovernmental Charges	4,377,773	3,851,222	526,551	13.67
Total Expenses	662,948,230	867,060,640	(204,112,410)	(23.54)
Increase (Decrease) in Net Position	134,041,512	6,231,655	127,809,857	2050.98
Beginning Net Position	271,150,917	264,919,262	6,231,655	2.35
Prior period adjustment - Implement GASB 75	(412,495,337)			
Ending Net Position	$ (7,302,908)	$ 271,150,917	$ 134,041,512	49.43%

As shown in Table II, the net position of the District's governmental activities increased by $134.0 million for the year ended August 31, 2018, before the prior period adjustment. The total cost of all governmental activities this year was $662.9 million, a decrease of $204.1 million from the previous year. The amount that the District's taxpayers paid for governmental activities through property taxes was $562.3 million or 70.6%, with state funding of $217.8 million or 27.3%, and charges for services of $21.6 million or 2.7% as the next most significant sources of revenue. Other sources of revenue for governmental activities were $15.0 million in insurance proceeds related to Hurricane Harvey, negative $29.6 million in operating grants and contributions, and $9.9 million in other revenues. The negative revenue in operating grants and contributions is attributable to the implementation of GASB Statement No. 75 and is further explained in Note 16.

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

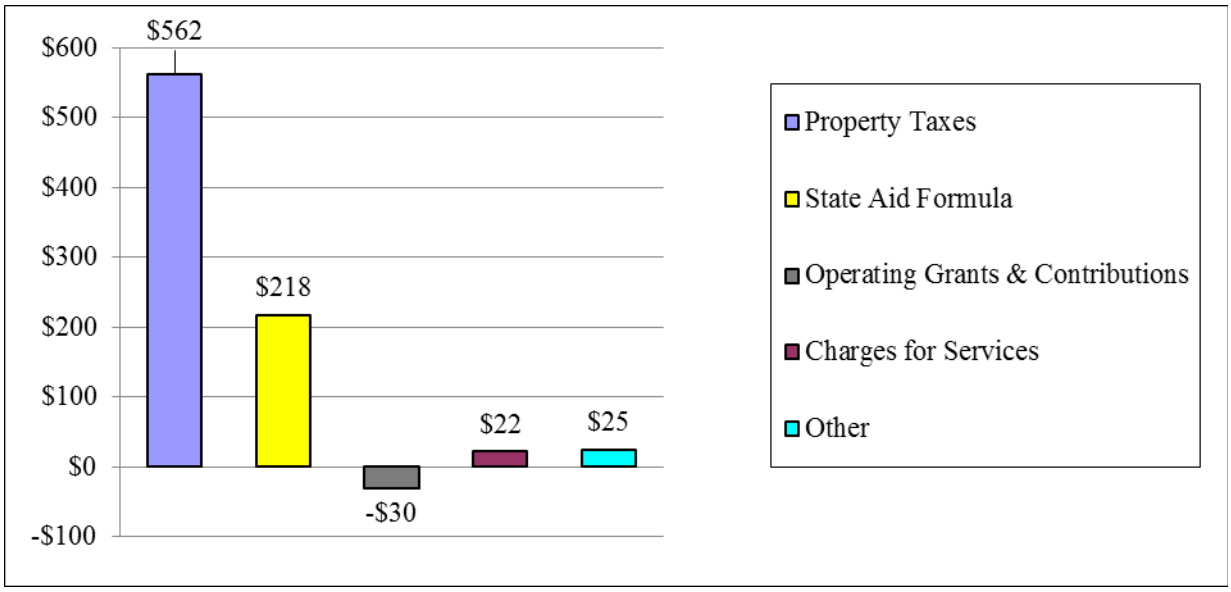
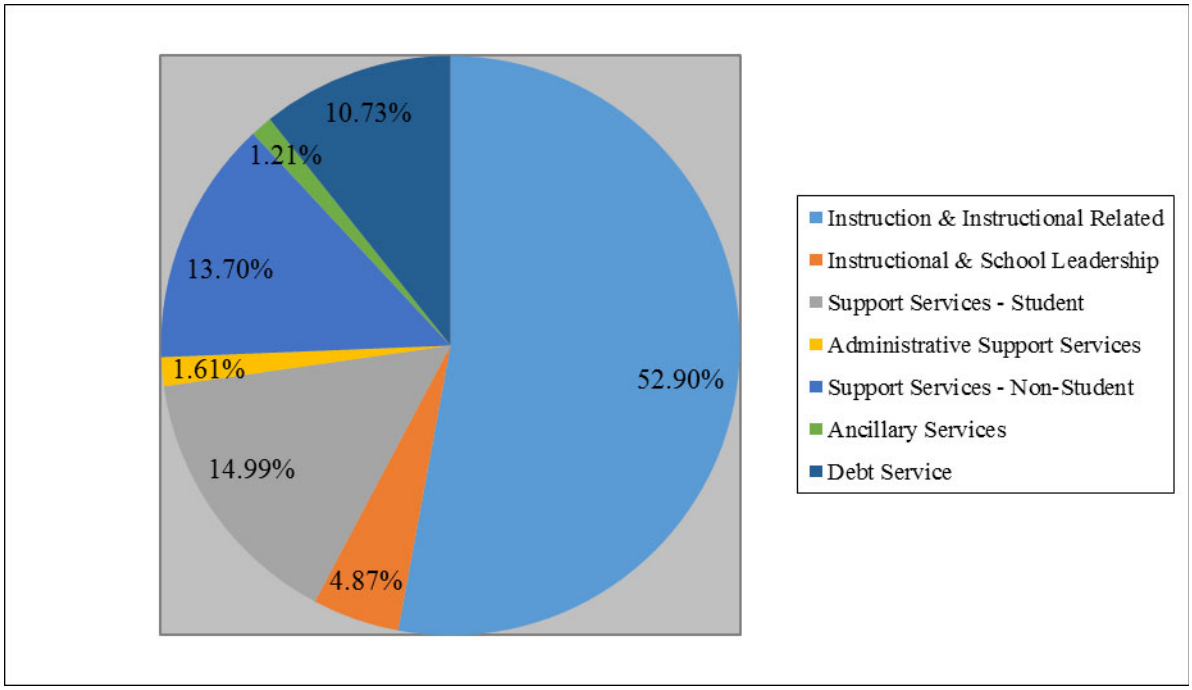


Figure A-3
Program Expenses by Major Function – Governmental Activities



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

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

Revenues from all Governmental Funds totaled $922.9 million for the fiscal year ended August 31, 2018, an increase of 6.5% from the prior fiscal year. Local revenues, including property taxes, continued to be the largest source of revenue received by the District and increased $26.7 million over fiscal year 2017, fueled by a 4.5% increase in property values. State revenues increased $16.8 million or 6.9% from fiscal year 2017 due to; 1) the increase of $0.02 in the General Fund tax rate which generated additional state funding, 2) increased enrollment and a student count hold harmless adjustment from the state, and 3) additional state compensatory funding received based on free and reduced meal eligibility increases due to Hurricane Harvey. Federal revenues increased $12.7 million or 27.5% primarily due to additional federal grants received.

Expenditures for governmental operations totaled $1.1 billion during fiscal year 2018, a decrease of 14.8% from fiscal year 2017. This net decrease for all funds is primarily attributable to the Debt Service Fund which included expenditures in the prior year for current debt refunding transactions with principal amounts totaling $184.1 million. These current refunding transactions caused a spike in expenditures in the 2017 fiscal year.

The Governmental Funds reported a combined fund balance of $430.5 million, an increase of $0.5 million from the combined fund balances for 2017. Changes to the combined fund balances include a $10.7 million increase in the General Fund, an increase in the Debt Service Fund of $3.1 million, a decrease in the Capital Projects fund of $12.9 million and a decrease of $0.4 million in the Special Revenue Fund. Out of the combined fund balances, $143.7 million constitutes unassigned fund balances. Of the remainder of the fund balance, $2.1 million is nonspendable, $211.0 million is restricted for items such as debt service, food services, and capital projects, $10.8 million is committed to self-funded insurance and campus activity funds, and $62.9 million is assigned for the opening/construction of new schools, capital purchases, encumbered amounts, insurance, maintaining the debt service tax rate, holding the debt service fund harmless for the tax rate reduction, and economic stabilization.

The General Fund is the primary operating fund of the District. The most significant factor contributing to the increase of fund balance was the increase in state revenues realized through the state funding formulas due to increasing the General Fund tax effort (tax rate), increased compensatory funding, and a State hold harmless adjustment to enrollment. At the end of the current fiscal year, the General Fund's fund balance was $213.5 million. Unassigned fund balance represents 20.7% of the total General Fund expenditures, and total fund balance represents 30.8%.

The Debt Service Fund ended the year with a fund balance of $57.4 million, all of which was restricted for the payment of debt service. The district makes semi-annual debt service payments in February and August of each year. Debt service payments including bond fees for the year ended August 31, 2018 were $150.8 million.

The Capital Projects Fund ended the year with a fund balance of $141.8 million which is a decrease of $12.9 million over 2017. This decrease in fund balance was due to additional bond sales during the year, reduced by the District's ongoing construction project costs.

The Special Revenue Fund ended the year with a fund balance of $17.7 million which is a decrease of $0.4 million from 2017. This reduction was attributable to a decrease in the Tax Increment Reinvestment Zone Program.

Proprietary Funds

The District maintains three internal service funds. Information is presented separately in the Proprietary Funds Combining Statement of Net Position and in the Proprietary Funds Combining Statement of Revenues, Expenses, and Changes in Fund Net Position for the Health Insurance, Workers' Compensation, and Print Shop Funds. Net position in these funds as of August 31, 2018 was $19.1 million. Of this amount, $15.5 million was for Health Insurance, $1.7 million was for Workers' Compensation and $1.9 million was attributable to the Print Shop. Net position for the fiscal year increased $3.3 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

- The total General Fund revenue budget was increased by $29.7 million.
- The local revenue budget decreased by $0.5 million, primarily due to a property tax reappraisal approved by the School Board to adjust values due to disaster related damages.
- The state revenue budget increased $30.2 million due to a state approved Harvey related adjustment to enrollment data, increased compensatory funding, and additional funding delivered through the state funding formulas based on the District raising the General Fund tax rate by $0.02.
- The District increased the expenditure budget by $47.2 million throughout the year. Significant increases included:
    - The payroll budget increased $4.4 million primarily due to Board approval of a one-time one percent lump sum payment to employees.
    - Contracted services budget increased $22.5 million primarily for costs related to repairs due to damages from Hurricane Harvey, portable building relocation expenditures, and repairs and renovations to recently purchased properties.
    - The supplies and materials budget increased $2.0 million mainly due to replacement of contents at two facilities which sustained flood damages in the storm and additional maintenance supplies.
    - Capital outlay budget increased $18.1 million primarily for the purchase of the land and building utilized to temporarily house Creech Elementary students for the 2018 fiscal year while the campus was rebuilt, and for the costs to rebuild the original campus.
    - Other operating budget made up the remaining $0.2 million increase to the original budget.

After revenue and expenditure budgets were adjusted as described above, the District's actual General Fund amounts differed from the final budget as reported in the budgetary comparison on pages 88-89 of this report. This difference is primarily due to the following factors:

- Final revenues realized were under budgeted levels by $0.1 million. Revenues from local sources were over the budgeted amount by $1.4 million due to tax revenue collection volume increasing at the end of the year. State revenues exceeded the budget by $5.1 million, predominantly due to the State including an enrollment hold harmless adjustment at the very end of the fiscal year, while federal sources were $6.6 million less than budgeted due to delayed payment for School Health and Related Services reimbursement revenues.

- Expenditures were $17.1 million less than final budgeted amounts. Remaining unspent funds were payroll and related costs of $9.4 million which is primarily due to the District receiving two large disaster related grants which allowed reclassification of $6.1 of instructional payroll costs to the Special Revenue Fund, along with normal budget remaining due to vacancies and turnover. Contracted services and capital outlay budget unspent totaled $4.5 million and is mainly attributable to renovation, repair and rebuild commitments completed after the fiscal year end of August 31. Supplies and other operating expenditure budgets remaining of $3.2 million are comprised largely of amounts unspent for fuel, prepared media, insurance costs and other timing differences for items not received prior to fiscal year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District has invested $1.9 billion, net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions, deductions and depreciation) of $175.1 million from the prior year.

Capital Assets (net of depreciation)
Table III

	Governmental Activities			
	2018	2017	Change	Percentage
Land	$ 85,349,804	$ 84,043,364	$ 1,306,440	1.55%
Land Improvements	40,653,997	37,322,386	3,331,611	8.93
Buildings and Improvements	1,437,062,693	1,382,522,092	54,540,601	3.95
Furniture and Equipment	101,051,016	88,589,707	12,461,309	14.07
Vehicles	38,098,545	38,718,364	(619,819)	(1.60)
Construction in Progress	175,357,038	70,849,674	104,507,364	147.51
Assets Under Capital Lease	16,507,821	16,932,339	(424,518)	(2.51)
Total Capital Assets, Net of Depreciation	$ 1,894,080,914	$ 1,718,977,926	$ 175,102,988	10.19%

The increase in capital assets net of depreciation was due mainly to an increase in construction in progress, with Elementary 42, Junior High 16 and High School 9 all currently under construction. Building and improvements and furniture and equipment also increased with the rebuild of Creech Elementary, the opening of the District's 41st elementary, and numerous renovations and major capital replacements. Most of these projects are part of the District's building program, which is funded primarily by the 2017 bond authorization, and remaining funds from the 2014 bond authorization and/or the General Fund. More detailed information about the District's capital assets is presented in Note 8 to the financial statements.

Debt Administration

At the end of the fiscal year, the District had total debt outstanding of $2.0 billion as illustrated in Table IV. This amount consists primarily of general obligation bonds backed by the full faith of the State of Texas's Permanent School Fund. The District's debt included capital appreciation bonds which accrete interest until their maturity date. These bonds were paid off during the 2018 fiscal year, including accreted interest of $2.9 million and therefore there is no accreted interest payable recorded at the end of the fiscal year. Included in the outstanding debt of the District for financial reporting purposes is the Capital Lease for the multi-purpose complex constructed for the District by the Katy Development Authority through a Tax Increment Reinvestment Zone (TIRZ). The $10.1 million capital lease will be paid from property taxes collected through the TIRZ.

The District's bonds are rated AAA by Standard & Poor's (S&P) and Aaa by Moody's Investor Service (Moody's) based on the guarantee of the Permanent School Fund of the State of Texas. The District's underlying ratings are AA by Standard & Poor's and Aa1 by Moody's Investor Service.

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

Outstanding Debt
Table IV

	Governmental Activities		
	2018	2017	Change
General Obligation Bonds	$ 1,737,385,000	$ 1,621,576,790	$ 115,808,210
Accreted Interest on Capital Appreciation Bonds		2,835,055	(2,835,055)
Capital Leases	10,145,000	11,435,000	(1,290,000)
Compensated Absences	27,520,365	23,847,610	3,672,755
Imputed Borrowing	26,601,944	29,068,139	(2,466,195)
Premium on Bonds Issued	182,091,664	175,631,661	6,460,003
Total Outstanding Debt	$ 1,983,743,973	$ 1,864,394,255	$ 119,349,718

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The original 2018-2019 budget adopted included an anticipated 2.4% increase in the District's tax base for 2018-2019 and projected an increase to local revenues of approximately $28.1 million. However, state funding was anticipated to decrease $1.5 million despite a projected 2.9% increase in enrollment. This decrease is due to the state funding formulas reducing state allocations to the District in 2018-2019 to recoup the larger tax base increase in 2017-2018 of 4.5%.

Although growth has slowed slightly, Katy ISD continues to be one of the fastest growing school districts in the Houston metropolitan area, growing at an average of 3.6% from 2009 to 2018 with the 2018-19 enrollment projected to be 79,894 students. The District has also experienced significant growth in property values over the past ten years with assessed values increasing at an average of 9.0% annually. Unemployment continues to remain low in all geographical areas of the District.

All of these factors were considered when adopting the 2018-2019 budgets. With a total tax rate of $1.5166, the District estimates budgeted revenues of $892.5 million and appropriations of $891.2 million, of which $715.1 million of revenues and $701.9 million of expenditures are in the General Fund. There are no major initiatives or new programs included in the 2018-2019 budgets.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Katy I.S.D., 6301 South Stadium Lane, P.O. Box 159, Katy, Texas 77492.

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Basic Financial Statements



KATY

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION **Exhibit A-1**
AUGUST 31, 2018

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 492,712,665
1120	Current Investments	12,189,314
1225	Property Taxes Receivable (net)	9,893,456
1240	Due from Other Governments	24,864,819
1290	Other Receivables (net)	3,732,096
1300	Inventories, at cost	1,503,323
1410	Prepaid Items	671,521
	Capital Assets not Being Depreciated:	
1510	Land	85,349,804
1580	Construction in Progress	175,357,038
	Capital Assets, net of Accumulated Depreciation:	
1510	Land Improvements, net of Accumulated Depreciation	40,653,997
1520	Buildings and Improvements, net of Accumulated Depreciation	1,437,062,693
1530	Furniture and Equipment, net of Accumulated Depreciation	101,051,016
1540	Vehicles, net of Accumulated Depreciation	38,098,545
1550	Assets Under Capital Lease, net of Accumulated Depreciation	16,507,821
1910	Long-Term Investments	21,276,983
1990	Interest Rate Swap	6,155,915
1000	**Total Assets**	2,467,081,006
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred Outflows: Interest Rate Swap Refunding	26,601,944
1700	Deferred Outflows: Net Loss on Refunding	16,558,372
1700	Deferred Outflows: Related to TRS	75,080,101
1700	Deferred Outflows: Related to TRS Care	4,083,418
1700	**Total Deferred Outflows of Resources**	122,323,835

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2018

Exhibit A-1

Data Control Codes		Primary Government Governmental Activities
	LIABILITIES	
2110	Accounts Payable	$ 62,185,857
2140	Interest Payable	3,619,046
2150	Payroll Deductions and Withholdings	5,021,400
2160	Accrued Wages Payable	26,812,628
2180	Due to Other Governments	3,571,777
2200	Accrued Expenses	2,429,846
2300	Unearned Revenue	310,377
	Noncurrent Liabilities:	
2501	Compensated Absences Due within One Year	857,983
2501	Bonds and Debt Due within One Year	69,970,000
2501	Capital Lease Due within One Year	1,325,000
2501	Imputed Borrowing Due within One Year	2,463,889
2502	Bonds and Debt Due in More than One Year	1,849,506,664
2502	Capital Lease Due in More than One Year	8,820,000
2502	Compensated Absences Due in More than One Year	26,662,382
2502	Imputed Borrowing Due in More than One Year	24,138,055
2540	Net Pension Liability (District's Share)	129,492,973
2545	Net OPEB Liability (District's Share)	235,241,949
2000	**Total Liabilities**	2,452,429,826
	DEFERRED INFLOWS OF RESOURCES	
2600	Deferred Inflows: Interest Rate Swap	6,155,915
2600	Deferred Inflows: Related to TRS	39,719,857
2600	Deferred Inflows: Related to TRS Care	98,402,151
2600	**Total Deferred Inflows of Resources**	144,277,923
	NET POSITION	
3200	Net Investment in Capital Assets	124,413,226
	Restricted for:	
3820	Food Service	5,591,304
3850	Debt Service	56,325,629
3890	Tax Increment Reinvestment Zone	5,727,640
3890	Other Grant Programs	588,481
3900	Unrestricted	(199,949,188)
3000	**Total Net Position**	$ (7,302,908)

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
	Governmental Activities:			
0011	Instruction	$ 332,524,107	$ 1,342,152	$ (46,870,472)
0012	Instructional Resources and Media Services	9,471,060		(503,529)
0013	Curriculum and Instructional Staff Development	8,688,155		2,207,217
0021	Instructional Leadership	3,850,220		(428,842)
0023	School Leadership	28,413,536		(6,505,593)
0031	Guidance, Counseling, and Evaluation Services	21,589,973		(1,700,138)
0033	Health Services	5,684,111		7,819,576
0034	Student Transportation	20,470,400	39,150	(2,226,839)
0035	Food Services	31,430,840	12,306,498	19,642,756
0036	Extracurricular Activities	20,168,678	3,177,866	2,218,577
0041	General Administration	10,705,270	371,289	(1,029,233)
0051	Facilities Maintenance and Operations	71,530,944	3,953,990	(5,289,605)
0052	Security and Monitoring Services	6,799,265	5,875	(1,105,030)
0053	Data Processing Services	12,486,010	263,614	(1,476,539)
0061	Community Services	576,779	144,755	390,283
0072	Interest and Issuance Costs on Long-Term Debt	71,117,461		5,026,294
0081	Facilities Planning	657,421		223,990
0093	Payments to Shared Services Arrangements	428,982		
0095	Payments to JJAEP	26,124		
0097	Payments to Tax Increment Reinvestment Zone	1,951,121		
0099	Payments to Appraisal Districts	4,377,773		
TG	**Total Governmental Activities**	662,948,230	21,605,189	(29,607,127)
TP	**TOTAL PRIMARY GOVERNMENT**	$ 662,948,230	$ 21,605,189	$ (29,607,127)

Data Control Codes	
	General Revenues:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants Unrestricted
IE	Investment Earnings
MI	Miscellaneous
EI	Extraordinary Item - Insurance Proceeds
TR	**Total General Revenues**
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment Required by GASB 75
NE	**Net Position - Ending**

See Notes to Financial Statements.

Exhibit B-1

Net (Expense) Revenue and Changes in Net Position
Governmental Activities
$ (378,052,427)
(9,974,589)
(6,480,938)
(4,279,062)
(34,919,129)
(23,290,111)
2,135,465
(22,658,089)
518,414
(14,772,235)
(11,363,214)
(72,866,559)
(7,898,420)
(13,698,935)
(41,741)
(66,091,167)
(433,431)
(428,982)
(26,124)
(1,951,121)
(4,377,773)
(670,950,168)
(670,950,168)
425,166,477
137,151,351
217,776,729
7,840,730
2,056,393
15,000,000
804,991,680
134,041,512
271,150,917
(412,495,337)
$ (7,302,908)

KATY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes		General	Debt Service Fund
	ASSETS		
1110	Cash and Cash Equivalents	$ 220,560,581	$ 56,741,546
1120	Current Investments	12,189,314	
	Receivables:		
1225	Property Taxes Receivable (net)	7,395,574	2,497,882
1240	Due from Other Governments	10,234,471	53,169
1260	Due from Other Funds	3,691,756	675,274
1290	Other Receivables	613,004	
1300	Inventories, at cost	1,177,112	
1410	Prepaid Items	671,521	
1910	Long-Term Investments	21,276,983	
1000	**Total Assets**	$ 277,810,316	$ 59,967,871
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	$ 15,202,119	$ 23,195
2150	Payroll Withholding Payable	5,021,400	
2160	Accrued Wages Payable	25,570,958	
2170	Due to Other Funds		
2180	Due to Other Governments	3,570,449	
2200	Accrued Expenditures	574,594	
2300	Unearned Revenues	61,432	
2000	**Total Liabilities**	50,000,952	23,195
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable Revenue - Property Taxes	7,395,574	2,497,882
2600	Unavailable Revenue - SHARS	6,918,078	
2600	**Total Deferred Inflows or Resources**	14,313,652	2,497,882
	FUND BALANCES		
	Fund Balances:		
3410/30	Nonspendable	1,848,633	
3450-90	Restricted		57,446,794
3510-45	Committed	5,000,000	
3550-90	Assigned	62,918,089	
3600	Unassigned	143,728,990	
3000	**Total Fund Balances**	213,495,712	57,446,794
4000	**Total Liabilities, Deferred Inflows, and Fund Balances**	$ 277,810,316	$ 59,967,871

See Notes to Financial Statements.

Exhibit C-1

Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
$ 184,563,519	$ 11,691,910	$ 473,557,556
		12,189,314
		9,893,456
	14,577,179	24,864,819
	7,014,167	11,381,197
	226,189	839,193
	207,179	1,384,291
		671,521
		21,276,983
$ 184,563,519	$ 33,716,624	$ 556,058,330
$ 42,140,588	$ 1,759,955	$ 59,125,857
		5,021,400
	1,241,670	26,812,628
590,677	12,715,032	13,305,709
	1,328	3,571,777
		574,594
	248,945	310,377
42,731,265	15,966,930	108,722,342
		9,893,456
		6,918,078
		16,811,534
	207,179	2,055,812
141,832,254	11,700,246	210,979,294
	5,842,269	10,842,269
		62,918,089
		143,728,990
141,832,254	17,749,694	430,524,454
$ 184,563,519	$ 33,716,624	$ 556,058,330

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

Exhibit C-2

Total Fund Balances - Governmental Funds (from Exhibit C-1)	$	430,524,454
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		1,893,626,773
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		6,918,078
Unavailable revenue on property taxes receivable and penalty and interest on delinquent taxes have been levied or assessed and are due this year but are not available soon enough to pay for current period's expenditures and added back to Fund Balances for Statement of Net Position.		9,893,456
Deferred loss on refundings are not reported in the fund financial statements.		16,558,372
Addition of Internal Service fund net position		19,055,851
Deferred inflows relating to TRS Pension		(39,719,857)
Deferred inflows relating to TRS Care		(98,402,151)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable and premiums		(1,919,476,664)
Capital Lease		(10,145,000)
Compensated Absences - Long-term Portion		(26,945,771)
Interest Payable		(3,619,046)
Net pension liability		(129,492,973)
Net OPEB liability		(235,241,949)
Deferred outflows relating to TRS		75,080,101
Deferred outflows relating to TRS Care		4,083,418
Net Position of Governmental Activities	$	(7,302,908)

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2018

Data Control Codes		General	Debt Service Fund
	REVENUES		
5700	Local, Intermediate, and Out-of-State	$ 438,561,055	$ 138,324,185
5800	State Program Revenues	252,351,261	1,956,567
5900	Federal Program Revenues	13,415,669	
5020	**Total Revenues**	704,327,985	140,280,752
	EXPENDITURES		
	Current:		
0011	Instruction	422,507,663	
0012	Instructional Resources and Media Services	8,263,093	
0013	Curriculum and Instructional Staff Development	8,905,232	
0021	Instructional Leadership	5,572,139	
0023	School Leadership	38,778,632	
0031	Guidance, Counseling, and Evaluation Services	28,636,801	
0033	Health Services	6,725,189	
0034	Student Transportation	18,616,994	
0035	Food Services		
0036	Extracurricular Activities	14,877,088	
0041	General Administration	12,994,744	
0051	Facilities Maintenance and Operations	82,740,896	
0052	Security and Monitoring Services	8,406,323	
0053	Data Processing Services	13,403,723	
0061	Community Services	361,615	
	Debt Service:		
0071	Principal on Long-Term Debt		70,416,790
0072	Interest on Long-Term Debt		80,326,526
0073	Bond Issuance Costs and Fees		34,845
0081	**Capital Outlay: Facilities Acquisition and Construction**	14,837,534	
	Intergovernmental Charges:		
0093	Payments to Fiscal Agents SSA	428,982	
0095	Payments to JJAEP	26,124	
0097	Payments to Tax Increment Reinvestment Zone	3,570,449	
0099	Other Intergovernmental Charges	4,377,773	
6030	**Total Expenditures**	694,030,994	150,778,161
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	10,296,991	(10,497,409)
	OTHER FINANCING SOURCES/(USES)		
7911	Capital-Related Debt Issued		
7912	Sale of Real and Personal Property	97,859	
7915	Transfers In	500,000	13,602,249
7916	Premium on Issuance of Bonds		
8911	Transfers Out	(15,224,275)	
7080	**Total Other Financing Sources/(Uses)**	(14,626,416)	13,602,249
7919	Extraordinary Item - Insurance Recovery	15,000,000	
1200	Net Change in Fund Balances	10,670,575	3,104,840
0100	Fund Balance - September 1 (Beginning)	202,825,137	54,341,954
3000	**Fund Balance - August 31 (Ending)**	$ 213,495,712	$ 57,446,794

See Notes to Financial Statements.

Exhibit C-3

Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
$ 2,377,974	$ 24,283,313	$ 603,546,527
	6,345,698	260,653,526
60,684	45,240,836	58,717,189
2,438,658	75,869,847	922,917,242
	28,916,775	451,424,438
	814,781	9,077,874
	3,529,884	12,435,116
	533,197	6,105,336
	612,396	39,391,028
	3,256,473	31,893,274
	257,158	6,982,347
	358,223	18,975,217
	29,720,128	29,720,128
	3,693,401	18,570,489
	2,434	12,997,178
	92,805	82,833,701
	34,329	8,440,652
	317	13,404,040
	406,039	767,654
		70,416,790
		80,326,526
1,458,976		1,493,821
216,213,025	3,548,461	234,599,020
		428,982
		26,124
		3,570,449
		4,377,773
217,672,001	75,776,801	1,138,257,957
(215,233,343)	93,046	(215,340,715)
186,225,000		186,225,000
3,270,763	26,475	3,395,097
		14,102,249
15,233,976		15,233,976
(2,377,974)	(500,000)	(18,102,249)
202,351,765	(473,525)	200,854,073
		15,000,000
(12,881,578)	(380,479)	513,358
154,713,832	18,130,173	430,011,096
$ 141,832,254	$ 17,749,694	$ 430,524,454

KATY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

Exhibit C-4

Net Change in Fund Balances - Total Governmental Funds (from Exhibit C-3)	$	513,358
Amounts reported for governmental activities in the Statement of Activities (Exhibit B-1) are different because:		
Internal Service Funds are used by management to charge the cost of various insurance programs and printing operations to individual funds. The net activity of the Internal Service Funds is included in the Statement of Activities.		3,285,007
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		243,365,797
Depreciation is not recognized as an expense in governmental funds, since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(67,126,890)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		71,706,790
Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities.		(186,225,000)
Premium received from issuance of long-term debt.		(15,233,976)
Interest accrual on capital appreciation bonds and interest accruals through year end on bonds are not recorded in the fund financial statements but are accrued in the government-wide statements.		2,895,460
Net loss on disposal of assets is not recorded in the fund financial statements but is included in the government-wide statements.		(955,828)
Property tax revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the fund financial statements.		350,158
Amortization of deferred loss on refunding issues, and bond premiums are recorded in the Statement of Activities.		8,136,704
Revenues that are earned but do not provide current financial resources are recorded in the Statement of Activities but are not in the fund financial statements.		6,918,078

KATY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

Exhibit C-4

Revenues received in the current year but earned in the prior year are recorded in the fund financial statements but were in the Statement of Activities in the prior year.	$	(6,444,797)
Pension contributions made after the net pension liability date are reported as expenditures in the fund financial statements and are reported as deferred outflows in the government-wide statements and TRS contribution adjustments.		14,474,405
OPEB contributions made after the net OPEB liability date are reported as expenditures in the fund financial statements and are reported as deferred outflows in the government-wide statements and TRS contribution adjustments.		4,043,609
Pension expense for the pension plan measurement year is not recorded in the fund financial statements but are expensed in the government-wide statements.		(20,923,644)
OPEB expense for the OPEB plan measurement year is not recorded in the fund financial statements but are expensed in the government-wide statements.		78,891,046
Increase in long-term compensated absence liability is included in the government-wide statements.		(3,628,765)
Change in Net Position of Governmental Activities (see Exhibit B-1)	$	134,041,512

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION **Exhibit D-1**
PROPRIETARY FUNDS
INTERNAL SERVICE FUNDS
AUGUST 31, 2018

Data Control Codes		Governmental Activities
	ASSETS	
	Current Assets:	
1110	Cash and Cash Equivalents	$ 19,155,109
1260	Due from Other Funds	1,924,512
1290	Other Receivables	2,892,903
1300	Inventories	119,032
	Total Current Assets	24,091,556
	Noncurrent Assets:	
	Capital Assets:	
1540	Furniture and Equipment	1,492,499
1573	Accumulated Depreciation	(1,038,358)
	Total Noncurrent	454,141
1000	**Total Assets**	24,545,697
	LIABILITIES	
	Current Liabilities:	
2110	Accounts Payable	3,060,000
2200	Accrued Expenses	2,429,846
2000	**Total Liabilities**	5,489,846
	NET POSITION	
3200	Investment in Capital Assets	454,141
3900	Unrestricted	18,601,710
3000	**Total Net Position**	$ 19,055,851

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Exhibit D-2

Data Control Codes		Governmental Activities
	OPERATING REVENUES	
5754	Charges for Services	$ 62,327,518
5020	**Total Operating Revenues**	62,327,518
	OPERATING EXPENSES	
6100	Salary and Benefits	56,620
6200	Administrator Fees	4,898,290
6200	Claims Expense	53,908,110
6200	Repair and Maintenance Expense	10,405
6200	Equipment Rental	114,048
6200	Contracted Services	2,076,088
6300	Supplies	1,803,343
6400	Miscellaneous Operating Expenses	116,891
6400	Depreciation	240,318
6030	**Total Operating Expenses**	63,224,113
1300	Operating Income (Loss)	(896,595)
	NONOPERATING REVENUES (EXPENSES)	
5742	Investment Income	180,502
8900	Net Loss on Sale of Capital Assets	(4,018)
	Total Net Nonoperating Revenue	176,484
	Income (Loss) before Contributions and Transfers	(720,111)
7900	Transfers In	4,000,000
7900	Capital Contributions	5,118
1300	Change in Net Position	3,285,007
0100	Total Net Position - September 1 (Beginning)	15,770,844
3000	**Total Net Position - August 31 (Ending)**	$ 19,055,851

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Exhibit D-3

	Governmental Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Receipts from Internal Services Provided	$ 61,410,137
Cash Payments to Suppliers	(1,994,293)
Cash Payments to Pay Claims	(54,031,576)
Cash Payments for Contracted Services	(7,279,687)
Cash Payments to Employees	(56,620)
Net Cash (Used) by Operating Activities	(1,952,039)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(17,980)
Proceeds from Sale of Capital Assets	1,727
Net Cash (Used) by Capital and Related Financing Activities	(16,253)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	4,000,000
Net Cash Provided by Noncapital Financing Activities	4,000,000
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	180,502
Net Cash Provided by Investing Activities	180,502
Net Increase in Cash and Cash Equivalents	2,212,210
Cash and Cash Equivalents at Beginning of Year	16,942,899
Cash and Cash Equivalents at End of Year	$ 19,155,109
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (896,595)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities	
Depreciation	240,318
Change in Assets and Liabilities:	
(Increase) Decrease in Receivables	290,972
(Increase) Decrease in Inventories	(23,952)
Increase (Decrease) in Accounts Payable	(873,327)
Increase (Decrease) in Interfund Payables	(1,208,354)
Increase (Decrease) in Accrued Expenses	518,899
Net Cash (Used) by Operating Activities	$ (1,952,039)
Noncash Investing, Capital, and Financing Activities	
Contributions of Capital Assets from Government	$ 5,118
Transfers of Capital Assets to Government	$ 5,743
Capital Assets Retired	$ 194,321

See Notes to Financial Statements.

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES **Exhibit E-1**
AGENCY FUNDS
AUGUST 31, 2018

Data Control Codes		Agency Funds
	ASSETS	
1110	Cash and Cash Equivalents	$ 2,710,261
1000	**Total Assets**	$ 2,710,261
	LIABILITIES	
2110	Accounts Payable	$ 137,567
2160	Accrued Wages	2,988
2190	Due to Student Groups	2,569,706
2000	**Total Liabilities**	$ 2,710,261

See Notes to Financial Statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

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

B. Government-wide and Fund Financial Statements

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting

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

The District reports the following Governmental Funds:

1. General Fund

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

2. Debt Service Fund

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

3. Capital Projects Fund

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

4. Special Revenue Fund

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

Additionally, the District reports the following Proprietary Fund:

5. Internal Service Fund

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

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

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

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

Finally, the District reports the following Fiduciary Funds:

6. Agency Funds

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

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

1. Cash and Cash Equivalents

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Investments

Investments consist of deposits with TexPool, Texas CLASS and Lone Star, local government investment pools and municipal bonds. The District's investment pools are valued and reported at amortized cost as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. The District's investments in municipal bonds are carried at fair value based on quoted market prices at year-end, in accordance with U.S. generally accepted accounting principles. Investments having a maturity of three months or less when purchased are reported as cash and cash equivalents.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

3. Short-Term Interfund Receivables/Payables

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

4. Inventories and Prepaid Items

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets

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

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

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

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

Assets	Years
Land Improvements	20
Building & Improvements	25-50
Furniture & Equipment	1-20
Vehicles	15

Land and construction in progress are not depreciated.

6. Deferred Outflows/Inflows of Resources

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

- Deferred outflows interest rate swap refunding - This amount is related to the hedging derivative instruments associated with the Series 2015-C Bonds. The deferred amount on refunding related to the Series 2015-C Bonds is reported in the Government-wide Statement of Net Position in this category and will be amortized over the life of the debt. The Series 2015-C Bonds refunded the Series 2012-C Bonds, which had previously refunded the Series 2004-C Bonds.
- Deferred outflows net gain/loss on refunding - The net gain/loss on refunding bonds is reported in the Government-wide Statement of Net Position in this category and will be amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Deferred Outflows/Inflows of Resources (continued)

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

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

- Deferred outflows interest rate swap - The imputed at-market swaps associated with the Series 2015-C Bonds are reported as a deferred outflow of resources at market value.
- Deferred inflows related to TRS - Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the proportional share of pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows related to TRS Care - Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions; and 2) differences between expected and actual actuarial experiences. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEBs through the OPEB plan.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Deferred Outflows/Inflows of Resources (continued)

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

7. Pensions

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

8. Other Post-Employment Benefits

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

9. Long-Term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Transactions Between Funds

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

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

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

11. Compensated Absences – Accumulated Vacation Pay and Sick Leave

The District has a vacation pay policy for twelve-month employees whereby eligible employees shall receive vacation of one to fifteen days dependent upon the number of years of service. Employees become eligible for vacation days after six months of employment. All vacation days are forfeited if not taken by June 30 of the following calendar year; therefore, the liability for unused vacation days at August 31, 2018 is not material to the financial statements.

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

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

12. Fund Equity

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

a. Non-spendable Fund Balance

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Fund Equity (continued)

b. Restricted Fund Balance

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

c. Committed Fund Balance

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

d. Assigned Fund Balance

Assigned fund balance is the amount the District intends to use for a specific purpose. The Board of Trustees delegates the responsibility to assign fund balances to the Superintendent or his designees. The District has assigned fund balances in the General Fund in the amount of $62,918,089 which is detailed in Note 12.

e. Unassigned Fund Balance

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

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

13. Use of Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

14. Data Control Codes

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

15. Use of Funds

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

16. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of these new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

GASB Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources—that is, resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the purpose of extinguishing debt. This Statement also amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an in substance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired. This statement does not have an impact on the financial statements for the year ended August 31, 2018.

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

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

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

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

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

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

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

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

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

A. Budgetary Data (continued)

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

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

4. Each budget is controlled by the Director of Budget and Treasury at the revenue and expenditure function/object level. Budgeted amounts are amended by the Board. All budget appropriations lapse at year end.

5. During the fiscal year ended August 31, 2018 the District did not have any expenditures over appropriations in major funds.

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

	Special Revenue Fund	Unbudgeted Programs	Budgeted Programs
Revenues	$ 75,869,847	$ 45,062,247	$ 30,807,600
Expenditures	75,776,801	45,330,933	30,445,868
Revenues Over (Under) Expenditures	93,046	(268,686)	361,732
Other Sources (Uses)	(473,525)	(500,000)	26,475
Fund Balance Beginning	18,130,173	12,927,076	5,203,097
Fund Balance Ending	$ 17,749,694	$ 12,158,390	$ 5,591,304

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

A. Budgetary Data (continued)

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

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

Fund	Appropriations as of September 1, 2017 (Original Budget)	Supplemental Appropriations and Revisions	Appropriations as of August 31, 2018 (Amended Budget)
General Fund	$ 663,897,207	$ 47,241,138	$ 711,138,345
Special Revenue Fund	31,627,777	(424,986)	31,202,791
Debt Service Fund	150,987,082	37,613	151,024,695
Total all Budgeted Funds	$ 846,512,066	$ 46,853,765	$ 893,365,831

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities, but are reported as assignments of fund balances. Since appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. As shown in footnote 12, $1,546,947 of fund balance has been assigned for these outstanding encumbrances.

NOTE 4 – DEPOSITS (CASH) AND INVESTMENTS

A. Deposits (Cash)

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

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

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

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

A. Deposits (Cash) (continued)

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

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

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

At August 31, 2018 the carrying amount of combined deposits cash in the bank was $209,921,340. As of August 31, 2018 the deposits and amount of pledged collateral and FDIC coverage was as follows:

Financial Institution	Cash in the Bank	Pledged Collateral and Surety Bond	Available FDIC Coverage	Month
Prosperity Bank	$ 219,099,152	$ 603,174,278	$ 500,000	August 31, 2018

B. Investments

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

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

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

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

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

B. Investments (continued)

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

A summary of the District's cash and investments at August 31, 2018 is shown below.

	Cash on Hand	Bank Deposits	Money Market	Investment Pools	Securities	Total
General	$ 63,958	$ 10,990,278	$ 4,878	$ 209,501,467	$ 33,466,297	$ 254,026,878
Debt Service		4,147,345		52,594,201		56,741,546
Capital Projects		184,563,519				184,563,519
Special Revenue Fund	100	3,412,891		8,278,919		11,691,910
Total Governmental Funds	64,058	203,114,033	4,878	270,374,587	33,466,297	507,023,853
Internal Service Fund		4,097,046		15,058,063		19,155,109
Total Governmental Activities	64,058	207,211,079	4,878	285,432,650	33,466,297	526,178,962
Fiduciary Funds						
Trust and Agency		2,710,261				2,710,261
Total	$ 64,058	$ 209,921,340	$ 4,878	$ 285,432,650	$ 33,466,297	$ 528,889,223

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

The District generally holds all securities to maturity. The District did not purchase any derivative investment products during the current year nor participate in any reverse repurchase agreements or security lending agreements during the fiscal year 2018.

The following table includes the portfolio balances, credit rating, and weighted average maturity of the portfolio balance by investment type of the District as of August 31, 2018:

	Fair Value	Percent of Investments	Weighted Avg. Maturity
Investment Type			
Money Market	$ 4,878	0.0%	1 day
Local Government Investment Pools: *			
Lone Star - Public Funds Investment Pool	6,187,650	1.9%	20 days
TexPool - Public Funds Investment Pool	241,048,474	75.6%	28 days
Texas CLASS - Public Funds Investment Pool	38,196,526	12.0%	47 days
Total Local Government Investment Pools	285,432,650		
Municipal Bonds	33,466,297	10.5%	464 days
Total Investments	$ 318,903,825	100.0%	

* Per GASB 79, valued at amortized cost.

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

B. Investments (continued)

The value of District portions in TexPool, Texas CLASS, and Lone Star are the same as the value of the Shares. The external pooled funds use amortized cost rather than fair value to report net assets to compute share price, such funds have daily liquidity.

Credit Risk Related to Investments

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

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

The District's investment policy permits investment pools authorized by government codes 2256.016 – 2256.019 which requires investment pools to be continuously rated no lower than AAA or AAAm or at an equivalent rating by at least one nationally recognized rating service. As of August 31, 2018, the District's investments, TexPool, Texas CLASS, and Lone Star Public Funds Investment Pools were all rated AAAm.

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

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amount. These pools do not impose any liquidity fees or redemption gates. The District's municipal bonds are reported at fair value using Level 2 inputs. The District's money market is reported at fair value using Level 1 inputs.

Interest Rate Risk

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

As of August 31, 2018, the District's investments included TexPool, Texas CLASS, and Lone Star Public Funds Investment Pools. The investment pools investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

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

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

B. Investments (continued)

Custodial Credit Risk

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

NOTE 5 – PROPERTY TAXES

The current assessment ratio of the District is 100% of market valuation of all property within the District's boundaries. The local maintenance and debt service tax rates for the 2017-18 school year were $1.1466 and $0.37 respectively per $100 of assessed valuation. The 2017-18 assessed valuation was $37,980,513,157 and resulted in a final adjusted tax levy of $564,259,769.

Property taxes are levied by October 1 on the assessed value listed the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Local taxes assessed on valuations made as of January 1 each year are recorded in the District's Financial Statements net of the related allowance for uncollectible taxes. The resulting net taxes receivable is stated at the amount estimated to be collectible based upon the District's collection experience. Uncollectible taxes are periodically reviewed and written off by the District, as provided by specific statutory authority from the State Legislature. Net property taxes receivable at August 31, 2018 consisted of the following:

	General Fund	Debt Service Fund	Total
Property Taxes Receivable-Current Year Levy	$ 2,930,425	$ 945,628	$ 3,876,053
Property Taxes Receivable-Prior Years' Levies	3,979,833	1,379,166	5,358,999
Total Property Taxes Receivable	6,910,258	2,324,794	9,235,052
Penalty and Interest on Delinquent Property Taxes	3,402,049	1,150,435	4,552,484
Total Property Taxes and Penalty and Interest	10,312,307	3,475,229	13,787,536
Less Allowance for Uncollectible Taxes	2,916,733	977,347	3,894,080
Net Property Taxes Receivable	$ 7,395,574	$ 2,497,882	$ 9,893,456

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NOTE 5 – PROPERTY TAXES (continued)

Appraisal District

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code which established an appraisal district and an appraisal review board in each county in the State of Texas. The District has property in Harris, Fort Bend, and Waller Counties. Beginning January 1, 2008 the District contracted with each county for the appraisal of property for all taxing units in the county's boundaries, including the District. The District paid Harris County Appraisal District, Fort Bend County Appraisal District, and Waller Country Appraisal District $2,581,177, $1,508,027 and $288,569 respectively in fiscal 2018 for appraising property.

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

Amounts Due To/From Other Funds at August 31, 2018 include the following:

	Interfund Receivables	Interfund Payables
General Fund	$ 3,691,756	$
Debt Service Fund	675,274	
Capital Projects Fund		590,677
Special Revenue Fund	7,014,167	12,715,032
Total - Governmental Funds	11,381,197	13,305,709
Internal Service Fund	1,924,512	
Total - All Funds	$ 13,305,709	$ 13,305,709

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

Transfers between funds in fiscal year 2018 are as follows:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	$ 500,000	$ 15,224,275
Debt Service Fund	13,602,249	
Capital Projects Fund		2,377,974
Special Revenue Fund:		
Tax Increment Reinvestment Zone		500,000
Total - Governmental Funds	14,102,249	18,102,249
Internal Service Fund	4,000,000	
Total - All Funds	$ 18,102,249	$ 18,102,249

Transfers are used to: 1) move interest revenues from the Capital Projects Fund where they are collected to the Debt Service Fund for payment of principal and interest, 2) move the federal subsidy payment on the Build America Bonds from the General Fund to the Debt Service Fund for payment of principal and interest, 3) provide supplemental funding from the General Fund to the Health Insurance Internal Service Fund, 4) to move funds from the Tax Increment Reinvestment Fund program to General Fund, and 5) transfer of fund balance from general fund to debt service fund to hold it harmless for $.02 tax rate reduction.

NOTE 7 – AMOUNTS DUE FROM AND TO OTHER GOVERNMENTS

Receivables Due from Other Governments at August 31, 2018 consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Special Revenue Fund	Total
Due from State Agencies:					
State Grant Expenditure Reimbursement	$ 378,589	$	$	$ 449,990	$ 828,579
State Summary of Finances	2,704,667	53,169			2,757,836
School Health and Related Services	6,918,078				6,918,078
Due from Federal Agencies:					
Federal Grant Expenditure Reimbursement	233,137			14,093,620	14,326,757
Due from Local Agencies:					
Local Grant Expenditure Reimbursement				33,569	33,569
Total Due from Other Governments	$ 10,234,471	$ 53,169	$	$ 14,577,179	$ 24,864,819

Payables Due to Other Governments at August 31, 2018 consisted of the following:

	General Fund	Special Revenue Fund	Total
Due to State Agencies:			
State Comptroller	$	$ 1,328	$ 1,328
Due to Local Agencies:			
Katy Development Authority	3,570,449		3,570,449
	$ 3,570,449	$ 1,328	$ 3,571,777

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the governmental activities of the District for the year ended August 31, 2018 is as follows:

	Balance September 1, 2017	Additions	Retirements and Transfers	Balance August 31, 2018
Governmental Activities				
Capital Assets not being Depreciated:				
Land	$ 84,043,364	$ 3,392,236	$ (2,085,796)	$ 85,349,804
Construction in Progress	70,849,674	160,117,552	(55,610,188)	175,357,038
Total Capital Assets, not being Depreciated	154,893,038	163,509,788	(57,695,984)	260,706,842
Capital Assets being Depreciated:				
Land Improvements	73,108,109	7,243,456	(272,696)	80,078,869
Buildings and Improvements	1,837,606,314	40,346,182	49,649,706	1,927,602,202
Furniture and Equipment	174,633,739	28,659,580	(8,789,805)	194,503,514
Vehicles	62,648,588	3,672,762	(4,510,688)	61,810,662
Total Capital Assets, being Depreciated at Historical Cost	2,147,996,750	79,921,980	36,076,517	2,263,995,247
Less: Accumulated Depreciation for:				
Land Improvements	(35,619,644)	(3,848,679)	207,778	(39,260,545)
Buildings and Improvements	(438,381,199)	(43,565,832)	7,588,924	(474,358,107)
Furniture and Equipment	(85,980,795)	(16,025,046)	8,715,435	(93,290,406)
Vehicles	(23,930,224)	(3,927,651)	4,145,758	(23,712,117)
Total Accumulated Depreciation	(583,911,862)	(67,367,208)	20,657,895	(630,621,175)
Governmental Activities Capital Assets, Net	$ 1,718,977,926	$ 176,064,560	$ (961,572)	$ 1,894,080,914

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

	Balance September 1, 2017	Additions	Retirements and Transfers	Balance August 31, 2018
Capital Lease Assets				
Land Improvements	$ 172,506	$	$	$ 172,506
Buildings and Improvements	22,364,926		(870)	22,364,056
Furniture and Equipment	480,341		(31,799)	448,542
Total Capital Lease Assets	23,017,773		(32,669)	22,985,104
Less: Accumulated Depreciation for:				
Land Improvements	(6,427)	(1,752)		(8,179)
Buildings and Improvements	(5,661,903)	(522,980)	2,229	(6,182,654)
Furniture and Equipment	(417,104)	(9,528)	140,182	(286,450)
Total Accumulated Depreciation	(6,085,434)	(534,260)	142,411	(6,477,283)
Capital Leases, Net	$ 16,932,339	$ (534,260)	$ 109,742	$ 16,507,821

NOTE 8 – CAPITAL ASSETS (continued)

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

Governmental Activities Depreciation Expense:	
Instruction	$ 37,189,586
Instructional Resources and Media Services	2,928,571
Curriculum and Instructional Staff Development	7,818
Instructional Leadership	23,972
School Leadership	2,537,886
Guidance, Counseling, and Evaluation Services	1,131,088
Health Services	1,109,975
Student Transportation	5,033,290
Food Service	5,064,373
Extracurricular Activities	5,557,484
General Administration	1,054,010
Facilities Maintenance and Operations	3,757,074
Security and Monitoring Services	163,045
Data Processing Services	1,767,870
Facilities Acquisition and Construction	41,166
Total Depreciation Expense Governmental Activities	$ 67,367,208

Construction in progress and remaining commitments under related construction contracts at August 31, 2018 are as follows:

Construction in Progress:

Project	Contract Expenditures	Other Project Costs	Construction in Progress
Elementary #42	$ 9,030,240	$ 167,583	$ 9,197,823
Junior High #16	17,869,858	775,791	18,645,649
Junior High #17		50,270	50,270
High School #9	38,904,092	2,484,737	41,388,829
High School #9 Ag Barn	32,434		32,434
Fielder Elementary Renovation	507,767	34,870	542,637
Pattison Elementary Renovation	14,478,678	59,534	14,538,212
Golbow Elementary Renovation	13,698,329	182,347	13,880,676
Mayde Creek High Renovation	53,879,866	1,225,263	55,105,129
Mayde Creek High Bridge	116,750		116,750
Katy High CTE Expansion		28,710	28,710
Cinco Ranch High Turf	369,429	72,880	442,309
Creech Elementary Re-Roof	1,050,946	73,636	1,124,582
Education Support Complex Chiller	169,868	26,334	196,202
Agricultural Sciences Complex	19,589,341	477,485	20,066,826
	$ 169,697,598	$ 5,659,440	$ 175,357,038

NOTE 8 – CAPITAL ASSETS (continued)

Contract and related commitments:

Project	Authorized Contract	Contract Expenditures	Remaining Commitment
Elementary #42	$ 25,813,821	$ 9,030,240	$ 16,783,581
Junior High #16	44,822,891	17,869,858	26,953,033
Junior High #17			
High School #9	145,353,792	38,904,092	106,449,700
High School #9 Ag Barn	1,539,773	32,434	1,507,339
Fielder Elementary Renovation	1,269,418	507,767	761,651
Pattison Elementary Renovation	15,505,654	14,478,678	1,026,976
Golbow Elementary Renovation	14,682,182	13,698,329	983,853
Mayde Creek High Renovation	55,272,299	53,879,866	1,392,433
Mayde Creek High Bridge	247,000	116,750	130,250
Katy High CTE Expansion	448,781		448,781
Cinco Ranch High Turf	603,649	369,429	234,220
Creech Elementary Re-Roof	1,326,783	1,050,946	275,837
Education Support Complex Chiller	319,993	169,868	150,125
Agricultural Sciences Complex	34,489,707	19,589,341	14,900,366
	$ 341,695,743	$ 169,697,598	$ 171,998,145

As explained in Note 3, encumbrance accounting is utilized to assure effective budgetary control. As of August 31, 2018 the General Fund had $1,546,947, the Capital Projects Fund had $202,790,723 and Special Revenue Fund had $536,657 in outstanding encumbrances.

NOTE 9 – LONG-TERM DEBT

General Obligation Bonds

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

In November 2017 voters authorized $609,200,000 of General Obligation Bonds and in May 2018, the District issued $200,000,000 of Unlimited Tax School Building Bonds, Series 2018. The bonds have interest rates ranging from three to five percent and are the first sale of the 2017 authorization. The District has $409,200,000 of authorized but unissued bonds remaining at August 31, 2018.

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

NOTE 9 – LONG-TERM DEBT (continued)

Changes in Long-Term Debt

A summary of long-term debt transactions of the District for the year ended August 31, 2018 is as follows:

	Balance at September 1, 2017	Additions	Retirements	Balance at August 31, 2018	Due Within One Year
General Obligation Bonds	$ 1,621,576,790	$ 186,225,000	$ 70,416,790	$ 1,737,385,000	$ 69,970,000
Accreted Interest on Capital Appreciation Bonds	2,835,055	68,155	2,903,210		
Imputed Borrowing	29,068,139		2,466,195	26,601,944	2,463,889
Bond Issuance Premiums	175,631,661	15,233,976	8,773,973	182,091,664	
Total Bonds Payable	1,829,111,645	201,527,131	84,560,168	1,946,078,608	72,433,889
Capital Leases	11,435,000		1,290,000	10,145,000	1,325,000
Compensated Absences	23,847,610	4,373,534	700,779	27,520,365	857,983
Total	$ 1,864,394,255	$ 205,900,665	$ 86,550,947	$ 1,983,743,973	$ 74,616,872

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

Outstanding bonded debt at August 31, 2018 consisted of the following:

Issue	Series Description	Interest Rate	Matures	Debt Outstanding
$ 61,395,000	2007-C Limited Tax Refunding Bonds	4.00-5.63	2019	$ 4,955,000
97,700,000	2008-C Unlimited Tax School Building Bonds	2.75-5.00	2019	3,525,000
24,315,000	2009 Unlimited Tax School Building Bonds	2.00-5.00	2019	635,000
68,910,000	2010-A Unlimited Tax Refunding Bonds	2.00-5.00	2022	27,520,000
11,625,000	2010-B Limited Tax Refunding Bonds	3.00-5.00	2027	3,045,000
41,470,000	2010-C Unlimited Tax School Building Bonds	4.00-5.00	2021	8,565,000
155,000,000	2010-D Unlimited Tax School Building Bonds	4.50-5.30	2041	155,000,000
147,680,000	2012-A Unlimited Tax School Building & Refunding Bonds	4.00-5.00	2042	133,870,000
103,000,000	2013 Unlimited Tax School Building Bonds	2.00-5.00	2043	85,200,000
133,970,000	2014-A Unlimited Tax Refunding Bonds	1.00-5.00	2036	128,155,000
18,150,000	2014-B Limited Tax Refunding Bonds	3.00-5.00	2028	17,530,000
155,310,000	2015-A Unlimited Tax School Building Bonds	2.00-5.00	2045	142,110,000
52,955,000	2015-B Unlimited Tax Refunding Bonds	4.00-5.00	2037	52,955,000
115,000,000	2015-C Variable Rate Unlimited Tax Refunding Bonds	4.47-4.80	2036	115,000,000
245,095,000	2016-A Unlimited Tax School Building Bonds	4.00-5.00	2046	238,275,000
23,515,000	2016-B Unlimited Tax Refunding Bonds	3.00-5.00	2038	23,515,000
11,510,000	2016-C Limited Tax Refunding Bonds	5.00	2024	7,670,000
152,315,000	2016-D Unlimited Tax Refunding Bonds	3.00-5.00	2032	145,410,000
261,640,000	2017 Unlimited Tax School Building Bonds	4.00-5.00	2047	258,225,000
186,225,000	2018 Unlimited Tax School Building Bonds	3.00-5.00	2048	186,225,000
	Total Bonded Debt			1,737,385,000
	Plus Unamortized Imputed Borrowing			26,601,944
	Plus Unamortized Premiums			182,091,664
	Total Bonds Payable			1,946,078,608
	Less Amounts Due Within One Year			(72,433,889)
	Total Bonded Debt Long-Term			$ 1,873,644,719

NOTE 9 – LONG-TERM DEBT (continued)

Annual requirements to amortize all bonded long-term debt outstanding (including accretion) as of August 31, 2018 are as follows:

Fiscal Year Ending	Principal	Interest	Totals
2019	$ 69,970,000	$ 80,894,453	$ 150,864,453
2020	64,510,000	78,101,283	142,611,283
2021	57,260,000	75,116,876	132,376,876
2022	57,790,000	72,364,897	130,154,897
2023	66,755,000	69,370,517	136,125,517
2024	68,040,000	66,071,007	134,111,007
2025	65,220,000	62,771,102	127,991,102
2026	65,970,000	59,516,564	125,486,564
2027	65,440,000	56,204,778	121,644,778
2028	69,805,000	52,793,983	122,598,983
2029	65,105,000	49,560,851	114,665,851
2030	65,530,000	46,495,218	112,025,218
2031	66,055,000	43,323,438	109,378,438
2032	65,195,000	40,216,030	105,411,030
2033	60,230,000	37,251,914	97,481,914
2034	63,085,000	34,394,960	97,479,960
2035	65,995,000	31,484,905	97,479,905
2036	69,100,000	28,381,228	97,481,228
2037	59,165,000	25,091,173	84,256,173
2038	56,740,000	22,227,584	78,967,584
2039	54,305,000	19,373,785	73,678,785
2040	57,210,000	16,471,852	73,681,852
2041	60,205,000	13,476,346	73,681,346
2042	52,380,000	10,720,925	63,100,925
2043	49,450,000	8,364,050	57,814,050
2044	46,240,000	6,286,750	52,526,750
2045	48,220,000	4,307,275	52,527,275
2046	42,140,000	2,453,800	44,593,800
2047	27,665,000	1,057,700	28,722,700
2048	12,610,000	252,200	12,862,200
	1,737,385,000	1,114,397,444	2,851,782,444
Less: Current Portion	69,970,000	80,894,453	150,864,453
Long Term Debt	$ 1,667,415,000	$ 1,033,502,991	$ 2,700,917,991

NOTE 9 – LONG-TERM DEBT (continued)

Interest Rate Swap Agreements

Variable Interest Rate Bonds Synthetic Fixed Rate Swaps

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

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

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

Objective

The objective of the swaps is to hedge against the potential of rising interest rates in conjunction with the District's $115,000,000 outstanding variable rate debt. The interest rate swaps were effective hedges as of the prior reporting period with each swap's cumulative change in fair value recorded in deferred outflows on the Statement of Net Position. The refunding of the 2004-C and 2012-C Bonds were considered termination events as described in Governmental Accounting Standards Board (GASB) Statement 53. As of the refunding date the swaps were considered to be off-market, consisting of an imputed at-the-market swap and an imputed borrowing. The fair values of the derivative instruments outstanding at August 31, 2018 and the changes in fair values for the year then ended are as follows:

	Fair Value at August 31, 2018	
Governmental Activities	**Classification**	**Amount**
Cash Flow Hedge:		
Pay fixed interest rate swap	Asset: Interest Rate Swaps	$ 6,155,915
	Liability: Imputed Borrowing	26,601,944
	Negative Fair Value	$ 20,446,029

	Changes in Fair Value	
Governmental Activities	**Classification**	**Amount**
Cash Flow Hedge:		
Pay fixed interest rate swap	Deferred Inflows: Interest Rate Swap	$ 6,571,741

NOTE 9 – LONG-TERM DEBT (continued)

Interest Rate Swap Agreements (continued)

Terms

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

For the fiscal year ending August 31, 2018 the effective rate of the bonds associated with the swaps is as follows:

	Terms	Rate Paid (Received)
Fixed rate paid for swaps		3.92%
Average variable rate payment received from counterparties	LIBOR x 67%	(0.52)
Net rate paid/(received) for swaps		3.40
Average variable rate paid on bonds associated with swaps		1.13
Effective rate of bonds associated with swaps		4.53%

In contrast, the fixed rate the District would have paid on General Obligation Bonds at a comparable maturity on the same original sale date in 2004 would have been 5.15%. The savings in interest expenditures realized by participating in the swap agreement totals $19.1 million as compared to costs the District would have incurred if the debt had been issued as traditional fixed rate bonds at the time of original issuance and held to maturity.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Because LIBOR interest rates have declined since inception of the swaps, the swaps had a negative fair value of $20,446,029 on August 31, 2018 (Level 2 inputs). This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

Credit Risk

As of August 31, 2018, the District was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates increase and the fair value of the swaps become positive, the District would be exposed to credit risk on the swaps in the amount of its fair value.

NOTE 9 – LONG-TERM DEBT (continued)

Interest Rate Swap Agreements (continued)

Basis Risk

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

Interest Rate Risk

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

Termination Risk

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

The swap agreements are subject to termination in the event of default or if the ratings assigned to either the District's or the counterparty's unenhanced long-term debt obligations are withdrawn or reduced to BBB- by S&P or Baa3 by Moody's. At August 31, 2018, the credit rating assigned to JP Morgan Chase Bank, N.A. is A+ by S&P and Aa3 by Moody's, while the credit rating assigned to Bank of America, N.A. is A+ by S&P and Aa3 by Moody's.

Remarketing and Rollover Risk

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

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

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

NOTE 9 – LONG-TERM DEBT (continued)

Interest Rate Swap Agreements (continued)

Swap Payments and Associated Debt

As of August 31, 2018 the following are debt service requirements assuming current interest rates during the initial rate period, and rates returning to pre-refunding rates thereafter.

Fiscal Year Ending	Principal	Interest*	Total
2019	$ 2,500,000	$ 5,140,500	$ 7,640,500
2020	4,550,000	5,401,805	9,951,805
2021	4,750,000	5,169,073	9,919,073
2022	4,960,000	4,948,440	9,908,440
2023	5,190,000	4,710,608	9,900,608
2024-2028	29,680,000	19,592,067	49,272,067
2029-2033	36,970,000	11,799,696	48,769,696
2034-2036	26,400,000	2,568,808	28,968,808
Total	$ 115,000,000	$ 59,330,997	$ 174,330,997

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

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

Accreted Interest on Premium Capital Appreciation Bonds

A portion of the Series 2005 and 2007 refunding bonds were capital appreciation bonds. These obligations had a principal value of $96,790 and a maturity value of $3,000,000. The principal and interest on these obligations was paid upon maturity in the fiscal year ended August 31, 2018, including accreted interest of $2,903,210.

Prior Year Advanced Refunding of General Long-Term Debt

In prior years the District defeased certain outstanding School Building and Refunding Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the respective trust account assets and the liability for the defeased bonds are not included in the District's Financial Statements. At August 31, 2018 the District no longer has any previously refunded bonds outstanding which are considered defeased.

Current Year Redemption of General Long-Term Debt

In 2018, the District paid off $19,110,000 of outstanding bonds from the Series 2007-C Limited Tax Refunding Bonds. The Series 2007-C Bonds were scheduled to mature in fiscal years ending 2019 through 2027.

The payment of these bonds in 2018 resulted in gross interest savings of $3,455,141.

NOTE 9 – LONG-TERM DEBT (continued)

Build America Bonds

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

In December 2010, the District issued Series 2010-D Bonds in the amount of $155,000,000 under the BABs program. Under this program, the District receives semi-annual subsidies equal to 35% of the interest it pays on the bonds. The subsidy payments received by the District will not be pledged as security for the payment of the Series 2010-D Bonds and no holder of the Series 2010-D Bonds will be entitled to a tax credit or any subsidy payment with respect to the Series 2010-D Bonds. The District intends to use the subsidy payments for any lawful purpose, which may include payment of principal and interest on the Series 2010-D Bonds. In the fiscal year ended August 31, 2018 the District received $3,024,275 in such subsidies. This includes a reduction of the 2017-18 subsidy payments by 6.6% due to federal sequestration. The amount received was recorded as federal revenue in the General Fund and, at the discretion of the District, was transferred to the Debt Service Fund. The sequestration reduction percentage for 2019 has been set at 6.2%.

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

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

Capital Lease Arrangement

The arrangements under the series of agreements constitute a capital lease arrangement for the District in constructing a multi-purpose complex and this arrangement is not altered by the refunding. The District recorded a capital lease obligation and a related asset in the approximate amount of the original bonds. Total assets under capital lease at August 31, 2018 were $22,985,104. Of that amount $22,364,056 is classified as Buildings and Improvements, $448,542 as Furniture and Equipment and $172,506 as Land Improvements.

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

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

Capital Lease Arrangement (continued)

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

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

Significant aspects of the bonds/capital lease obligation of the District as of August 31, 2018 are shown below:

Series	Amount Outstanding	Interest Rates	Maturity Date Serially, Beginning/Ending	Interest Payment Dates	Callable Dates
2012	$ 10,145,000	2.88%	5/15/19 to 5/15/25	May 15/ November 15	2017* 2020**

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

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

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

Capital Lease Arrangement (continued)

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

Fiscal Year Ended August 31,	Principal	Interest	Annual Debt Service
2019	$ 1,325,000	$ 292,176	$ 1,617,176
2020	1,365,000	254,016	1,619,016
2021	1,405,000	214,704	1,619,704
2022	1,445,000	174,240	1,619,240
2023	1,490,000	132,624	1,622,624
2024	1,535,000	89,712	1,624,712
2025	1,580,000	45,504	1,625,504
Total	10,145,000	1,202,976	11,347,976
Less: Current Portion	1,325,000	292,176	1,617,176
Long Term Lease	$ 8,820,000	$ 910,800	$ 9,730,800

The average annual debt service on the bonds is $1,621,139 through maturity. The maximum annual debt service on the bonds is $1,625,504 through maturity.

Through the fiscal year ended August 31, 2018, the District has paid $46,493,441 in collected tax increments and state revenues to the KDA. The District will pay additional tax increments of $2,511,581 collected in fiscal 2017-18 and state revenues of $1,058,868 to the KDA in fiscal 2018-19, and these amounts have been included as a liability in these financial statements. The District estimates that it will collect an additional $4,283,538 in tax increments and state revenues in fiscal 2018-19 to be paid to the KDA in the 2019-20 fiscal year. The tax increment base value is $4,397,510 and the certified taxable value before the increment in the Zone for the 2018 tax year is $267,191,276. The District has received $14,689,021 in tax collections in excess of bond payment requirements and related expenses. These proceeds have been placed in a special revenue fund to be used within the TIRZ at the discretion of the District.

Other Significant Information

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

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

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

Other Significant Information (continued)

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

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

NOTE 11 – UNEARNED REVENUES AND DEFERRED INFLOWS OF RESOURCES

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Government funds also record unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue at August 31, 2018 reported in the governmental funds were as follows:

	Unavailable	Unearned
Deferred Inflows of Resources		
Net Property Taxes Receivable (General Fund)	$ 7,395,574	$
Net Property Taxes Receivable (Debt Service Fund)	2,497,882	
School Health and Related Services	6,918,078	
Unearned Revenue		
Proceeds-Expenditure		
Driven State Grants (Special Revenue Fund)		248,945
Revenues Received Prior to Meeting all		
Expenditure Requirements (General Fund)		61,432
Total	$ 16,811,534	$ 310,377

NOTE 12 – FUND EQUITY

Nonspendable, Restricted, Committed and Assigned Fund Balance

A summary of nonspendable, restricted, committed and assigned fund balance at August 31, 2018 is as follows:

Fund Balances:	General	Debt Service	Capital Projects	Special Revenue
Nonspendable:				
Inventory	$ 1,177,112	$	$	$ 207,179
Prepaid Items	671,521			
Total Nonspendable	$ 1,848,633	$	$	$ 207,179
Restricted for:				
Long-Term Debt	$	$ 57,446,794	$	$
Capital Acquisitions and Contracts			141,832,254	
Food Services				5,384,125
Tax Increment Reinvestment Zone				5,727,640
Other Grant Programs				588,481
Total Restricted	$	$ 57,446,794	$ 141,832,254	$ 11,700,246
Committed to:				
Self Funded Insurance	$ 5,000,000	$	$	$
Campus Activity Funds				5,842,269
Total Committed	$ 5,000,000	$	$	$ 5,842,269
Assigned to:				
Maintain Debt Service Rate	$ 3,900,000	$	$	$
Economic Stabilization	35,000,000			
Opening Additional Schools	7,171,142			
Self Funded Insurance-Stop Loss	2,500,000			
Debt Service Hold Harmless Tax Rate Reduction	7,800,000			
Capital Expenditures for Equipment	5,000,000			
Other Assignments-Encumbrances	1,546,947			
Total Assigned	$ 62,918,089	$	$	$

NOTE 13 – REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General	Debt Service	Capital Projects	Special Revenue	Total
Property Taxes	$ 422,782,913	$ 136,417,281	$	$	$ 559,200,194
Penalties, Interest, and Other Tax Related Income	2,079,962	687,533			2,767,495
Summer School, Tuition and Fees	2,087,517				2,087,517
Investment Income	3,921,585	1,173,920	2,377,974	186,749	7,660,228
Food Sales				12,220,400	12,220,400
Cocurricular Student Activities	2,185,543				2,185,543
Facility Rental	3,047,087				3,047,087
Other	2,456,448	45,451		11,876,164	14,378,063
Total	$ 438,561,055	$ 138,324,185	$ 2,377,974	$ 24,283,313	$ 603,546,527

NOTE 14 – GENERAL FUND FEDERAL PROGRAM REVENUES

For purposes of regulatory requirements of the Texas Education Agency, a summary of federal program revenues received in the General Fund for the year ended August 31, 2018 follows:

Program or Source	CFDA Number	Amount
Naval Junior Reserve Officers Training Program	n/a	$ 77,711
Federal Flood Control Funds	12.112	48
SHARS	93.778	8,257,664
E-Rate School and Libraries Universal Support	n/a	56,553
Build America Bonds Subsidy	n/a	3,024,275
Disaster Relief and Emergency Assistance	97.036	352,002
Indirect Costs		
National School Breakfast Program	10.553	176,914
National School Lunch Program	10.555	1,065,266
ESEA Title I, Part A - Improving Basic Programs	84.010A	75,031
ESEA Title I 1003 School Improvement	84.010A	408
IDEA Part B - Formula	84.027A	128,088
IDEA Part B - Preschool	84.173A	850
Carl D. Perkins Basic Grant	84.048A	6,231
ESEA Title II, Part A - Supporting Effective Instruction	84.367A	9,284
ESEA Title III, Part A	84.365A	21,641
Title IV, Part A, Subpart 1, Student Support	84.424A	654
Immediate Aid to Restart School Operations	84.938A	100,264
Temporary Emergency Impact Aid for Displaced Students	84.938C	61,346
IDEA Part B - Deaf	84.027A	1,439
Total		$ 13,415,669

NOTE 15 – RETIREMENT PLAN

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

NOTE 15 – RETIREMENT PLAN (continued)

Benefit Provisions

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

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.

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

Contribution Rates

	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

	Measurement Year (2017)	Fiscal Year (2018)
	Contributions Required and Made	TRS Contributions
Member (Employee) Contributions	$ 36,618,429	$ 38,828,713
Non-employer contributing agency (State) Contributions	24,884,418	25,882,129
District Contributions	13,273,105	14,500,023

NOTE 15 – RETIREMENT PLANS (continued)

Contributions (continued)

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

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

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

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

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

Actuarial Assumptions

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

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%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

NOTE 15 – RETIREMENT PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the systems target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
Global Equity			
U.S.	18 %	4.6 %	1.0 %
Non-U.S. Developed	13	5.1	0.8
Emerging Markets	9	5.9	0.7
Directional Hedge Funds	4	3.2	0.1
Private Equity	13	7	1.1
Stable Value			
U.S. Treasuries	11	0.7	0.1
Absolute Return	0	1.8	0
Stable Value Hedge Funds	4	3	0.1
Cash	1	-0.2	0
Real Return			
Global Inflation Linked Bonds	3	0.9	0
Real Assets	16	5.1	1.1
Energy and Natural Resources	3	6.6	0.2
Commodities	0	1.2	0
Risk Parity			
Risk Parity	5	6.7	0.3
Inflation Expectation			2.2
Alpha			1
Total	100 %		8.7 %

** The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.*

NOTE 15 – RETIREMENT PLAN (continued)

Retiree Pension Plan (continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability.

	Discount Rate		
	1% Decrease 7%	Current Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	$ 218,299,565	$ 129,492,973	$ 55,547,069

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 $129,492,973 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 129,492,973
State's proportionate share that is associated with the District	243,448,882
Total	$ 372,941,855

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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017, the employer's proportion of the collective net pension liability was 0.40% which was an increase of 0.01% from its proportion measured as of 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 $20,923,644 and revenue of $18,569,312 for support provided by the State.

NOTE 15 – RETIREMENT PLAN (continued)

Retiree Pension Plan (continued)

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

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,894,541	$ (6,983,386)
Changes of assumptions	5,898,610	(3,376,817)
Net difference between projected and actual earnings on pension plan investments	19,914,516	(29,351,681)
Changes in proportion and differences between District contributions and proportionate share of contributions	32,872,411	(7,973)
District contributions subsequent to the measurement date	14,500,023	
Total	$ 75,080,101	$ (39,719,857)

The $14,500,023 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31	Amount
2019	$ (3,713,731)
2020	(11,979,603)
2021	(3,078,602)
2022	(478,144)
2023	(1,232,545)
Thereafter	(377,597)
	$ (20,860,222)

NOTE 16 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Retiree Health Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for 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*

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

Retiree Health Plan (continued)

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates. Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	2017	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.00%
Employers	0.55%	0.75%
Federal/private Funding remitted by Employers	1.00%	1.25%

	Measurement Year (2017)		Fiscal Year (2018)
	Contributions Required and Made	OPEB Expense	TRS Contributions
Member (Employee) Contributions	$ 3,091,893	$	$ 3,277,708
Non-employer contributing agency (State) Contributions	5,550,832	(127,443,086)	7,204,416
District Contributions	2,794,787	(78,862,150)	4,027,872

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

During the current fiscal year, $212.0 million was transferred to TRS from the State to pay for TRS-Care during the 85th First Legislative Special Session House Bill 21, Section 10. The District reported on-behalf revenues and expenditures of $1,146,829 relating to these transfers.

Actuarial Assumptions

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

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

Retiree Health Plan (continued)

Actuarial Assumptions (continued)

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

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate*	3.42% *
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.5%
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 retirees; 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.

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

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

Other Information: There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

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

Retiree Health Plan (continued)

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% 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.

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease 2.42%	Current Rate 3.42%	1% Increase 4.42%
District's proportional share of the net OPEB liability	$ 277,643,899	$ 235,241,949	$ 201,160,341

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

	Discount Rate		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportional share of the net OPEB liability	$ 195,862,424	$ 235,241,949	$ 286,912,849

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 $235,241,949 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 235,241,949
State's proportionate share that is associated with the District	380,851,640
Total	$ 616,093,589

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

Retiree Health Plan (continued)

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

The Net OPEB Liability was measured as of August 31, 2017 and 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 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.0054% 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:

There was a significant plan change adopted in 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. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.
- 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.
- 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.

The significant changes to the plan benefits and assumptions noted above lowered the OPEB liability related to TRS-Care plan as a whole by $33.3 billon. As a result, the District's proportional share of the net OPEB liability decreased by $193.7 million. Because the decrease in the liability was the result of changes to plan benefits, a majority of the decrease has been recognized immediately in the District's financial statements. As a result, the District recognized a total proportional share of negative OPEB expense of $127.4 million. A portion of this negative expense represents the State's on behalf share of this activity which is offset by what the Governmental Accounting Standards Board refers to as a negative revenue.

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

Retiree Health Plan (continued)

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

The following illustrates the magnitude of the on-behalf activity for the State's portion of the TRS-Care benefits by individual function for both operating grants and contribution revenues and expense:

	Current Year Prior to Negative On-behalf Activities			Current Year After On-behalf Activities as presented in Exhibit B-1	
Functions/Programs	**Expenses**	**Operating Grants and Contributions**	**Negative On-behalf Activities**	**Expenses**	**Operating Grants and Contributions**
Governmental Activities:					
Instruction	$ 422,973,521	$ 43,578,942	$ (90,449,414)	$ 332,524,107	$ (46,870,472)
Instructional Resources and Media Services	11,064,684	1,090,095	(1,593,624)	9,471,060	(503,529)
Curriculum and Instructional Staff Development	10,267,069	3,786,131	(1,578,914)	8,688,155	2,207,217
Instructional Leadership	4,993,116	714,054	(1,142,896)	3,850,220	(428,842)
School Leadership	36,821,767	1,902,638	(8,408,231)	28,413,536	(6,505,593)
Guidance, Counseling, and Evaluation Services	27,472,241	4,182,130	(5,882,268)	21,589,973	(1,700,138)
Health Services	7,129,860	9,265,325	(1,445,749)	5,684,111	7,819,576
Student Transportation	23,564,621	867,382	(3,094,221)	20,470,400	(2,226,839)
Food Services	31,430,840	19,642,756		31,430,840	19,642,756
Extracurricular Activities	22,131,846	4,181,745	(1,963,168)	20,168,678	2,218,577
General Administration	12,799,153	1,064,650	(2,093,883)	10,705,270	(1,029,233)
Facilities Maintenance and Operations	77,881,055	1,060,506	(6,350,111)	71,530,944	(5,289,605)
Security and Monitoring Services	8,142,049	237,754	(1,342,784)	6,799,265	(1,105,030)
Data Processing Services	14,382,531	419,982	(1,896,521)	12,486,010	(1,476,539)
Community Services	605,356	418,860	(28,577)	576,779	390,283
Interest and Issuance Costs on Long-Term Debt	71,117,461	5,026,294		71,117,461	5,026,294
Facilities Planning	830,146	396,715	(172,725)	657,421	223,990
Payments to Shared Services Arrangements	428,982			428,982	
Payments to JJAEP	26,124			26,124	
Payments to Tax Increment Reinvestment Zone	1,951,121			1,951,121	
Payments to Appraisal Districts	4,377,773			4,377,773	
Total Governmental Activities	790,391,316	97,835,959	(127,443,086)	662,948,230	(29,607,127)
TOTAL PRIMARY GOVERNMENT	$ 790,391,316	$ 97,835,959	$ (127,443,086)	$ 662,948,230	$ (29,607,127)

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

Retiree Health Plan (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	$ (4,910,854)
Changes of assumptions		(93,491,297)
Net difference between projected and actual earnings on pension plan investments	35,734	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,087	
District contributions subsequent to the measurement date	4,046,597	
Total	$ 4,083,418	$ (98,402,151)

The $4,046,597 reported as deferred outflows of resources related to TRS-Care resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31	Amount
2019	(12,979,419)
2020	(12,979,419)
2021	(12,979,419)
2022	(12,979,419)
2023	(12,988,353)
Thereafter	(33,459,301)
	$ (98,365,330)

NOTE 16 – OTHER POST EMPLOYMENT BENEFIT PLANS

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2018, 2017, and 2016, the subsidy payments received by TRS-Care on-behalf of the District were $1,487,987, $1,419,158, and $1,748,997, respectively. The contributions made on behalf of the District have been recorded in the financial statements of the District as both revenue and payroll expenditure.

Compensated Absences

The District pays one-half of the locally accumulated sick leave and state leave days up to a maximum of 90 accumulated days to employees who retire with five or more years of continuous employment in the District and who retire from the state Teacher Retirement System. The majority of the payments are administered through Public Agency Retirement Services (PARS). During 2018, $697,926 was disbursed to 91 members. No assets are being held or accumulated for future distribution. The District has accrued $27,520,365 in the Government-wide Financial Statements to pay for compensated absences.

NOTE 17 – RISK MANAGEMENT

The District is exposed to various risks related to torts: theft of, damage to and destruction of assets, errors and omissions, natural disasters, health and welfare of employees for which the District carries commercial insurance or self-insures. Except as described in Note 22, no settlements have exceeded insurance coverage in the last three years.

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

The District purchases commercial insurance for property loss with limits of $250 million, $25 million for named windstorms. The policy covers up to $25 million per year for flood losses. In addition, the policy covers $1 million for the one property currently in a flood plain. The District purchases an additional $0.5 million building and $0.5 million contents in flood protection for this facility. Casualty risks are insured by a risk pool through an Interlocal agreement with Texas Association of School Boards (TASB), with limits of $1 million per occurrence and $3 million aggregate for commercial general liability and a $0.5 million combined single limit automobile policy. Professional liability risks are insured with limits of $1 million. Within these policy limits, the District's exposure is limited to deductibles.

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

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

NOTE 17 – RISK MANAGEMENT (continued)

Health Insurance

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

An accrual for incurred but not reported claims in the amount of $2.4 million has been recorded in the fund as of August 31, 2018. Claims payable, including an estimate of claims incurred but not reported, was actuarially determined based on an estimate of the remaining liability of known claims.

At August 31, 2018, the fund had net position of $15,453,261. Because of past history and the method of calculation, the District considers all claims to be current liabilities. Changes in incurred but not paid claims liability for the fiscal years ended August 31, 2018 and 2017 are as follows:

	Health Insurance	
	2018	2017
Beginning Accrual	$ 1,882,987	$ 867,813
Current Estimates	53,401,889	50,781,715
Payments for Claims	(52,901,376)	(49,766,541)
Ending Accrual	$ 2,383,500	$ 1,882,987

Workers' Compensation

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

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

Workers' Compensation liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but were not reported until after August 31, 2018. Because of past history, the District considers all claims to be current liabilities. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements and impairment benefits, the process used in computing claims liability results in an estimate. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Claims liability activities for 2018 compared to 2017 are as follows:

	Workers' Compensation	
	2018	2017
Beginning Accrual	$ 27,960	$ 44,150
Current Estimates	1,148,586	1,046,060
Payments for Claims	(1,130,200)	(1,062,250)
Ending Accrual	$ 46,346	$ 27,960

NOTE 17 – RISK MANAGEMENT (continued)

Workers' Compensation (continued)

At August 31, 2018, the District had $2.4 million in cash available for payment of Workers' Compensation claims. The District has also purchased an excess Workers' Compensation policy for coverage relating to excessive Workers' Compensation claims. The District has a $550,000 Self-Insured Retention (SIR) per any one occurrence. The policy has an obligation to pay all costs required by the Texas Workers' Compensation Act in excess of the District's SIR for each workers' compensation occurrence.

NOTE 18 – ARBITRAGE

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of 1) the amount earned on investments purchased with bond proceeds over 2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District has not recorded a liability for arbitrage as of August 31, 2018. In management's opinion, the arbitrage liability, if any, would be immaterial to the financial statements as of August 31, 2018.

NOTE 19 – JOINT VENTURE SHARED SERVICE ARRANGEMENTS

The District is the fiscal agent for a Shared Service Arrangement (SSA) which provides services for deaf students of the District, Bellville ISD, Brazos ISD, Royal ISD and Sealy ISD. All services are provided by the fiscal agent, and funds are received directly by the fiscal agent from the granting agency. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in the appropriate Special Revenue Fund Program and has accounted for these funds using Model 2 in the SSA section of the Resource Guide. Expenditures as of August 31, 2018 of the SSA are summarized below:

	Katy ISD	Bellville ISD	Brazos ISD	Royal ISD	Sealy ISD
IDEA-B Discretionary, Deaf	$ 90,315	$ 4,632	$ 2,316	$ 4,632	$ 3,473
IDEA-C Early Intervention	1,702	87	44	87	65
Regional Day School For the Deaf	547,172	28,060	14,030	28,060	21,045
Local Share, Deaf	432,814	21,999	11,000	21,999	16,499
	$ 1,072,003	$ 54,778	$ 27,390	$ 54,778	$ 41,082

NOTE 20 – LITIGATION AND CONTINGENCIES

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

NOTE 21 – TAX ABATEMENTS

The District had one Chapter 313 Agreement with Weatherford Artificial Lift Systems, Inc. for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for the value limitation agreement, the applicant is required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: https://comptroller.texas.gov/economy/local/ch313/agreement-docs.php. The agreement and all supporting documentation was assigned a Texas Comptroller Application number.

For the fiscal year ended August 31, 2018, Weatherford Artificial Lift Systems, Inc. did not meet all of the criteria specified by state law and, therefore, there was not tax reduction for the applicant and no benefit to the District.

The District also has one active Foreign Trade Zone Agreement with Kobelco Construction Machinery Co. Ltd. Foreign Trade Zones in the State of Texas can access an ad valorem property tax exemption under Federal Law at 19 USC 81 O (e). The exempted value in the zone for 2017-2018 year is $12,282,907, resulting in the applicant's taxes being reduced by $186,283. State funding formulas will hold the District harmless for $1.00 of the District's $1.5166 tax rate and Kobelco reimbursed the District for lost tax revenues on the remaining $0.5166 tax rate in the amount of $63,454.

NOTE 22 – HURRICANE HARVEY

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

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

NOTE 22 – HURRICANE HARVEY (continued)

On August 25, 2017, the President of the United States issued a major disaster declaration, which was later amended and includes all three counties in which the District is located; Harris, Fort Bend, and Waller Counties. This declaration made federal assistance available including direct federal assistance under the Public Assistance Program. The District utilized its general fund balance to initially cover Hurricane Harvey related expenses and is in the process of seeking reimbursement from the Federal Emergency Management Agency (FEMA) for eligible disaster-related expenses. During the fiscal year ended August 31, 2018, the District recognized $352,002 in funds received from FEMA as federal revenue, and an additional $132,707 has been recognized after year end. Additional projects are still in process for potential funding. The District received $15,000,000 of insurance proceeds during the 2017-2018 fiscal year and recognized the final insurance payment of $10,000,000 in the 2018-2019 fiscal year.

Required Supplementary Information



KATY

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ORIGINAL BUDGET, AMENDED FINAL, AND ACTUAL – GENERAL FUND
YEAR ENDED AUGUST 31, 2018
with comparative actual balances for the Year Ended August 31, 2017

Data Control Codes		2018 Budgeted Amounts Original	2018 Budgeted Amounts Final
	REVENUES		
5700	Local, Intermediate, and Out-of-State	$ 437,635,505	$ 437,161,797
5800	State Program Revenues	217,048,559	247,262,411
5900	Federal Program Revenues	20,090,765	20,007,358
5020	**Total Revenues**	674,774,829	704,431,566
	EXPENDITURES		
	Current:		
0011	Instruction	428,700,455	430,799,040
0012	Instructional Resources and Media Services	8,189,484	8,371,773
0013	Curriculum and Instructional Staff Development	9,017,056	9,124,458
0021	Instructional Leadership	5,573,033	5,642,391
0023	School Leadership	38,873,775	39,183,787
0031	Guidance, Counseling, and Evaluation Services	28,152,842	29,132,924
0033	Health Services	6,692,130	6,820,963
0034	Student Transportation	19,511,289	19,858,775
0036	Extracurricular Activities	13,922,102	15,267,203
0041	General Administration	13,013,832	13,359,469
0051	Facilities Maintenance and Operations	60,991,341	85,069,823
0052	Security and Monitoring Services	7,922,547	8,578,752
0053	Data Processing Services	13,229,699	13,877,892
0061	Community Services	356,948	410,060
0081	Facilities Acquisition and Construction	1,108,604	16,812,500
0093	Payments to Fiscal Agents SSA	658,200	558,200
0095	Payments to JJAEP	138,740	68,740
0097	Payments to Tax Increment Reinvestment Zone	3,520,130	3,585,595
0099	Other Intergovernmental Charges	4,325,000	4,616,000
6030	**Total Expenditures**	663,897,207	711,138,345
1100	Excess (Deficiency) of Revenues Over Expenditures	10,877,622	(6,706,779)
	OTHER FINANCING SOURCES/(USES)		
7912	Sales of Real and Personal Property		76,855
7915	Transfers In	500,000	500,000
8911	Transfers Out	(6,014,560)	(15,224,276)
7080	**Total Other Financing Sources/(Uses)**	(5,514,560)	(14,647,421)
	EXTRAORDINARY ITEMS		
7919	Insurance Recovery		25,000,000
1200	Net Change in Fund Balances	5,363,062	3,645,800
0100	Fund Balances - Beginning	202,825,137	202,825,137
3000	**Fund Balances - Ending**	$ 208,188,199	$ 206,470,937

See accompanying notes to the Required Supplementary Information

Exhibit F-1

		2017
Actual	Variance with Final Budget Positive (Negative)	Actual
$ 438,561,055	$ 1,399,258	$ 410,062,112
252,351,261	5,088,850	230,771,888
13,415,669	(6,591,689)	11,981,176
704,327,985	(103,581)	652,815,176
422,507,663	8,291,377	413,802,881
8,263,093	108,680	7,748,941
8,905,232	219,226	8,620,117
5,572,139	70,252	5,318,176
38,778,632	405,155	36,668,986
28,636,801	496,123	27,392,247
6,725,189	95,774	6,357,557
18,616,994	1,241,781	18,193,837
14,877,088	390,115	12,483,596
12,994,744	364,725	11,763,796
82,740,896	2,328,927	61,614,205
8,406,323	172,429	7,758,996
13,403,723	474,169	12,045,134
361,615	48,445	424,303
14,837,534	1,974,966	4,420,611
428,982	129,218	315,376
26,124	42,616	35,755
3,570,449	15,146	3,407,903
4,377,773	238,227	3,851,222
694,030,994	17,107,351	642,223,639
10,296,991	17,003,770	10,591,537
97,859	21,004	127,143
500,000		500,000
(15,224,275)	1	(6,014,561)
(14,626,416)	21,005	(5,387,418)
15,000,000	(10,000,000)	
10,670,575	7,024,775	5,204,119
202,825,137		197,621,018
$ 213,495,712	$ 7,024,775	$ 202,825,137

KATY INDEPENDENT SCHOOL DISTRICT
***NOTES* TO REQUIRED SUPPLEMENTARY INFORMATION**
FOR THE YEAR ENDED AUGUST 31, 2018

Budgets and Budgetary Accounting

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

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

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

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

1. Prior to August 20th, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

3. Prior to September 1st, the budget is legally adopted by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are amended by the Board. All budget appropriations lapse at year end.

During the fiscal year ended August 31, 2018 the District did not have any expenditures over appropriations on all required legally adopted budgets.

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE **Exhibit F-2**
OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE LAST FOUR MEASUREMENT YEARS ENDED AUGUST 31

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

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

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

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

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

	2009	2010	2011	2012
Contractually Required Contribution	$ 4,051,357	$ 4,397,046	$ 4,731,099	$ 3,783,874
Contribution in Relation to the Contractually Required Contribution	4,051,357	4,397,046	4,731,099	3,783,874
Contribution Deficiency (Excess)	$	$	$	$
District's Covered Payroll	$ 314,245,274	$ 331,937,388	$ 355,508,558	$ 328,345,312
Contributions as a Percentage of Covered Payroll	1.29%	1.32%	1.33%	1.15%

Exhibit F-3

2013	2014	2015	2016	2017	2018
$ 4,751,427	$ 5,831,753	$ 11,839,803	$ 12,454,547	$ 13,273,105	$ 14,500,023
4,751,427	5,831,753	11,839,803	12,454,547	13,273,105	14,500,023
$	$	$	$	$	$
$ 352,558,343	$ 384,948,688	$ 426,358,194	$ 452,806,263	$ 475,674,264	$ 504,268,992
1.35%	1.51%	2.78%	2.75%	2.79%	2.88%

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

Changes in Assumptions

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

Changes in Benefit Terms

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

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

Exhibit F-4

	2017
District's Proportion of the Net OPEB Liability	0.54%
District's Proportionate Share of Net OPEB Liability	$ 235,241,949
State's Proportionate Share of the Net OPEB Liability associated with the District	380,851,640
Total	$ 616,093,589
District's Covered Payroll	$ 475,674,264
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	49.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability *	0.91%
Plan's Net OPEB Liability as a Percentage of Covered Payroll *	132.55%

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

Ten years of data should be presented in this schedule, however data is unavailable prior to 2017. Net OPEB liability and related ratios will be presented prospectively as data becomes available.

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

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

	2009	2010	2011	2012
Contractually Required Contribution	$ 1,827,707	$ 1,945,170	$ 2,090,397	$ 1,920,613
Contribution in Relation to the Contractually Required Contribution	1,827,707	1,945,170	2,090,397	1,920,613
Contribution Deficiency (Excess)	$	$	$	$
District's Covered Payroll	$ 314,245,274	$ 331,937,388	$ 355,508,558	$ 328,345,312
Contributions as a Percentage of Covered Payroll	0.58%	0.59%	0.59%	0.58%

Exhibit F-5

2013	2014	2015	2016	2017	2018
$ 2,000,191	$ 2,242,087	$ 2,493,897	$ 2,648,206	$ 2,812,442	$ 4,046,597
2,000,191	2,242,087	2,493,897	2,648,206	2,812,442	4,046,597
$	$	$	$	$	$
$ 352,558,343	$ 384,948,688	$ 426,358,194	$ 452,806,263	$ 475,674,264	$ 504,268,992
0.57%	0.58%	0.58%	0.58%	0.59%	0.80%

KATY INDEPENDENT SCHOOL DISTRICT
***NOTES* TO REQUIRED SUPPLEMENTARY OTHER POST-EMPLOYMENT BENEFIT INFORMATION**
FOR THE YEAR ENDED AUGUST 31, 2018

Changes Since Prior Actuarial Valuation

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

There was a significant plan change adopted in fiscal year ending August 31, 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. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.

- 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.

- 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.

Other Supplementary Information



KAT Y

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COMPARATIVE STATEMENTS, COMBINING SCHEDULES AND BUDGET COMPARISONS

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GENERAL FUND

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

KATY INDEPENDENT SCHOOL DISTRICT
COMPARATIVE BALANCE SHEET **Exhibit G-1**
GENERAL FUND
AUGUST 31, 2018 and 2017

Data Control Codes		August 31, 2018	August 31, 2017
	ASSETS		
1110	Cash and Cash Equivalents	$ 220,560,581	$ 221,296,786
1120	Current Investments	12,189,314	
	Receivables:		
1225	Property Taxes Receivable (net)	7,395,574	7,091,973
1240	Due from Other Governments	10,234,471	11,659,603
1260	Due from Other Funds	3,691,756	22,359,661
1290	Other Receivables	613,004	471,148
1300	Inventories, at Cost	1,177,112	1,332,832
1410	Prepaid Items	671,521	616,065
1910	Long-Term Investments	21,276,983	
1000	**Total Assets**	$ 277,810,316	$ 264,828,068
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	$ 15,202,119	$ 13,922,853
2150	Payroll Withholding Payable	5,021,400	5,073,693
2160	Accrued Wages Payable	25,570,958	25,423,894
2180	Due to Other Governments	3,570,449	3,408,253
2200	Accrued Expenditures	574,594	530,604
2300	Unearned Revenue	61,432	106,864
2000	**Total Liabilities**	50,000,952	48,466,161
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable Revenue - Property Taxes	7,395,574	7,091,973
2600	Unavailable Revenue - SHARS	6,918,078	6,444,797
2600	**Total Deferred Inflows or Resources**	14,313,652	13,536,770
	FUND BALANCE		
	Fund Balances:		
3410/30	Nonspendable	1,848,633	1,948,897
3540	Committed	5,000,000	5,000,000
3580	Assigned	62,918,089	45,262,824
3600	Unassigned	143,728,990	150,613,416
3000	**Total Fund Balance**	213,495,712	202,825,137
4000	**Total Liabilities, Deferred Inflows, and Fund Balances**	$ 277,810,316	$ 264,828,068

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES – BUDGET AND ACTUAL **Exhibit G-2**
GENERAL FUND
YEAR ENDED AUGUST 31, 2018
with comparative actual balances for the year ended August 31, 2017

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
Local Sources				
Real and Personal Property Taxes	$ 421,229,015	$ 422,351,294	$ 1,122,279	$ 397,732,774
Taxes Collected on Tax Increment Zone	2,511,695	2,511,581	(114)	2,355,425
Tuition and Fees from Patrons	2,028,870	2,087,517	58,647	2,111,922
Investment Income	4,296,624	3,921,585	(375,039)	1,773,966
Rental Income	2,683,720	3,047,087	363,367	2,531,186
Athletics	2,195,412	2,185,543	(9,869)	1,486,138
Other	2,216,461	2,456,448	239,987	2,070,701
Revenues - Local Sources	437,161,797	438,561,055	1,399,258	410,062,112
State Sources				
Per Capita and Foundation	212,695,109	217,774,533	5,079,424	199,782,392
TRS On-Behalf Benefit	34,567,302	34,574,532	7,230	30,881,757
Other State Revenue		2,196	2,196	107,739
Revenues - State Sources	247,262,411	252,351,261	5,088,850	230,771,888
Federal Sources				
Indirect Costs - Federal Grants	1,655,217	1,647,416	(7,801)	1,491,539
Federal Grants	121,912	486,314	364,402	227,581
SHARS	15,215,669	8,257,664	(6,958,005)	7,247,495
Build America Bonds Subsidy	3,014,560	3,024,275	9,715	3,014,561
Revenues - Federal Sources	20,007,358	13,415,669	(6,591,689)	11,981,176
Total Revenues	$ 704,431,566	$ 704,327,985	$ (103,581)	$ 652,815,176

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL **Exhibit G-3**
GENERAL FUND **Page 1 of 4**
YEAR ENDED AUGUST 31, 2018
with comparative actual balances for the year ended August 31, 2017

	2018			2017
Function	**Budget**	**Actual**	**Variance Positive (Negative)**	**Actual**
Instruction and Instruction-Related Services				
Instruction				
6100 Payroll Costs	$ 412,447,358	$ 405,009,534	$ 7,437,824	$ 398,064,826
6200 Purchased and Contracted Services	3,121,454	2,987,783	133,671	3,483,467
6300 Supplies and Materials	14,428,837	13,769,087	659,750	11,684,847
6400 Other Operating Expenditures	555,397	543,459	11,938	467,923
6600 Capital Outlay	245,994	197,800	48,194	101,818
Total Instruction	430,799,040	422,507,663	8,291,377	413,802,881
Instructional Resources and Media Services				
6100 Payroll Costs	7,245,341	7,191,493	53,848	6,860,959
6200 Purchased and Contracted Services	2,800	1,700	1,100	2,696
6300 Supplies and Materials	1,113,690	1,063,356	50,334	877,427
6400 Other Operating Expenditures	9,942	6,544	3,398	7,859
Total Instructional Resources/Media Svc.	8,371,773	8,263,093	108,680	7,748,941
Curriculum and Instructional Staff Development				
6100 Payroll Costs	7,370,635	7,288,474	82,161	7,015,145
6200 Purchased and Contracted Services	238,645	193,767	44,878	343,503
6300 Supplies and Materials	543,199	582,833	(39,634)	443,741
6400 Other Operating Expenditures	956,056	824,235	131,821	817,728
6600 Capital Outlay	15,923	15,923		
Total Curriculum/Instr. Staff Development	9,124,458	8,905,232	219,226	8,620,117
Total Instruction and Instruction-Related Services	448,295,271	439,675,988	8,619,283	430,171,939
Instruction and School Leadership				
Instructional Leadership				
6100 Payroll Costs	5,171,755	5,142,972	28,783	4,924,295
6200 Purchased and Contracted Services	154,577	143,852	10,725	166,783
6300 Supplies and Materials	139,096	127,412	11,684	124,006
6400 Other Operating Expenditures	136,144	117,084	19,060	96,706
6600 Capital Outlay	40,819	40,819		6,386
Total Instructional Leadership	5,642,391	5,572,139	70,252	5,318,176
School Leadership				
6100 Payroll Costs	38,339,768	37,979,852	359,916	35,916,873
6200 Purchased and Contracted Services	30,826	30,215	611	13,542
6300 Supplies and Materials	399,925	390,420	9,505	402,893
6400 Other Operating Expenditures	406,643	371,520	35,123	335,678
6600 Capital Outlay	6,625	6,625		
Total School Leadership	39,183,787	38,778,632	405,155	36,668,986
Total Instruction and School Leadership	44,826,178	44,350,771	475,407	41,987,162

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL **Exhibit G-3**
GENERAL FUND **Page 2 of 4**
YEAR ENDED AUGUST 31, 2018
with comparative actual balances for the year ended August 31, 2017

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
Support Services - Student				
Guidance, Counseling and Evaluation Services				
6100 Payroll Costs	$ 26,723,979	$ 26,418,164	$ 305,815	$ 25,405,396
6200 Purchased and Contracted Services	827,771	718,344	109,427	639,293
6300 Supplies and Materials	1,324,544	1,261,216	63,328	1,147,100
6400 Other Operating Expenditures	223,725	206,172	17,553	194,095
6600 Capital Outlay	32,905	32,905		6,363
Total Guidance, Counsel. and Eval. Services	29,132,924	28,636,801	496,123	27,392,247
Health Services				
6100 Payroll Costs	6,520,080	6,453,011	67,069	6,103,834
6200 Purchased and Contracted Services	135,850	122,882	12,968	106,305
6300 Supplies and Materials	141,767	131,689	10,078	130,555
6400 Other Operating Expenditures	23,266	17,607	5,659	16,863
Total Health Services	6,820,963	6,725,189	95,774	6,357,557
Student Transportation				
6100 Payroll Costs	15,580,474	15,285,076	295,398	15,146,946
6200 Purchased and Contracted Services	1,220,482	885,125	335,357	740,717
6300 Supplies and Materials	2,758,092	2,173,730	584,362	2,130,025
6400 Other Operating Expenditures	264,327	243,111	21,216	168,749
6600 Capital Outlay	35,400	29,952	5,448	7,400
Total Student Transportation	19,858,775	18,616,994	1,241,781	18,193,837
Extracurricular Activities				
6100 Payroll Costs	9,493,057	9,473,171	19,886	8,216,269
6200 Purchased and Contracted Services	971,839	920,756	51,083	902,215
6300 Supplies and Materials	2,711,374	2,556,684	154,690	1,722,426
6400 Other Operating Expenditures	1,745,150	1,718,704	26,446	1,601,058
6600 Capital Outlay	345,783	207,773	138,010	41,628
Total Extracurricular Activities	15,267,203	14,877,088	390,115	12,483,596
Total Support Services - Student	71,079,865	68,856,072	2,223,793	64,427,237
Administrative Support Services				
General Administration				
6100 Payroll Costs	9,469,852	9,436,668	33,184	8,718,128
6200 Purchased and Contracted Services	1,816,739	1,571,103	245,636	1,964,428
6300 Supplies and Materials	994,006	927,358	66,648	335,425
6400 Other Operating Expenditures	969,860	952,293	17,567	745,815
6600 Capital Outlay	109,012	107,322	1,690	
Total Administrative Support Services	13,359,469	12,994,744	364,725	11,763,796

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL **Exhibit G-3**
GENERAL FUND **Page 3 of 4**
YEAR ENDED AUGUST 31, 2018
with comparative actual balances for the year ended August 31, 2017

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
Support Services - Nonstudent Based				
Facilities Maintenance and Operations				
6100 Payroll Costs	$ 32,485,090	$ 32,018,969	$ 466,121	$ 30,273,565
6200 Purchased and Contracted Services	44,673,733	36,809,178	7,864,555	24,304,130
6300 Supplies and Materials	4,856,689	4,496,955	359,734	4,532,767
6400 Other Operating Expenditures	2,173,668	1,634,737	538,931	1,696,350
6600 Capital Outlay	880,643	7,781,057	(6,900,414)	807,393
Total Facilities Maintenance and Operations	85,069,823	82,740,896	2,328,927	61,614,205
Security and Monitoring Services				
6100 Payroll Costs	7,637,954	7,562,109	75,845	7,135,866
6200 Purchased and Contracted Services	259,740	196,570	63,170	174,801
6300 Supplies and Materials	286,501	263,886	22,615	272,910
6400 Other Operating Expenditures	37,759	27,938	9,821	25,074
6600 Capital Outlay	356,798	355,820	978	150,345
Total Security and Monitoring Services	8,578,752	8,406,323	172,429	7,758,996
Data Processing Services				
6100 Payroll Costs	8,647,648	8,541,403	106,245	8,355,337
6200 Purchased and Contracted Services	543,400	488,987	54,413	557,380
6300 Supplies and Materials	3,923,285	3,673,670	249,615	3,001,479
6400 Other Operating Expenditures	138,115	119,651	18,464	105,508
6600 Capital Outlay	625,444	580,012	45,432	25,430
Total Data Processing Services	13,877,892	13,403,723	474,169	12,045,134
Total Support Services - Nonstudent Based	107,526,467	104,550,942	2,975,525	81,418,335
Ancillary Services				
Community Services				
6100 Payroll Costs	251,394	225,999	25,395	311,444
6200 Purchased and Contracted Services	70,546	48,518	22,028	48,847
6300 Supplies and Materials	76,658	76,673	(15)	54,765
6400 Other Operating Expenditures	11,462	10,425	1,037	9,247
Total Ancillary Services	410,060	361,615	48,445	424,303

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL **Exhibit G-3**
GENERAL FUND **Page 4 of 4**
YEAR ENDED AUGUST 31, 2018
with comparative actual balances for the year ended August 31, 2017

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
Capital Outlay				
Facilities Acquisition and Construction				
6100 Payroll Costs	$ 810,901	$ 783,777	$ 27,124	$ 760,142
6200 Purchased and Contracted Services	350,656		350,656	
6300 Supplies and Materials	62,903	12,826	50,077	37,841
6400 Other Operating Expenditures	6,140	5,077	1,063	4,236
6600 Capital Outlay	15,581,900	14,035,854	1,546,046	3,618,392
Total Capital Outlay	16,812,500	14,837,534	1,974,966	4,420,611
Intergovernmental Charges				
Payments to Fiscal Agents				
6400 Other Operating Expenditures	558,200	428,982	129,218	315,376
Payments to JJAEP				
6200 Purchased and Contracted Services	68,740	26,124	42,616	35,755
Payments to Tax Increment Reinvestment Zone				
6400 Other Operating Expenditures	3,585,595	3,570,449	15,146	3,407,903
Other Intergovernmental Charges				
6200 Purchased and Contracted Services	4,616,000	4,377,773	238,227	3,851,222
Total Intergovernmental Charges	8,828,535	8,403,328	425,207	7,610,256
6030 Total Expenditures	$ 711,138,345	$ 694,030,994	$ 17,107,351	$ 642,223,639

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DEBT SERVICE FUND

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

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KATY INDEPENDENT SCHOOL DISTRICT
COMPARATIVE BALANCE SHEET **Exhibit H-1**
DEBT SERVICE FUND
AUGUST 31, 2018 and 2017

Data Control Codes		August 31, 2018	August 31, 2017
	ASSETS		
1110	Cash and Cash Equivalents	$ 56,741,546	$ 53,439,097
	Receivables:		
1225	Property Taxes Receivable (net)	2,497,882	2,451,345
1240	Due from Other Governments	53,169	53,147
1260	Due from Other Funds	675,274	943,372
1290	Other Receivables (Net)		40,330
1000	**Total Assets**	$ 59,967,871	$ 56,927,291
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	$ 23,195	$ 133,992
2000	**Total Liabilities**	23,195	133,992
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable Revenue - Property Taxes	2,497,882	2,451,345
	FUND BALANCE		
	Restricted For:		
3480	Retirement of Long-term Debt	57,446,794	54,341,954
3000	**Total Fund Balance**	57,446,794	54,341,954
4000	**Total Liabilities, Deferred Inflows, and Fund Balances**	$ 59,967,871	$ 56,927,291

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – ORIGINAL BUDGET, AMENDED FINAL, AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED AUGUST 31, 2018
with comparative actual balances for the year ended August 31, 2017

		2018	
Data Control Codes		**Budgeted Amounts**	
		Original	**Final**
	REVENUES		
5700	Local, Intermediate, and Out-of-State	$ 148,267,447	$ 137,719,435
5800	State Program Revenues	1,800,000	1,903,398
5020	**Total Revenues**	150,067,447	139,622,833
	EXPENDITURES		
	Debt Service:		
0071	Principal on Long-Term Debt	71,306,791	70,416,791
0072	Interest on Long-Term Debt	79,368,006	80,417,259
0073	Bond Issuance Costs and Fees	312,285	190,645
6030	**Total Expenditures**	150,987,082	151,024,695
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(919,635)	(11,401,862)
	OTHER FINANCING SOURCES/(USES)		
7901	Refunding Bonds Issued		
7915	Transfers In	3,414,560	13,442,265
7916	Premium on Issuance of Bonds		
7080	**Total Other Financing Sources/(Uses)**	3,414,560	13,442,265
1200	Net Change in Fund Balance	2,494,925	2,040,403
0100	Fund Balances - Beginning	54,341,954	54,341,954
3000	**Fund Balances - Ending**	$ 56,836,879	$ 56,382,357

Exhibit H-2

		2017
Actual	Variance with Final Budget Positive (Negative)	Actual
$ 138,324,185	$ 604,750	$ 139,223,439
1,956,567	53,169	2,266,640
140,280,752	657,919	141,490,079
70,416,790	1	69,182,539
80,326,526	90,733	71,125,300
34,845	155,800	189,641,921
150,778,161	246,534	329,949,760
(10,497,409)	904,453	(188,459,681)
		163,825,000
13,602,249	159,984	4,130,440
		22,754,609
13,602,249	159,984	190,710,049
3,104,840	1,064,437	2,250,368
54,341,954		52,091,586
$ 57,446,794	$ 1,064,437	$ 54,341,954

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CAPITAL PROJECTS FUND

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

KATY INDEPENDENT SCHOOL DISTRICT
COMPARATIVE BALANCE SHEET **Exhibit I-1**
CAPITAL PROJECTS FUND
AUGUST 31, 2018 and 2017

Data Control Codes		August 31, 2018	August 31, 2017
	ASSETS		
1110	Cash and Cash Equivalents	$ 184,563,519	$ 232,329,414
	Receivables:		
1240	Due from Other Governments		657,933
1000	**Total Assets**	$ 184,563,519	$ 232,987,347
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	$ 42,140,588	$ 54,505,491
2170	Due to Other Funds	590,677	23,768,024
2000	**Total Liabilities**	42,731,265	78,273,515
	FUND BALANCE		
	Restricted For:		
3470	Capital Acquisitions and Contracts	141,832,254	154,713,832
3000	**Total Fund Balance**	141,832,254	154,713,832
4000	**Total Liabilities and Fund Balance**	$ 184,563,519	$ 232,987,347

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE **Exhibit I-2**
CAPITAL PROJECTS FUND
YEAR ENDED AUGUST 31, 2018 and 2017

Data Control Codes		August 31, 2018	August 31, 2017
	REVENUES		
5700	Local, Intermediate, and Out-of-State	$ 2,377,974	$ 1,115,879
5900	Federal Program Revenues	60,684	657,933
5020	**Total Revenues**	2,438,658	1,773,812
	EXPENDITURES		
0081	Facilities Acquisition and Construction:		
	Land and Improvements	10,035,643	9,454,995
	Building and Improvements	173,539,317	239,499,547
	Furniture and Equipment	32,638,065	44,326,437
	Total Facilities Acquisition and Construction	216,213,025	293,280,979
0073	Bond Issuance Cost and Fees	1,458,976	1,954,945
6030	**Total Expenditures**	217,672,001	295,235,924
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(215,233,343)	(293,462,112)
	OTHER FINANCING SOURCES/(USES)		
7911	Capital Related Debt Issued	186,225,000	261,640,000
7912	Sale of Property	3,270,763	
7916	Premium on Issuance of Bonds	15,233,976	33,434,945
8911	Transfers Out	(2,377,974)	(1,115,879)
7080	**Total Other Financing Sources/(Uses)**	202,351,765	293,959,066
1200	Net Change in Fund Balance	(12,881,578)	496,954
0100	Fund Balances - Beginning	154,713,832	154,216,878
3000	**Fund Balances - Ending**	$ 141,832,254	$ 154,713,832

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SPECIAL REVENUE FUND

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

Special Revenue Program Descriptions

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

Elementary and Secondary Education Act (ESEA) Title I, Part A - Funds are used on identified campuses to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

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

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

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

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

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

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

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

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

Mathematics and Science Partnerships Title II, Part B - Funds are used to improve the academic achievement of students in mathematics and science by providing professional development to improve teaching.

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

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

Special Revenue Program Descriptions (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS
AUGUST 31, 2018

Data Control Codes		206 McKinney Vento TEXSHEP	211 ESEA Title I Part A	224 IDEA Part B Formula
	REVENUES			
5700	Local, Intermediate, and Out-of-State	$	$	$
5800	State Program Revenues			
5900	Federal Program Revenues	71,775	6,010,110	9,522,191
5020	**Total Revenues**	71,775	6,010,110	9,522,191
	EXPENDITURES			
0011	Instruction	3,001	5,247,449	5,747,862
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	1,697	542,060	561,286
0021	Instructional Leadership		48,712	
0023	School Leadership		31,598	
0031	Guidance, Counseling, and Evaluation Services		570	3,176,393
0033	Health Services			36,650
0034	Student Transportation	65,474		
0035	Food Services			
0036	Extracurricular Activities			
0041	General Administration			
0051	Facilities Maintenance and Operations			
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services	1,603	139,721	
0081	Facilities Acquisition and Construction			
6030	**Total Expenditures**	71,775	6,010,110	9,522,191
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures			
	OTHER FINANCING SOURCES/(USES)			
7912	Sale of Real and Personal Property			
8911	Transfers Out			
7080	**Total Other Financing Sources/(Uses)**			
1200	Net Change in Fund Balance			
0100	Fund Balance - September 1 (Beginning)			
3000	**Fund Balance - August 31 (Ending)**	$	$	$

225 IDEA Part B Preschool	226 IDEA Part B Discretionary	240 Nutrition and Food Services	244 Carl D. Perkins Grant	255 ESEA Title II Part A	263 ESEA Title III Part A
$	$	$ 12,412,520	$	$	$
		176,301			
170,194	1,000	18,218,779	414,956	842,488	1,780,528
170,194	1,000	30,807,600	414,956	842,488	1,780,528
160,600			192,724	23,157	498,696
7,405	1,000		220,198	816,123	968,129
			2,034		
				1,249	
2,189					
					100,768
		29,715,868			
				1,959	
					212,935
		730,000			
170,194	1,000	30,445,868	414,956	842,488	1,780,528
		361,732			
		26,475			
		26,475			
		388,207			
		5,203,097			
$	$	$ 5,591,304	$	$	$

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS
AUGUST 31, 2018

Data Control Codes		272 Medicaid Administrative Claiming	273 Math/Science Title II Part B	289 Federally Funded Special Rev.
	REVENUES			
5700	Local, Intermediate, and Out-of-State	$	$	$ 225,885
5800	State Program Revenues			351,700
5900	Federal Program Revenues	146,718	1,500	7,952,149
5020	**Total Revenues**	146,718	1,500	8,529,734
	EXPENDITURES			
0011	Instruction			7,866,540
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development		1,500	39,808
0021	Instructional Leadership			355,144
0023	School Leadership			
0031	Guidance, Counseling, and Evaluation Services			12,670
0033	Health Services	89,276		7,592
0034	Student Transportation			188,745
0035	Food Services			
0036	Extracurricular Activities			
0041	General Administration			
0051	Facilities Maintenance and Operations			55,000
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services			4,235
0081	Facilities Acquisition and Construction			
6030	**Total Expenditures**	89,276	1,500	8,529,734
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	57,442		
	OTHER FINANCING SOURCES/(USES)			
7912	Sale of Real and Personal Property			
8911	Transfers Out			
7080	**Total Other Financing Sources/(Uses)**			
1200	Net Change in Fund Balance	57,442		
0100	Fund Balance - September 1 (Beginning)	468,561		
3000	**Fund Balance - August 31 (Ending)**	$ 526,003	$	$

315 SSA IDEA B Discretionary	340 SSA IDEA C Early Intervention	385 State Visually Impaired	392 Non-Ed Community Support	397 Advanced Placement Incentive	410 Instructional Materials Allotment
$	$	$	$	$	$ 13,273
		48,295	14,440	18,000	5,020,790
105,368	1,985				
105,368	1,985	48,295	14,440	18,000	5,034,063
101,563	1,985	48,295			5,020,790
				18,000	
3,805					
			14,440		
105,368	1,985	48,295	14,440	18,000	5,020,790
					13,273
					13,273
					49,205
$	$	$	$	$	$ 62,478

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS
AUGUST 31, 2018

Data Control Codes		427 Read to Succeed License Plate Program	429 State Funded Special Revenue	435 SSA Regional Deaf CO-OP
	REVENUES			
5700	Local, Intermediate, and Out-of-State	$	$	$
5800	State Program Revenues	117	77,688	638,367
5900	Federal Program Revenues			
5020	**Total Revenues**	117	77,688	638,367
	EXPENDITURES			
0011	Instruction		65,248	525,659
0012	Instructional Resources and Media Services	117		
0013	Curriculum and Instructional Staff Development		6,938	
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling, and Evaluation Services			36,413
0033	Health Services			76,295
0034	Student Transportation			
0035	Food Services			
0036	Extracurricular Activities		1,828	
0041	General Administration			
0051	Facilities Maintenance and Operations			
0052	Security and Monitoring Services		3,674	
0053	Data Processing Services			
0061	Community Services			
0081	Facilities Acquisition and Construction			
6030	**Total Expenditures**	117	77,688	638,367
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures			
	OTHER FINANCING SOURCES/(USES)			
7912	Sale of Real and Personal Property			
8911	Transfers Out			
7080	**Total Other Financing Sources/(Uses)**			
1200	Net Change in Fund Balance			
0100	Fund Balance - September 1 (Beginning)			
3000	**Fund Balance - August 31 (Ending)**	$	$	$

455 SSA Deaf Local Share	461 Campus Activity Funds	480 Locally Funded Special Revenue	495 Tax Increment Reinvestment Zone	499 Katy ISD Education Found. Grants	Special Revenue Fund August 31, 2018
$ 504,311	$ 8,895,104	$ 118,549	$ 1,854,726	$ 258,945	$ 24,283,313
					6,345,698
	1,095				45,240,836
504,311	8,896,199	118,549	1,854,726	258,945	75,869,847
338,784	2,795,827	19,650		258,945	28,916,775
	814,664				814,781
15,370	259,081	71,289			3,529,884
108,676	15,331	3,300			533,197
	574,564	4,985			612,396
5,093	7,140	12,200			3,256,473
36,388	10,957				257,158
	3,236				358,223
		4,260			29,720,128
	3,689,133	2,440			3,693,401
	50	425			2,434
	37,805				92,805
	30,655				34,329
	317				317
	33,105				406,039
	358,485		2,459,976		3,548,461
504,311	8,630,350	118,549	2,459,976	258,945	75,776,801
	265,849		(605,250)		93,046
					26,475
			(500,000)		(500,000)
			(500,000)		(473,525)
	265,849		(1,105,250)		(380,479)
	5,576,420		6,832,890		18,130,173
$	$ 5,842,269	$	$ 5,727,640	$	$ 17,749,694

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ORIGINAL BUDGET, AMENDED FINAL, AND ACTUAL –
NUTRITION AND FOOD SERVICE FUND
YEAR ENDED AUGUST 31, 2018
with comparative actual balances for the Year Ended August 31, 2017

		2018
		NUTRITION AND
Data Control Codes		Budgeted Amounts
		Original / Final
	REVENUES	
5700	Local, Intermediate, and Out-of-State	$ 15,353,000 / $ 12,464,245
5800	State Program Revenues	172,000 / 176,302
5900	Federal Program Revenues	14,240,205 / 17,637,606
5020	**Total Revenues**	29,765,205 / 30,278,153
	EXPENDITURES	
0035	Food Services	
	Payroll Costs	13,055,513 / 12,518,215
	Professional and Contracted Services	78,936 / 78,579
	Supplies and Materials	17,719,628 / 17,833,749
	Other Operating Expenses	43,700 / 42,248
	Capital Outlay	
	Total Food Service	30,897,777 / 30,472,791
0081	Facilities Acquisition and Construction	
	Capital Outlay	730,000 / 730,000
	Total Facilities Acquistition and Construction	730,000 / 730,000
6030	**Total Expenditures**	31,627,777 / 31,202,791
1100	Excess (Deficiency) of Revenues	
	Over (Under) Expenditures	(1,862,572) / (924,638)
	OTHER FINANCING SOURCES/(USES)	
7912	Sale of Real and Personal Property	26,500
	Total Other Financing Sources/(Uses)	26,500
1200	Net Change in Fund Balance	(1,862,572) / (898,138)
0100	Fund Balance - September 1 (Beginning)	5,203,097 / 5,203,097
3000	**Fund Balance - August 31 (Ending)**	$ 3,340,525 / $ 4,304,959

FOOD SERVICE			
Actual Amounts	**Variance with Final Budget Positive (Negative)**	**2017 Actuals**
$ 12,412,520	$ (51,725)	$ 16,558,661
176,301	(1)	165,273
18,218,779	581,173	13,761,752
30,807,600	529,447	30,485,686
12,220,306	297,909	11,830,306
68,165	10,414	72,147
17,388,732	445,017	17,794,275
38,665	3,583	28,712
		88,900
29,715,868	756,923	29,814,340
730,000		458,573
730,000		458,573
30,445,868	756,923	30,272,913
361,732	1,286,370	212,773
26,475	(25)	34,485
26,475	(25)	34,485
388,207	1,286,345	247,258
5,203,097		4,955,839
$ 5,591,304	$ 1,286,345	$ 5,203,097

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INTERNAL SERVICE FUNDS

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

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION **Exhibit K-1**
INTERNAL SERVICE FUNDS
AUGUST 31, 2018

Data Control Codes		Governmental Activities			
		Health Insurance	Workers' Compensation	Print Shop	Total Internal Service Funds
	ASSETS				
	Current Assets:				
1110	Cash and Cash Equivalents	$ 16,052,394	$ 2,367,487	$ 735,228	$ 19,155,109
1260	Due from Other Funds	915,814		1,008,698	1,924,512
1290	Other Receivables	2,892,903			2,892,903
1300	Inventories			119,032	119,032
	Total Current Assets	19,861,111	2,367,487	1,862,958	24,091,556
	Noncurrent Assets:				
	Capital Assets:				
1540	Furniture and Equipment			1,492,499	1,492,499
1573	Accumulated Depreciation			(1,038,358)	(1,038,358)
	Total Noncurrent Assets			454,141	454,141
1000	**Total Assets**	19,861,111	2,367,487	2,317,099	24,545,697
	LIABILITIES				
	Current Liabilities:				
2110	Accounts Payable	2,024,350	585,176	450,474	3,060,000
2200	Accrued Expenses	2,383,500	46,346		2,429,846
2000	**Total Liabilities**	4,407,850	631,522	450,474	5,489,846
	NET POSITION				
3200	Investment in Capital Assets			454,141	454,141
3900	Unrestricted	15,453,261	1,735,965	1,412,484	18,601,710
3000	**Total Net Position**	$ 15,453,261	$ 1,735,965	$ 1,866,625	$ 19,055,851

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Exhibit K-2

Data Control Codes		Governmental Activities			
		Health Insurance	Workers' Compensation	Print Shop	Total Internal Service Funds
	OPERATING REVENUES				
5754	Charges for Services	$ 57,648,278	$ 648,764	$ 4,030,476	$ 62,327,518
5020	**Total Operating Revenues**	57,648,278	648,764	4,030,476	62,327,518
	OPERATING EXPENSES				
6100	Salary and Benefits	56,620			56,620
6200	Administrator Fees	4,746,235	152,055		4,898,290
6200	Claims Expense	52,527,376	1,380,734		53,908,110
6200	Repair and Maintenance Expense			10,405	10,405
6200	Equipment Rental			114,048	114,048
6200	Contracted Services	13,374		2,062,714	2,076,088
6300	Supplies	3,500	7,204	1,792,639	1,803,343
6400	Miscellaneous Operating Expenses	24,181	92,710		116,891
6400	Depreciation			240,318	240,318
6030	**Total Operating Expenses**	57,371,286	1,632,703	4,220,124	63,224,113
1300	Operating Income (Loss)	276,992	(983,939)	(189,648)	(896,595)
	NONOPERATING REVENUES (EXPENSES)				
5742	Investment Income	153,277	18,769	8,456	180,502
8900	Net Loss on Disposal of Capital Assets			(4,018)	(4,018)
	Total Net Nonoperating Revenue	153,277	18,769	4,438	176,484
	Income (Loss) before Contributions & Transfers	430,269	(965,170)	(185,210)	(720,111)
7900	Transfers In	4,000,000			4,000,000
7900	Capital Contributions			5,118	5,118
1300	Change in Net Position	4,430,269	(965,170)	(180,092)	3,285,007
0100	Total Net Position September 1 (Beginning)	11,022,992	2,701,135	2,046,717	15,770,844
3000	**Total Net Position August 31 (Ending)**	$ 15,453,261	$ 1,735,965	$ 1,866,625	$ 19,055,851

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Exhibit K-3

	Governmental Activities			Total
	Health Insurance	Workers' Compensation	Print Shop	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Internal Services Provided	$ 57,739,598	$ 648,761	$ 3,021,778	$ 61,410,137
Cash Payments to Suppliers	(27,681)	(99,914)	(1,866,698)	(1,994,293)
Cash Payments to Pay Claims	(52,901,376)	(1,130,200)		(54,031,576)
Cash Payments for Contracted Services	(4,881,134)	(152,055)	(2,246,497)	(7,279,687)
Cash Payments to Employees	(56,620)			(56,620)
Net Cash Provided (Used) by Operating Activities	(127,213)	(733,408)	(1,091,418)	(1,952,039)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets			(17,980)	(17,980)
Proceeds from Sale of Capital Assets			1,727	1,727
Net Cash (Used) by Capital and Related Financing Activities			(16,253)	(16,253)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	4,000,000			4,000,000
Net Cash Provided by Noncapital Financing Activities	4,000,000			4,000,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	153,277	18,769	8,456	180,502
Net Cash Provided by Investing Activities	153,277	18,769	8,456	180,502
Net Increase (Decrease) in Cash and Cash Equivalents	4,026,064	(714,639)	(1,099,215)	2,212,210
Cash and Cash Equivalents at Beginning of Year	12,026,330	3,082,126	1,834,443	16,942,899
Cash and Cash Equivalents at End of Year	$ 16,052,394	$ 2,367,487	$ 735,228	$ 19,155,109
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 276,992	$ (983,939)	$ (189,648)	$ (896,595)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation			240,318	240,318
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	290,972			290,972
(Increase) Decrease in Inventories			(23,952)	(23,952)
Increase (Decrease) in Accounts Payable	(996,038)	232,148	(109,437)	(873,327)
Increase (Decrease) in Interfund Payables	(199,653)	(3)	(1,008,698)	(1,208,354)
Increase (Decrease) in Accrued Expenses	500,513	18,386		518,899
Net Cash Provided (Used) by Operating Activities	$ (127,214)	$ (733,408)	$ (1,091,417)	$ (1,952,039)
Noncash Investing, Capital, and Financing Activities				
Contributions of Capital Assets from Government	$	$	$ 5,118	$ 5,118
Transfers of Capital Assets to Government	$	$	$ 5,743	$ 5,743
Capital Assets Retired	$	$	$ 194,321	$ 194,321

FIDUCIARY FUNDS

Agency Fund

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

Student Activity Fund

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

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES **Exhibit L-1**
AGENCY FUNDS
YEAR ENDED AUGUST 31, 2018

	Balance September 1, 2017	Additions	Deductions	Balance August 31, 2018
STUDENT ACTIVITIES				
ASSETS				
Cash and Cash Equivalents	$ 2,736,467	$ 1,268	$ 27,474	$ 2,710,261
Due From Other Funds		6,154,406	6,154,406	
Total Assets	$ 2,736,467	$ 6,155,674	$ 6,181,880	$ 2,710,261
LIABILITIES				
Accounts Payable	$ 198,369	$ 5,552,838	$ 5,613,640	$ 137,567
Accrued Wages	2,543	2,988	2,543	2,988
Due to Student Groups	2,535,555	5,876,940	5,842,789	2,569,706
Total Liabilities	$ 2,736,467	$ 11,432,766	$ 11,458,972	$ 2,710,261

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN DUE TO STUDENT GROUPS
AGENCY FUNDS
YEAR ENDED AUGUST 31, 2018

Exhibit L-2

	Balance September 1, 2017	Additions	Deductions	Balance August 31, 2018
Student Activities				
Due to Student Groups				
High Schools:				
Katy	$ 177,483	$ 318,253	$ 328,630	$ 167,106
Taylor	224,564	482,016	529,444	177,136
Mayde Creek	137,141	241,520	258,366	120,295
Cinco Ranch	260,771	591,411	564,808	287,374
Morton Ranch	82,474	310,729	333,350	59,853
Seven Lakes	379,083	716,539	675,507	420,115
Tompkins	216,788	526,340	448,384	294,744
Paetow	15,183	67,488	76,664	6,007
Opportunity Awareness Center	50	95		145
Miller Career & Technology Center	(133)	3,745	2,987	625
Junior High Schools:				
Katy	50,337	52,383	59,807	42,913
West Memorial	31,899	73,758	72,863	32,794
Mayde Creek	13,105	44,062	43,316	13,851
Memorial Parkway	37,396	28,637	40,687	25,346
McDonald	15,430	34,087	34,341	15,176
Beck	45,708	201,154	189,792	57,070
McMeans	71,088	162,149	134,457	98,780
Cinco Ranch	45,727	184,607	152,075	78,259
Morton Ranch	18,461	23,262	23,447	18,276
Beckendorff	64,547	277,364	291,860	50,051
Cardiff	16,250	38,163	33,598	20,815
Wood Creek	51,614	80,257	93,306	38,565
Seven Lakes	66,737	232,948	224,905	74,780
Tays	38,150	193,063	164,361	66,852
Stockdick	5,259	55,077	56,065	4,271
Elementary Schools:				
Wolfe	1,312	1,408	1,458	1,262
Katy	2,269	2,269	1,314	3,224
West Memorial	2,082	464	2,457	89
Memorial Parkway	806	171	956	21
Hutsell	3,073	6,281	6,185	3,169
Bear Creek	2,343	1,680	2,244	1,779
Cimarron	4,753	2,395	3,436	3,712
Winborn	11,414	6,929	8,097	10,246
Nottingham Country	917	3,290	3,936	271
Sundown	1,424	3,405	2,852	1,977

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN DUE TO STUDENT GROUPS
AGENCY FUNDS
YEAR ENDED AUGUST 31, 2018

	Balance September 1, 2017	Additions	Deductions	Balance August 31, 2018
Elementary Schools: (continued)				
Mayde Creek	$ 3,260	$ 488	$ 2,207	$ 1,541
Pattison	1,742	1,816	2,376	1,182
Golbow	3,509	10,010	9,190	4,329
Fielder	3,264	2,315	4,442	1,137
Hayes	1,637	2,393	2,673	1,357
McRoberts	599	4,759	2,150	3,208
Alexander	(450)	468		18
Williams	1,883	926	1,031	1,778
Creech	6,561	1,954	5,271	3,244
King	4,199	469	2,940	1,728
Schmalz	7,054	3,449	4,482	6,021
Kilpatrick	4,432	793	2,421	2,804
Rylander	1,423	1,484	2,889	18
Exley	1,719	418	1,423	714
Rhoads	1,775	4,150	2,688	3,237
Franz	634	542	701	475
Griffin	5,368	2,033	3,829	3,572
Stephens	7,001	958	5,795	2,164
Woodcreek	1,799	3,231	4,139	891
Morton Ranch	3,920	253	2,696	1,477
Holland	736	952	1,073	615
Stanley	305	1,255		1,560
Wilson	3,005	3,407	4,968	1,444
Wolman	6,313	1,390	3,896	3,807
Shafer	3,436	4,531	5,786	2,181
Davidson	7,372	3,507	9,424	1,455
Randolph	338	167	495	10
Jenks	2,045	2,508	2,185	2,368
Bethke	878	3,563	3,353	1,088
Bryant	500	4,090	2,370	2,220
Campbell		500		500
Total All Schools	2,181,762	5,036,178	4,962,848	2,255,092
Non-School Activities				
Athletics	1,495	3,127	3,724	898
Central Administration	251,442	34,530	85,637	200,335
Vocational Administration	104,392	792,671	780,288	116,775
Music Department	700			700
Other	(4,236)	10,434	10,292	(4,094)
Total Non-School Activities	353,793	840,762	879,941	314,614
Total Due to Student Groups	$ 2,535,555	$ 5,876,940	$ 5,842,789	$ 2,569,706

COMPLIANCE SCHEDULES

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2018

Fiscal Year	Tax Rates			Assessed/Appraised Value For School Tax Purposes	Beginning Balance September 1
	Maintenance	Debt Service	Total		
2009 and prior	Various	Various	Various	Various	$ 943,481
2010	$ 1.1266	$ 0.4000	$ 1.5266	$ 19,517,648,879	366,644
2011	1.1266	0.4000	1.5266	19,819,925,666	424,270
2012	1.1266	0.4000	1.5266	20,727,521,751	410,157
2013	1.1266	0.4000	1.5266	22,083,259,111	565,283
2014	1.1266	0.4000	1.5266	24,283,430,990	673,584
2015	1.1266	0.4000	1.5266	28,605,871,081	750,888
2016	1.1266	0.3900	1.5166	32,904,425,128	1,088,809
2017	1.1266	0.3900	1.5166	36,351,443,912	3,628,999
2018	1.1466	0.3700	1.5166	37,980,513,157	
			1000 Totals		$ 8,852,115
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code				$ 219,055,934	$

Note: Tax rates are per $100 valuation.

Exhibit M-1

Current Year's Total Levy	Maintenance and Operations Collections	Interest and Sinking Fund Collections	Total Collections	Entire Year's Adjustments	Ending Balance August 31
$	$ 27,108	$ 7,678	$ 34,786	$ (198,304)	$ 710,391
	17,173	6,097	23,270	(1,033)	342,341
	85,624	30,401	116,025	9,535	317,780
	96,213	34,160	130,373	49,553	329,337
	303,190	107,648	410,838	332,085	486,530
	308,026	109,365	417,391	274,423	530,616
	387,222	137,484	524,706	341,791	567,973
	514,195	178,001	692,196	385,455	782,068
	(2,624,554)	(908,553)	(3,533,107)	(5,870,143)	1,291,963
564,259,769	423,668,716	136,715,000	560,383,716		3,876,053
$ 564,259,769	$ 422,782,913	$ 136,417,281	$ 559,200,194	$ (4,676,638)	9,235,052
				Penalty and Interest Receivable on Taxes	4,552,484
				Less Allowance	(3,894,080)
				Total Property Taxes Receivable (net) per Exhibit C-1	$ 9,893,456
$ 2,511,695	$ 2,511,580	$	$ 2,511,580	$	$ 115

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
YEAR ENDED AUGUST 31, 2018

Exhibit M-2
L1 Worksheet

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district NOT receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end	$
SF11	Net Pension Assets (1920) at fiscal year-end.	$
SF12	Net Pension Liability (2540) at fiscal year-end.	$ 129,492,973
SF13	Pension Expense (6147) at fiscal year-end.	

STATISTICAL SECTION
(UNAUDITED)

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

Financial Trends Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

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FINANCIAL TRENDS INFORMATION

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

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

	2009 (1)	2010	2011	2012 (as restated) (2)
Governmental Activities:				
Net Investment in Capital Assets	$ 20,218,827	$ 8,212,302	$ 21,482,594	$ 25,842,564
Restricted	43,724,826	55,025,421	53,397,875	56,177,142
Unrestricted	70,842,091	76,101,294	89,003,969	114,349,856
Total Governmental Activities Net Position	$ 134,785,744	$ 139,339,017	$ 163,884,438	$ 196,369,562
Primary Government:				
Net Investment in Capital Assets	$ 20,218,827	$ 8,212,302	$ 21,482,594	$ 25,842,564
Restricted	43,724,826	55,025,421	53,397,875	56,177,142
Unrestricted	70,842,091	76,101,294	89,003,969	114,349,856
Total Primary Government Net Position	$ 134,785,744	$ 139,339,017	$ 163,884,438	$ 196,369,562

(1) 2009 has not been restated for the change in fund classification of Campus Wide Activity Funds.
(2) As restated for GASB 65 regarding expensing of bond issuance costs. 2011 and prior have not been restated.
(3) Includes implementation of GASB 68 in Fiscal Year 2015, the District did not restate prior periods.
(4) Includes implementation of GASB 75 in Fiscal Year 2018, the District did not restate prior periods.

Source: District Financial Statements

Exhibit I

2013	2014	2015 (3)	2016	2017	2018 (4)
$ 14,038,245	$ 18,488,857	$ 42,267,486	$ 78,027,768	$ 82,852,902	$ 124,413,226
58,244,628	62,159,491	61,083,366	62,162,827	65,667,551	68,233,054
142,191,271	159,985,665	114,283,057	124,728,667	122,630,464	(199,949,188)
$ 214,474,144	$ 240,634,013	$ 217,633,909	$ 264,919,262	$ 271,150,917	$ (7,302,908)
$ 14,038,245	$ 18,488,857	$ 42,267,486	$ 78,027,768	$ 82,852,902	$ 124,413,226
58,244,628	62,159,491	61,083,366	62,162,827	65,667,551	68,233,054
142,191,271	159,985,665	114,283,057	124,728,667	122,630,464	(199,949,188)
$ 214,474,144	$ 240,634,013	$ 217,633,909	$ 264,919,262	$ 271,150,917	$ (7,302,908)

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

Expenses	2009 (1)	2010	2011	2012 (as restated) (2)
Governmental Activities:				
Instruction	$ 290,197,501	$ 318,792,587	$ 321,361,278	$ 311,062,572
Instructional Resources and Media Services	7,092,893	8,776,073	8,694,209	8,525,841
Curriculum and Instructional Staff Development	6,948,941	7,910,924	8,323,619	6,942,069
Instructional Leadership	3,880,467	3,925,420	4,078,594	3,798,441
School Leadership	26,951,641	28,700,116	29,459,540	28,339,372
Guidance, Counseling, and Evaluation Services	17,813,064	19,331,101	19,932,124	19,103,538
Health Services	4,588,493	5,374,766	5,410,272	4,932,619
Student Transportation	12,873,013	15,870,638	16,776,762	16,917,348
Food Services	23,056,332	25,659,045	25,802,502	26,234,107
Extracurricular Activities	9,151,182	10,309,076	12,465,039	11,808,768
General Administration	9,213,607	9,536,158	10,142,271	9,799,768
Facilities Maintenance and Operations	46,868,909	47,824,859	48,326,942	45,314,890
Security and Monitoring Services	4,710,876	5,114,765	5,162,174	4,893,473
Data Processing Services	11,041,079	11,759,319	11,894,172	11,368,931
Community Services	1,209,595	1,205,834	1,159,882	1,278,824
Interest and Issuance Costs on Long-term Debt	44,936,815	46,647,128	41,206,516	50,383,193
Facilities Planning	1,131,835	1,845,948	623,871	2,103,510
Payments to Shared Service Arrangements	448,412	305,166	300,087	232,862
Payments to JJAEP	76,926	69,917	47,890	32,924
Payments to Tax Increment Reinvestment Zone	1,041,344	510,997	306,098	452,731
Payments to Appraisal Districts	2,019,174	2,134,824	2,242,299	2,348,096
Total Primary Government Expenses	525,252,099	571,604,661	573,716,141	565,873,877
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	1,044,537	1,065,708	1,043,362	907,065
Food Services	12,792,926	13,032,422	14,375,772	10,456,147
Extracurricular Activities	1,480,755	1,765,252	2,023,554	1,952,969
Faccilities Maintenance and Operations	1,613,579	1,729,204	1,876,929	2,426,812
Community Services	482,679	200,650	174,218	149,276
Facilities Planning				3,325,766
Other Activities	244,137	593,306	156,749	370,651
Operating Grants and Contributions	65,190,405	84,775,106	92,971,578	79,970,734
Total Primary Government Program Revenues	82,849,018	103,161,648	112,622,162	99,559,420
Net (Expense)/Revenue				
Total Primary Government Net Expense	$ (442,403,081)	$ (468,443,013)	$ (461,093,979)	$ (466,314,457)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes, Levied for General Purposes	$ 209,445,201	$ 219,043,580	$ 223,109,407	$ 232,528,594
Property Taxes, Levied for Debt Service	74,282,810	77,572,287	79,267,758	82,571,766
State Aid - Formula Grants	171,839,753	166,306,187	181,203,466	173,734,050
Investment Earnings	2,484,905	6,792,995	1,275,513	1,171,162
Miscellaneous	1,030,226	1,075,254	783,256	946,468
Extraordinary Item - Insurance Proceeds				
Special Items				7,847,541
Total Primary Government General Revenues and Special Items	459,082,895	470,790,303	485,639,400	498,799,581
Change in Net Position				
Total Primary Government	$ 16,679,814	$ 2,347,290	$ 24,545,421	$ 32,485,124

(1) 2009 has not been restated for the change in fund classification of Campus Wide Activity Funds.
(2) As restated for GASB 65 regarding expensing of bond issuance costs. 2011 and prior have not been restated.
(3) Includes implementation of GASB 68 in Fiscal Year 2015, the District did not restate prior periods.
(4) Includes implementation of GASB 75 in Fiscal Year 2018, the District did not restate prior periods.

Source: District Financial Statements

Exhibit II

2013	2014	2015 (3)	2016	2017	2018 (4)
$ 333,099,527	$ 379,326,682	$ 417,723,329	$ 463,004,721	$ 499,089,811	$ 332,524,107
9,015,595	9,458,754	10,448,836	11,092,997	12,273,284	9,471,060
7,871,530	9,222,524	11,408,842	12,571,661	12,472,927	8,688,155
4,059,587	4,795,027	5,475,459	6,084,697	6,057,793	3,850,220
30,333,001	33,654,588	35,148,787	39,272,358	41,475,495	28,413,536
21,261,678	23,634,110	27,693,860	31,395,110	32,968,404	21,589,973
5,407,237	5,960,105	6,442,002	7,098,188	8,143,076	5,684,111
17,006,681	18,117,006	19,926,295	21,738,829	23,746,998	20,470,400
27,993,364	29,705,565	31,336,015	33,037,502	36,363,758	31,430,840
12,246,444	13,922,981	15,033,286	16,523,156	21,460,317	20,168,678
9,484,422	10,445,330	11,577,316	7,608,850	12,977,024	10,705,270
47,106,425	52,109,678	54,724,812	66,746,993	65,888,818	71,530,944
5,388,225	6,457,842	7,208,059	7,944,254	8,022,653	6,799,265
12,031,043	13,588,172	14,528,909	15,527,959	14,199,302	12,486,010
1,036,286	900,660	797,196	1,436,184	867,309	576,779
55,659,332	56,831,827	57,765,290	62,022,560	64,227,782	71,117,461
1,502,445	841,035	1,009,182	859,056	836,105	657,421
204,065	208,693	175,830	330,796	315,376	428,982
18,088	39,240	35,805	37,893	35,755	26,124
1,122,877	1,252,136	1,281,931	1,500,033	1,787,431	1,951,121
2,455,136	2,604,686	3,107,984	3,508,948	3,851,222	4,377,773
604,302,988	673,076,641	732,849,025	809,342,745	867,060,640	662,948,230
1,033,348	934,922	1,104,420	1,294,417	1,395,102	1,342,152
12,699,017	15,120,998	16,094,307	16,060,740	16,520,390	12,306,498
2,252,426	1,886,069	1,983,194	2,437,040	2,150,542	3,177,866
2,232,762	2,896,388	2,847,061	2,823,800	3,029,620	3,953,990
156,057	180,555	170,961	146,048	147,467	144,755
1,219,902					
324,107	724,219	378,370	563,700	1,455,789	679,928
77,328,433	83,729,556	87,414,257	108,517,945	103,725,938	(29,607,127)
97,246,052	105,472,707	109,992,570	131,843,690	128,424,848	(8,001,938)
$ (507,056,936)	$ (567,603,934)	$ (622,856,455)	$ (677,499,055)	$ (738,635,792)	$ (670,950,168)
$ 248,945,316	$ 274,072,603	$ 319,183,036	$ 365,143,237	$ 400,420,348	$ 425,166,477
88,449,282	97,327,086	113,362,401	126,545,712	138,712,572	137,151,351
195,933,554	219,955,117	233,974,886	228,854,642	199,890,131	217,776,729
1,140,128	1,277,872	1,339,493	2,601,510	3,684,638	7,840,730
870,835	1,131,125	1,611,220	1,639,307	2,159,758	2,056,393
					15,000,000
468,634					
535,807,749	593,763,803	669,471,036	724,784,408	744,867,447	804,991,680
$ 28,750,813	$ 26,159,869	$ 46,614,581	$ 47,285,353	$ 6,231,655	$ 134,041,512

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

Fiscal Year Ended 08/31:	2009	2010	2011	2012
General Fund				
Non-spendable	$ 1,391,967	$ 2,157,515	$ 1,421,067	$ 1,236,844
Committed	4,600,000	5,500,000	5,000,000	5,000,000
Assigned	180,621	334,402	8,940,358	34,873,093
Unassigned	73,692,155	77,732,382	83,922,091	85,796,245
Total General Fund	$ 79,864,743	$ 85,724,299	$ 99,283,516	$ 126,906,182
All Other Governmental Funds				
Non-spendable	$ 179,606	$ 251,330	$ 218,906	$ 239,268
Restricted (1)	79,766,603	71,624,798	181,202,286	138,769,172
Committed		2,352,818	2,565,430	2,807,308
Total All Other Governmental Funds	$ 79,946,209	$ 74,228,946	$ 183,986,622	$ 141,815,748

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

Source: District Financial Statements

Exhibit III

2013	2014	2015	2016	2017	2018
$ 2,453,621	$ 1,632,902	$ 1,676,224	$ 1,682,389	$ 1,948,897	$ 1,848,633
5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
22,273,650	38,313,114	33,345,793	59,718,583	45,262,824	62,918,089
119,478,591	122,079,868	142,300,585	131,220,046	150,613,416	143,728,990
$ 149,205,862	$ 167,025,884	$ 182,322,602	$ 197,621,018	$ 202,825,137	$ 213,495,712
$ 329,238	$ 257,088	$ 298,222	$ 331,870	$ 331,544	$ 207,179
163,803,381	111,246,054	217,899,330	217,167,264	221,277,995	210,979,294
2,803,515	2,968,982	3,877,399	5,187,661	5,576,420	5,842,269
$ 166,936,134	$ 114,472,124	$ 222,074,951	$ 222,686,795	$ 227,185,959	$ 217,028,742

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

	2009	2010	2011	2012
REVENUES				
Local, Intermediate, and Out-of-State	$ 303,580,951	$ 327,094,361	$ 329,823,325	$ 340,712,386
State Programs	210,251,108	196,102,519	213,715,690	202,618,331
Federal Programs	26,219,083	49,137,229	57,953,778	43,429,299
Total Revenues	540,051,142	572,334,109	601,492,793	586,760,016
EXPENDITURES				
Current:				
Instruction	269,537,620	291,917,938	301,529,674	285,930,849
Instructional Resources and Media Services	5,757,651	6,747,428	6,942,900	6,524,212
Curriculum and Instructional Staff Development	6,864,451	7,845,233	8,324,803	6,898,759
Instructional Leadership	3,770,034	3,843,553	4,057,656	3,736,648
School Leadership	25,462,905	26,716,508	27,969,423	26,462,148
Guidance, Counseling, and Evaluation Services	17,069,072	18,445,897	19,276,983	18,236,935
Health Services	4,058,489	4,591,317	4,746,316	4,159,915
Student Transportation	13,486,474	12,530,374	17,673,359	13,972,298
Food Services	20,578,180	22,196,554	22,740,357	23,048,070
Extracurricular Activities	7,302,397	7,709,668	9,969,462	9,176,420
General Administration	8,531,368	8,816,940	9,556,448	9,145,782
Facilities Maintenance and Operations	45,135,795	45,736,061	46,003,543	42,901,346
Security and Monitoring Services	4,571,848	4,957,056	5,309,484	4,847,057
Data Processing Services	7,308,873	7,676,070	8,203,034	7,436,616
Community Services	1,205,533	1,207,373	1,160,407	1,300,534
Debt Service:				
Principal on Long-term Debt	30,310,140	32,443,017	33,038,949	35,181,136
Interest on Long-term Debt	50,352,037	47,218,663	57,116,297	50,163,326
Bond Issuance Costs and Fees	812,816	2,628,369	3,053,887	4,243,024
Capital Outlay:				
Facilities Acquisition and Construction	40,056,710	16,170,704	88,182,312	199,914,742
Intergovernmental:				
Payments to Shared Service Arrangements	448,412	305,166	300,087	232,862
Payments to JJAEP	76,926	69,917	47,890	32,924
Payments to Tax Increment Reinvestment Zone	3,054,869	2,493,628	2,290,436	2,435,819
Other Intergovernmental Charges	2,019,174	2,134,824	2,242,299	2,348,096
Total Expenditures	567,771,774	574,402,258	679,736,006	758,329,518
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,720,632)	(2,068,149)	(78,243,213)	(171,569,502)
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued		80,535,000	6,220,000	167,785,000
Issuance of Capital Related Debt (General Obligation Bonds)	24,315,000		196,470,000	129,370,000
Sale of Real and Personal Property	43,402	42,371	47,765	4,259,371
Transfers In	1,155,775	663,483	2,761,373	4,081,714
Premium/Discount from Issuance of Bonds	433,557	10,038,986	5,429,882	29,314,822
Transfers Out	(1,155,775)	(663,483)	(2,761,373)	(4,081,714)
Payment to Bond Refunding Escrow Agent		(90,611,898)	(6,607,541)	(174,020,686)
Total Other Financing Sources (Uses)	24,791,959	4,459	201,560,106	156,708,507
SPECIAL ITEMS				
Insurance Recoveries				
Extraordinary Item				312,787
Net Change in Fund Balances	$ (2,928,673)	$ (2,063,690)	$ 123,316,893	$ (14,548,208)
Debt Service as a Percentage of Noncapital Expenditures (1)	15.33%	14.27%	15.38%	15.29%

Source: District Financial Statements

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

Total Expenditures	$ 567,771,774	$ 574,402,258	$ 679,736,006	$ 758,329,518
Less: Capital Expenditures	41,572,647	16,035,610	93,728,031	200,034,542
Total Non-Capital Expenditures	$ 526,199,127	$ 558,366,648	$ 586,007,975	$ 558,294,976

Exhibit IV

2013	2014	2015	2016	2017	2018
$ 364,676,808	$ 400,850,779	$ 465,812,407	$ 527,631,325	$ 576,874,276	$ 603,546,527
225,451,668	258,627,309	272,681,653	265,692,757	243,863,371	260,653,526
40,873,475	40,341,603	43,506,099	47,985,831	46,055,262	58,717,189
631,001,951	699,819,691	782,000,159	841,309,913	866,792,909	922,917,242
307,311,490	352,095,091	394,990,339	416,482,583	439,624,519	451,424,438
7,019,390	7,385,250	8,427,268	8,519,921	8,599,763	9,077,874
7,797,437	9,168,624	11,521,033	12,088,477	12,137,508	12,435,116
3,981,530	4,766,798	5,493,216	5,797,435	5,841,285	6,105,336
28,383,632	31,697,268	33,625,710	35,609,939	37,228,648	39,391,028
20,309,986	22,735,997	27,191,723	29,156,552	30,580,322	31,893,274
4,629,497	5,156,712	5,708,886	5,960,809	6,630,238	6,982,347
13,634,988	15,442,251	18,371,600	17,925,290	18,329,722	18,975,217
24,583,868	26,092,121	27,881,956	28,791,021	29,818,640	29,720,128
9,925,589	11,431,026	12,633,909	13,617,113	14,810,002	18,570,489
8,814,839	9,999,472	10,863,559	11,010,758	11,767,473	12,997,178
45,126,472	50,528,784	52,778,256	60,259,705	61,652,019	82,833,701
5,435,400	7,077,700	7,190,977	8,226,561	7,806,514	8,440,652
8,775,464	9,910,686	10,948,978	11,867,199	12,049,626	13,404,040
1,031,636	898,736	808,809	1,395,720	865,482	767,654
35,255,000	40,152,444	59,006,822	64,781,333	69,182,539	70,416,790
55,662,253	60,495,882	57,594,953	67,048,851	71,125,300	80,326,526
1,015,900	35,575	4,117,255	2,001,218	191,596,866	1,493,821
98,070,970	60,815,880	80,781,635	290,909,587	298,649,086	234,599,020
204,065	208,693	175,831	330,796	315,376	428,982
18,088	39,240	35,805	37,893	35,755	26,124
2,690,626	2,869,992	2,901,667	3,120,641	3,407,903	3,570,449
2,455,136	2,604,686	3,107,984	3,508,948	3,851,222	4,377,773
692,133,256	731,608,908	836,158,171	1,098,448,350	1,335,905,808	1,138,257,957
(61,131,305)	(31,789,217)	(54,158,012)	(257,138,437)	(469,112,899)	(215,340,715)
		320,075,000	23,515,000	163,825,000	
103,000,000		155,310,000	245,095,000	261,640,000	186,225,000
80,252	145,229	171,340	151,785	161,628	3,395,097
3,987,659	3,914,349	3,270,784	4,040,477	4,630,440	14,102,249
7,779,789		61,010,989	35,746,877	56,189,554	15,233,976
(6,487,659)	(6,914,349)	(8,270,784)	(8,040,477)	(7,630,440)	(18,102,249)
		(354,509,772)	(27,459,965)	(27,459,965)	
108,360,041	(2,854,771)	177,057,557	273,048,697	478,816,182	200,854,073
191,330					15,000,000
$ 47,420,066	$ (34,643,988)	$ 122,899,545	$ 15,910,260	$ 9,703,283	$ 513,358
15.32%	15.07%	15.49%	16.40%	13.53%	16.84%
$ 692,133,256	$ 731,608,908	$ 836,158,171	$ 1,098,448,350	$ 1,335,905,808	$ 1,138,257,957
98,666,580	63,582,450	83,540,938	294,411,021	299,269,468	243,365,797
$ 593,466,676	$ 668,026,458	$ 752,617,233	$ 804,037,329	$ 1,036,636,340	$ 894,892,160

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REVENUE CAPACITY INFORMATION

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

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

	Actual Value			
Fiscal Year Ended 8/31:	**Residential**	**Commercial & Industrial**	**Minerals**	**Vacant Land**
2009	$ 12,819,282,488	$ 5,797,265,319	$ 61,812,773	$ 1,125,242,489
2010	13,681,249,992	5,966,281,419	39,107,987	1,312,938,313
2011	14,401,416,679	5,705,922,710	40,504,850	1,314,770,327
2012	15,151,391,289	5,956,767,164	25,676,428	1,301,661,488
2013	16,095,198,911	6,304,330,980	18,887,750	1,435,122,329
2014	17,666,123,656	6,946,066,195	8,467,871	1,322,654,238
2015	20,601,740,928	8,432,123,480	9,125,164	1,413,972,480
2016	24,897,292,508	9,645,411,945	15,548,521	1,636,118,144
2017	27,284,043,996	10,573,764,227	9,444,271	1,797,249,063
2018	28,244,724,287	11,013,853,113	8,564,405	1,905,381,116

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

Source: County Appraisal Districts

Exhibit V

Other	Less: Exemptions		Total Assessed Value	Total Direct Rate (1)
$ 243,110,631	$ 1,373,589,249		$ 18,673,124,451	$ 1.5266
276,521,902	1,758,450,734		19,517,648,879	1.5266
287,292,349	1,929,981,249		19,819,925,666	1.5266
270,073,732	1,978,048,350		20,727,521,751	1.5266
259,998,534	2,030,279,393		22,083,259,111	1.5266
282,107,473	1,941,988,443		24,283,430,990	1.5266
316,708,571	2,167,799,542		28,605,871,081	1.5266
334,145,538	3,624,091,528		32,904,425,128	1.5166
354,442,894	3,667,500,539		36,351,443,912	1.5166
371,624,924	3,563,634,688	(2)	37,980,513,157	1.5166

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

Taxing Authority	2009	2010	2011	2012
District Direct Rates:				
Maintenance & Operations	$ 1.1266	$ 1.1266	$ 1.1266	$ 1.1266
Debt Service	0.4000	0.4000	0.4000	0.4000
Total District Direct Rates	**$ 1.5266**	**$ 1.5266**	**$ 1.5266**	**$ 1.5266**
Overlapping Rates:				
Addicks UD	$ 0.6000	$ 0.6300	$ 0.6550	$ 0.6550
Baker Road MUD	0.6300	0.5450	0.5650	0.5650
Castlewood MUD	0.8900	0.8900	0.8700	0.8500
Cimarron MUD	0.5800	0.5700	0.5700	0.5700
Cinco MUD #1	0.8800	0.6750	0.6450	0.5950
Cinco MUD #2	0.5000	0.4750	0.4750	0.4750
Cinco MUD #3	0.5100	0.4700	0.4700	0.4800
Cinco MUD #5	0.5750	0.5000	0.4950	0.4950
Cinco MUD #6	0.5900	0.4800	0.4800	0.4800
Cinco MUD #7	0.5750	0.5250	0.5200	0.4900
Cinco MUD #8	0.8900	0.8400	0.8500	0.5950
Cinco MUD #9	0.3700	0.6100	0.5950	0.5950
Cinco MUD #10	0.6500	0.6000	0.6100	0.5900
Cinco MUD #12	0.5300	0.4700	0.4300	0.4300
Cinco MUD #14	0.7900	0.6600	0.6350	0.5950
Cinco SW MUD #1	1.5000	1.5000	1.5000	1.5000
Cinco SW MUD #2	1.5000	1.5000	1.5000	1.5000
Cinco SW MUD #3	1.5000	1.5000	1.5000	1.5000
Cinco SW MUD #4	1.5000	1.5000	1.5000	1.5000
Cornerstone MUD	0.3800	0.3700	0.3700	0.3600
Fort Bend Co.	0.4998	0.4998	0.4998	0.4998
Fort Bend Co. LID #12	0.1900	0.1500	0.1400	0.1300
Fort Bend Co. MUD #34	0.7100	0.7100	0.6900	0.6800
Fort Bend Co. MUD #35	0.8900	0.7400	0.6900	0.6300
Fort Bend Co. MUD #37	0.5900	0.5600	0.5200	0.5200
Fort Bend Co. MUD #57	1.5000	1.5000	1.5000	1.4500
Fort Bend Co. MUD #58	1.5000	1.5000	1.5000	1.5000
Fort Bend Co. MUD #124	0.9200	0.9200	0.9200	0.9900
Fort Bend Co. MUD #130	0.7700	0.7600	0.7600	0.7500
Fort Bend Co. MUD #142	1.3200	1.3200	1.3200	1.3200
Fort Bend Co. MUD #151	1.3000	1.3000	1.2700	1.2600
Fort Bend Co. MUD #156	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #161	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #163	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #171	1.2940	1.2940	1.2950	1.2950
Fort Bend Co. MUD #172	*N/A	*N/A	1.2950	1.2950
Fort Bend Co. MUD #173	*N/A	*N/A	1.2950	1.2950
Fort Bend Co. MUD #182	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #185	1.2500	1.2500	1.2500	1.2500

2013	2014	2015	2016	2017	2018
$ 1.1266	$ 1.1266	$ 1.1266	$ 1.1266	$ 1.1266	$ 1.1466
0.4000	0.4000	0.4000	0.3900	0.3900	0.3700
$ 1.5266	**$ 1.5266**	**$ 1.5266**	**$ 1.5166**	**$ 1.5166**	**$ 1.5166**
$ 0.6550	$ 0.6550	$ 0.6550	$ 0.6550	$ 0.6550	$ 0.6450
0.5000	0.4250	0.3750	0.3400	0.3000	0.3000
0.8500	0.8100	0.7000	0.5800	0.4500	0.4300
0.5700	0.5700	0.5700	0.4200	0.3850	0.3650
0.5500	0.5000	0.4800	0.4400	0.4400	0.4300
0.4750	0.4750	0.4700	0.4500	0.3400	0.2800
0.4600	0.4200	0.4200	0.4000	0.3700	0.3550
0.4750	0.4450	0.4150	0.3800	0.3700	0.3700
0.4800	0.4100	0.3950	0.3550	0.3300	0.3300
0.4850	0.4850	0.4800	0.4800	0.4400	0.4200
0.8200	0.7600	0.7100	0.6400	0.5900	0.5800
0.5950	0.5700	0.5300	0.4300	0.4050	0.3950
0.5900	0.5800	0.5800	0.5300	0.4950	0.4950
0.3600	0.3600	0.3000	0.2700	0.2500	0.2500
0.5550	0.5450	0.5350	0.5200	0.5000	0.4900
1.5000	1.2900	1.0100	0.9050	0.8500	0.7600
1.4450	1.3450	1.2000	1.0400	0.9850	0.9400
1.5000	1.5000	1.4400	1.2000	1.1200	1.0000
1.4800	1.4000	1.2000	1.0300	0.9600	0.9100
0.3600	0.3600	0.3400	0.3300	0.3000	0.3000
0.4998	0.4998	0.4948	0.4860	0.4740	0.4690
0.1250	0.1250	0.1150	0.1000	0.0900	0.0900
0.6800	0.6800	0.6800	0.6300	0.6200	0.6100
0.6300	0.6200	0.5700	0.5150	0.4400	0.4300
0.5200	0.5200	0.5200	0.5000	0.4900	0.4900
1.4500	1.4000	1.2700	1.0500	0.9400	0.9200
1.5000	1.4500	1.2800	1.1600	1.0700	1.0200
0.9900	0.9900	0.9500	0.8600	0.8600	0.8600
0.7400	0.7300	0.7200	0.6600	0.6300	0.6300
1.2700	1.1700	0.9500	0.8500	0.7700	0.7500
1.2600	1.2600	1.2200	1.1100	1.0000	0.9700
1.5000	1.5000	1.4500	1.2500	1.0500	1.0500
0.9062	0.9062	0.9062	0.9000	0.9000	0.9000
*N/A	0.9000	0.9000	0.9000	0.9000	0.9000
1.2833	1.2650	1.2200	1.1600	1.1200	1.1175
1.2973	1.3038	1.3226	1.2818	1.2150	1.1850
1.2973	1.3038	1.3226	1.3393	1.3440	1.3422
*N/A	*N/A	1.5000	1.5000	1.5000	1.5000
1.2500	1.2000	1.1700	1.0400	1.0300	1.0200

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

Taxing Authority	2009	2010	2011	2012
Overlapping Rates:				
Fort Bend Co. MUD #199	*N/A	*N/A	*N/A	$ 0.6000
Fort Bend Waller Co. MUD #2	*N/A	*N/A	*N/A	*N/A
Fort Bend Waller Co. MUD #3	*N/A	*N/A	*N/A	*N/A
Fort Bend Improvement District #24	*N/A	*N/A	*N/A	*N/A
Fry Road MUD	0.4650	0.4650	0.5000	0.5000
Fulshear MUD #3A	*N/A	*N/A	*N/A	*N/A
Grand Lakes MUD #1	0.7900	0.6500	0.6300	0.5400
Grand Lakes MUD #2	0.7000	0.4650	0.4550	0.4450
Grand Lakes MUD #4	0.8200	0.7900	0.7900	0.7700
Grand Lakes WC & ID	0.0950	0.0875	0.0825	0.0825
Green Trails MUD	0.3000	0.3600	0.4400	0.4000
Harris Co.	0.3892	0.3922	0.3881	0.3912
Harris Co. Dept. of Education	0.0058	0.0061	0.0066	0.0066
Harris Co. Flood Contr. Dist.	0.0309	0.0292	0.0292	0.0281
Harris Co. MUD #61	0.5900	0.5900	0.5900	0.5900
Harris Co. MUD #62	0.6200	0.6500	0.6500	0.6500
Harris Co. MUD #63	0.8500	0.8500	0.8500	0.8500
Harris Co. MUD #64	0.7100	0.7100	0.7100	0.7100
Harris Co. MUD #65	0.8260	0.8260	0.8460	0.8960
Harris Co. MUD #71	1.0200	1.1000	1.1000	1.1000
Harris Co. MUD #81	0.3500	0.3500	0.3700	0.3700
Harris Co. MUD #105	0.9300	0.9300	0.9300	0.9300
Harris Co. MUD #216	1.2500	1.2200	1.1600	1.1000
Harris Co. MUD #238	0.7300	0.7200	0.7200	0.7150
Harris Co. MUD #287	1.3500	1.3500	1.3500	1.3500
Harris Co. MUD #345	0.3700	0.3700	0.3900	0.4200
Harris Co. MUD #346	0.4700	0.4400	0.4050	0.2800
Harris Co. MUD #432	*N/A	*N/A	1.5000	1.5000
Harris Co. MUD #449	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #457	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #495	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #536	*N/A	*N/A	*N/A	*N/A
Harris Co. UD #6	0.2400	0.2400	0.2400	0.2400
Harris-Fort Bend Cos. MUD #1	0.8000	0.7700	0.7500	0.7300
Harris-Fort Bend Cos. MUD #3	1.2500	1.2500	1.2500	1.2400
Harris-Fort Bend Cos. MUD #5	0.7500	0.7500	0.7300	0.7100
Harris-Waller Cos. MUD #2	*N/A	*N/A	*N/A	*N/A
Harris-Waller Cos. MUD #3	*N/A	*N/A	*N/A	*N/A
Houston, City of	0.6388	0.6388	0.6388	0.6388
Interstate MUD	0.4400	0.4350	0.4350	0.4250
Jackrabbit Road PUD	0.3450	0.3450	0.3450	0.3450

2013	2014	2015	2016	2017	2018
$ 0.6000	$ 0.6000	$ 0.6000	$ 0.6000	$ 0.6000	$ 0.6000
*N/A	*N/A	0.8000	0.8000	0.8000	0.8000
*N/A	*N/A	*N/A	0.9300	0.9300	0.9300
*N/A	*N/A	1.4500	1.4500	1.4500	1.4500
0.5000	0.5000	0.4850	0.4700	0.4550	0.4400
*N/A	*N/A	*N/A	*N/A	*N/A	1.5000
0.5400	0.5400	0.5400	0.5150	0.4950	0.4950
0.4375	0.3695	0.3500	0.3200	0.3075	0.3000
0.7600	0.7300	0.6800	0.6000	0.5725	0.5525
0.0825	0.0785	0.0730	0.0665	0.0650	0.0650
0.2600	0.2100	0.2000	0.1900	0.2100	0.2100
0.4002	0.4146	0.4173	0.4192	0.4166	0.4180
0.0066	0.0064	0.0060	0.0054	0.0052	0.0052
0.0281	0.0283	0.0274	0.0273	0.0283	0.0283
0.5900	0.5900	0.5700	0.5000	0.4900	0.4800
0.6500	0.6500	0.6200	0.5900	0.5750	0.5750
0.7000	0.5900	0.5200	0.5000	0.4100	0.3300
0.7100	0.7100	0.6900	0.6900	0.6300	0.5800
0.9770	0.9700	0.9300	0.8400	0.7300	0.6700
1.1000	1.1000	1.0600	0.9700	0.8900	0.8000
0.3700	0.3700	0.3700	0.3300	0.3300	0.3300
0.9300	0.9300	0.9000	0.8500	0.8300	0.8000
1.0700	0.9900	0.9500	0.7000	0.5600	0.5000
0.6950	0.6850	0.6350	0.6200	0.5400	0.5100
1.3500	1.3500	1.3500	1.3500	1.2700	1.2200
0.4200	0.3800	0.3475	0.3100	0.2800	0.2500
0.2000	0.1000	0.1000	0.1000	0.1000	0.1000
1.5000	1.5000	1.5000	1.4500	1.4000	1.3800
*N/A	1.5000	1.5000	1.5000	1.4400	1.4200
*N/A	*N/A	*N/A	*N/A	1.5000	1.5000
*N/A	*N/A	*N/A	*N/A	*N/A	1.5000
*N/A	*N/A	*N/A	*N/A	1.5000	1.5000
0.2400	0.2400	0.2350	0.2300	0.2200	0.2200
0.7000	0.6850	0.6850	0.6550	0.6100	0.6200
1.2400	1.1900	1.0700	0.9700	0.9200	0.8200
0.7100	0.7000	0.6500	0.5900	0.5400	0.5150
*N/A	*N/A	0.9500	0.9500	0.9500	0.9500
*N/A	*N/A	0.9300	0.9300	0.9300	0.9300
0.6388	0.6388	0.6311	0.6011	0.5864	0.5842
0.4200	0.4100	0.4050	0.4000	0.3950	0.3900
0.2500	0.2500	0.3000	0.3000	0.3000	0.3000

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

Taxing Authority	2009	2010	2011	2012
Overlapping Rates:				
Katy, City of	$ 0.5937	$ 0.5937	$ 0.5937	$ 0.5937
Katy Management District	0.9600	0.9600	0.9500	0.9500
Longhorn Town UD	0.7000	0.6700	0.6500	0.6500
Mason Creek UD	0.3240	0.3240	0.3460	0.3460
Mayde Creek MUD	0.7550	0.8370	0.8960	0.8960
Memorial MUD	0.5200	0.5400	0.5550	0.5500
Morton Road MUD	0.7900	0.7900	0.8200	0.8400
Northwest Harris Co. MUD #12	0.9600	0.9600	1.0100	1.0600
Nottingham Country MUD	0.4100	0.3950	0.3950	0.3950
Port of Houston Authority	0.0177	0.0164	0.0205	0.0186
Ricewood MUD	0.5600	0.5600	0.5800	0.5800
Rolling Creek UD	*N/A	0.9900	0.9800	0.9700
Waller County	0.6425	0.6246	0.6484	0.6598
Waller County RID #1	1.2500	1.2500	1.2500	1.2500
Waller-Harris ESD 2000	0.0930	0.0970	0.0944	0.0944
West Harris Co. MUD #2	0.4200	0.4700	0.4600	0.5000
West Harris Co. MUD #5	1.2000	1.2000	1.2000	1.2000
West Harris Co. MUD #7	0.9300	0.9200	0.9000	0.9000
West Harris Co. MUD #17	0.9300	0.9700	1.0100	1.2500
Westlake MUD #1	0.6000	0.6000	0.6000	0.6400
West Memorial MUD	0.3200	0.3800	0.4500	0.4500
Weston MUD	0.6200	0.6200	0.6200	0.6100
Westpark MUD	0.6500	0.4800	0.6500	0.7500
Willow Creek Farms MUD	1.2500	1.2500	1.2500	1.2500
Willow Fork DD	0.1900	0.1900	0.1900	0.1900
Willow Point MUD	*N/A	*N/A	*N/A	*N/A
Woodcreek Reserve MUD	0.5100	0.5500	0.6000	0.6000

UD - Utility District
MUD - Municipal Utility District
PUD - Public Utility District
LID - Land Improvement District
RID - Road Improvement District
DD - Development District
ESD - Emergency Services District
WC & ID - Water Control & Improvement District

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

Source: County Appraisal Districts

2013	2014	2015	2016	2017	2018
$ 0.5867	$ 0.5667	$ 0.5467	$ 0.5267	$ 0.5067	$ 0.4867
0.8800	0.8200	0.8200	0.8200	0.8000	0.8000
0.6300	0.6100	0.5500	0.5000	0.4600	0.4500
0.3460	0.0346	0.3345	0.3230	0.3230	0.3230
0.9150	0.9450	0.9300	0.9300	0.9300	0.9200
0.5400	0.5400	0.5100	0.4800	0.4400	0.4150
0.8400	0.8200	0.7500	0.6900	0.6600	0.6400
1.0600	1.0600	1.0400	0.9800	0.9300	0.8500
0.3950	0.3950	0.3750	0.3450	0.3400	0.3400
0.0195	0.0172	0.0153	0.0134	0.0133	0.0126
0.5800	0.5800	0.5300	0.4750	0.4200	0.4000
0.9700	0.9600	0.8800	0.8500	0.7800	0.7000
0.6611	0.6511	0.6508	0.6204	0.6004	0.5848
1.2500	1.2500	1.2500	1.2500	1.2500	1.2500
0.0995	0.0995	0.0995	0.0995	0.0995	0.0995
0.5000	0.5000	0.5000	0.4800	0.4800	0.4600
1.2000	1.2000	1.1600	1.0900	1.0500	1.0100
0.9000	0.9000	0.8500	0.8400	0.7700	0.6700
1.3100	1.3100	1.2400	1.1900	1.0700	1.0450
0.6325	0.6325	0.5925	0.5625	0.5400	0.5300
0.4500	0.4500	0.4500	0.4300	0.3900	0.3900
0.6100	0.6100	0.5500	0.4800	0.4600	0.4100
0.6700	0.6700	0.6500	0.6500	0.5800	0.4600
1.2500	1.2500	1.2500	1.1500	1.0950	1.0100
0.1900	0.1900	0.1900	0.1850	0.1850	0.1850
*N/A	1.5000	1.5000	1.5000	1.5000	1.5000
0.6000	0.6000	0.5600	0.5600	0.5600	0.5200

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

Exhibit VII

	2018 (1)			2009		
Taxpayer	**Assessed Value (2)**	**Rank**	**Percentage of Total Assessed Value (3)**	**Assessed Value (2)**	**Rank**	**Percentage of Total Assessed Value (4)**
Shell Oil Co.	$ 552,845,454	1	1.46%	$ 153,249,653	5	0.82%
BP Amoco	532,679,321	2	1.40	339,030,942	1	1.82
Westlake Three/Four Owner Corp.	228,575,439	3	0.60	182,094,887	2	0.98
Conoco Phillips Co.	180,757,756	4	0.48	153,932,628	4	0.82
Academy Ltd.	157,646,405	5	0.42	107,957,268	6	0.58
Centerpoint Energy	146,396,647	6	0.39			
Katy Mills LP	125,133,460	7	0.33	156,405,247	3	0.84
Schlumberger/Pathfinder Energy	123,140,068	8	0.32			
Bravelake Property Owner Corp.	115,810,000	9	0.30			
I10 EC Corridor LP	94,604,000	10	0.25			
YPI Two Westlake Park				77,914,612	7	0.42
Sercel, Inc.				65,536,770	8	0.35
Wal-Mart				64,350,289	9	0.34
99 Cent Only Stores				57,115,748	10	0.31
TOTALS	$ 2,257,588,550		5.95%	$ 1,357,588,044		7.28%

(1) Top ten taxpayer valuation before Hurricane Harvey. Value adjustments due to disaster reappraisal not available for all properties at August 31, 2018.
(2) Assessed (taxable) value equals appraised value after exemptions.
(3) Total assessed value equals: $ 37,980,513,157
(4) Total assessed value equals: $ 18,673,124,451

Source: County Appraisal Districts

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

Exhibit VIII

Fiscal Year Ended 8/31:	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy (1)		Amount	Percentage of Levy
2009	$ 283,260,971	$ 276,744,032	97.70%	$ 6,137,678	$ 282,881,710	99.87%
2010	296,175,825	290,752,880	98.17	5,080,604	295,833,484	99.88
2011	300,487,400	296,166,452	98.56	4,003,168	300,169,620	99.89
2012	314,645,146	310,257,285	98.61	4,058,524	314,315,809	99.90
2013	334,773,339	331,214,907	98.94	3,071,902	334,286,809	99.85
2014	366,393,155	364,521,121	99.49	1,341,418	365,862,539	99.86
2015	429,018,573	428,272,107	99.83	178,493	428,450,600	99.87
2016	486,867,950	487,326,155	100.09	(1,240,273)	486,085,882	99.84
2017	534,575,415	536,816,559	100.42	(3,533,107)	533,283,452	99.76
2018	564,259,769	560,383,716	99.31		560,383,716	99.31

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

Source: District Records

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DEBT CAPACITY INFORMATION

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

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

Exhibit IX

Fiscal Year Ended 8/31:	Governmental Actvities				Total Primary Government	Ratio of Debt to Assessed Value (1)	Debt per ADA (2)
	General Obligation Bonds	Accretion on Capital Appreciation Bonds	Bond Issuance Premiums	Capital Leases			
2009	$ 949,753,065	$ 27,568,558	$ 13,284,002	$ 21,215,000	$ 1,011,820,625	5.42%	$ 18,862
2010	914,060,048	26,425,732	11,928,483	20,450,000	972,864,263	4.98	17,527
2011	1,077,256,097	9,711,419	14,690,362	19,645,000	1,121,302,878	5.66	19,440
2012	1,165,099,961	9,409,109	34,552,367	17,360,000	1,226,421,437	5.92	20,699
2013	1,232,844,961	9,827,986	47,850,529	16,245,000	1,306,768,476	5.92	21,274
2014	1,192,692,517	8,337,728	45,512,893	15,095,000	1,261,638,138	5.20	19,697
2015	1,271,035,662	7,243,610	100,590,333	13,910,000	1,392,779,605	4.87	20,753
2016	1,449,414,330	5,602,776	128,684,350	12,690,000	1,596,391,456	4.85	22,901
2017	1,621,576,790	2,835,055	175,631,661	11,435,000	1,811,478,506	4.98	25,155
2018	1,737,385,000		182,091,664	10,145,000	1,929,621,664	5.08	26,182

(1) See Exhibit V for assessed value data.
(2) See Exhibit XV for student Average Daily Attendance (ADA) data.

Source: District Records

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

Fiscal Year Ended 8/31:	Governmental Activities				Primary Government Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (1)	Net Bonded Debt per ADA (2)
	General Obligation Bonds	Accretion on Capital Appreciation Bonds	Bond Issuance Premiums	Less Reserve for Retirement of Bonded Debt			
2009	$ 949,753,065	$ 27,568,558	$ 13,284,002	$ 35,715,443	$ 954,890,182	5.11%	$ 17,801
2010	914,060,048	26,425,732	11,928,483	43,788,671	908,625,592	4.66	16,369
2011	1,077,256,097	9,711,419	14,690,362	39,672,424	1,061,985,454	5.36	18,412
2012	1,165,099,961	9,409,109	34,552,367	43,645,850	1,165,415,587	5.62	19,669
2013	1,232,844,961	9,827,986	47,850,529	49,056,113	1,241,467,363	5.62	20,210
2014	1,192,692,517	8,337,728	45,512,893	52,050,071	1,194,493,067	4.92	18,649
2015	1,271,035,662	7,243,610	100,590,333	49,777,788	1,329,091,817	4.65	19,804
2016	1,449,414,330	5,602,776	128,684,350	51,026,434	1,532,675,022	4.66	21,987
2017	1,621,576,790	2,835,055	175,631,661	53,113,798	1,746,929,708	4.81	24,259
2018	1,737,385,000		182,091,664	56,325,629	1,863,151,035	4.91	25,281

(1) See Exhibit V for assessed value data.
(2) See Exhibit XV for student Average Daily Attendance data.

Source: District Records

KATY INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AUGUST 31, 2018

Taxing Authority	Gross Debt Outstanding Amount	As Of	Percent Overlapping (1)	Amount Overlapping Gross Debt
Direct:				
Katy Independent School District	$ 1,929,621,664	8/31/2018	100.00%	$ 1,929,621,664
Overlapping:				
Addicks UD	12,975,000	8/31/2018	100.00	12,975,000
Baker Road MUD	1,865,000	8/31/2018	100.00	1,865,000
Castlewood MUD	9,415,000	8/31/2018	100.00	9,415,000
Cimarron MUD	29,205,000	8/31/2018	100.00	29,205,000
Cinco MUD #1	5,449,527	8/31/2018	100.00	5,449,527
Cinco MUD #2	9,151,137	8/31/2018	100.00	9,151,137
Cinco MUD #3	5,553,992	8/31/2018	100.00	5,553,992
Cinco MUD #5	6,743,771	8/31/2018	100.00	6,743,771
Cinco MUD #6	6,528,329	8/31/2018	100.00	6,528,329
Cinco MUD #7	10,404,247	8/31/2018	100.00	10,404,247
Cinco MUD #8	12,382,799	8/31/2018	100.00	12,382,799
Cinco MUD #9	5,943,846	8/31/2018	100.00	5,943,846
Cinco MUD #10	9,498,762	8/31/2018	100.00	9,498,762
Cinco MUD #12	5,987,781	8/31/2018	100.00	5,987,781
Cinco MUD #14	19,102,087	8/31/2018	100.00	19,102,087
Cinco Southwest MUD #1	1,048,788	8/31/2018	100.00	1,048,788
Cinco Southwest MUD #2	71,959,240	8/31/2018	100.00	71,959,240
Cinco Southwest MUD #3	61,334,554	8/31/2018	100.00	61,334,554
Cinco Southwest MUD #4	71,013,972	8/31/2018	100.00	71,013,972
Cornerstone MUD	1,700,000	8/31/2018	100.00	1,700,000
Fort Bend Co.	593,940,527	8/31/2018	20.62	122,470,537
Fort Bend Co. LID #12	11,955,000	8/31/2018	4.34	518,847
Fort Bend Co. MUD #34	16,750,000	8/31/2018	100.00	16,750,000
Fort Bend Co. MUD #35	33,685,000	8/31/2018	100.00	33,685,000
Fort Bend Co. MUD #57	48,380,000	8/31/2018	100.00	48,380,000
Fort Bend Co. MUD #58	126,015,000	8/31/2018	100.00	126,015,000
Fort Bend Co. MUD #124	9,340,000	8/31/2018	100.00	9,340,000
Fort Bend Co. MUD #130	10,235,000	8/31/2018	100.00	10,235,000
Fort Bend Co. MUD #142	74,100,000	8/31/2018	37.69	27,928,290
Fort Bend Co. MUD #151	73,185,000	8/31/2018	72.88	53,337,228
Fort Bend Co. MUD #156	19,855,000	8/31/2018	100.00	19,855,000
Fort Bend Co. MUD #161	16,790,000	8/31/2018	100.00	16,790,000
Fort Bend Co. MUD #163	8,955,000	8/31/2018	100.00	8,955,000
Fort Bend Co. MUD #171	45,488,828	8/31/2018	100.00	45,488,828
Fort Bend Co. MUD #172	74,898,920	8/31/2018	100.00	74,898,920
Fort Bend Co. MUD #173	26,937,392	8/31/2018	100.00	26,937,392
Fort Bend Co. MUD #182	21,325,000	8/31/2018	1.05	223,913
Fort Bend Co. MUD #185	30,165,000	8/31/2018	100.00	30,165,000
Fort Bend Co. MUD #199	3,220,000	8/31/2018	100.00	3,220,000
Fort Bend Waller Co. MUD #2	16,320,000	8/31/2018	100.00	16,320,000
Fort Bend Waller Co. MUD #3	4,185,000	8/31/2018	3.75	156,938
Fry Road MUD	650,000	8/31/2018	100.00	650,000
Fulshear MUD #3A	6,460,000	8/31/2018	4.74	306,204
Grand Lakes MUD #1	9,330,000	8/31/2018	100.00	9,330,000
Grand Lakes MUD #2	5,530,000	8/31/2018	100.00	5,530,000
Grand Lakes MUD #4	12,655,000	8/31/2018	100.00	12,655,000
Grand Lakes WC & ID	3,280,000	8/31/2018	100.00	3,280,000
Green Trails MUD	1,625,000	8/31/2018	100.00	1,625,000
Harris Co.	2,200,173,022	8/31/2018	4.54	99,887,855
Harris Co. Dept. of Education	6,555,000	8/31/2018	4.54	297,597
Harris Co. Flood Contr. Dist.	83,075,000	8/31/2018	4.54	3,771,605
Harris Co. Hosp District	59,490,000	8/31/2018	4.54	2,700,846
Harris Co. MUD #61	12,985,000	8/31/2018	100.00	12,985,000

Exhibit XI

Taxing Authority	Gross Debt Outstanding Amount	As Of	Percent Overlapping (1)	Amount Overlapping Gross Debt
Overlapping:				
Harris Co. MUD #62	$ 10,205,000	8/31/2018	100.00%	$ 10,205,000
Harris Co. MUD #63	11,005,000	8/31/2018	100.00	11,005,000
Harris Co. MUD #64	14,060,000	8/31/2018	100.00	14,060,000
Harris Co. MUD #65	21,370,000	8/31/2018	100.00	21,370,000
Harris Co. MUD #71	47,615,000	8/31/2018	100.00	47,615,000
Harris Co. MUD #81	8,810,000	8/31/2018	100.00	8,810,000
Harris Co. MUD #105	44,850,000	8/31/2018	0.74	331,890
Harris Co. MUD #216	6,150,000	8/31/2018	100.00	6,150,000
Harris Co. MUD #238	16,450,000	8/31/2018	100.00	16,450,000
Harris Co. MUD #287	37,075,000	8/31/2018	100.00	37,075,000
Harris Co. MUD #432	28,085,000	8/31/2018	100.00	28,085,000
Harris Co. MUD #449	23,785,000	8/31/2018	100.00	23,785,000
Harris Co. MUD #457	5,407,650	8/31/2018	100.00	5,407,650
Harris Co. MUD #495	22,405,000	8/31/2018	100.00	22,405,000
Harris Co. UD #6	2,410,000	8/31/2018	100.00	2,410,000
Harris-Fort Bend Cos. MUD #1	13,275,000	8/31/2018	100.00	13,275,000
Harris-Fort Bend Cos. MUD #3	40,730,000	8/31/2018	100.00	40,730,000
Harris-Fort Bend Cos. MUD #5	19,035,000	8/31/2018	100.00	19,035,000
Harris-Waller Counties MUD #2	10,665,000	8/31/2018	100.00	10,665,000
Harris-Waller Counties MUD #3	18,440,000	8/31/2018	100.00	18,440,000
Houston, City of	3,742,955,000	8/31/2018	1.47	55,021,439
Interstate MUD	10,100,000	8/31/2018	100.00	10,100,000
Katy Management District	3,645,000	8/31/2018	100.00	3,645,000
Katy, City of	24,475,000	8/31/2018	100.00	24,475,000
Longhorn Town UD	1,465,000	8/31/2018	100.00	1,465,000
Mason Creek UD	1,695,000	8/31/2018	100.00	1,695,000
Mayde Creek MUD	11,032,916	8/31/2018	100.00	11,032,916
Memorial MUD	7,660,000	8/31/2018	100.00	7,660,000
Morton Road MUD	5,060,000	8/31/2018	100.00	5,060,000
Northwest Harris Co. MUD #12	13,160,000	8/31/2018	0.90	118,440
Nottingham Country MUD	5,250,000	8/31/2018	100.00	5,250,000
Port of Houston Authority	613,699,397	8/31/2018	4.54	27,861,953
Ricewood MUD	6,185,000	8/31/2018	100.00	6,185,000
Rolling Creek UD	11,870,000	8/31/2018	16.25	1,928,875
Waller County	41,822,000	8/31/2018	22.79	9,531,234
Waller Co. Road Imp District #1	3,125,000	8/31/2018	100.00	3,125,000
West Harris Co. MUD #2	8,525,000	8/31/2018	100.00	8,525,000
West Harris Co. MUD #5	16,320,000	8/31/2018	100.00	16,320,000
West Harris Co. MUD #7	21,580,000	8/31/2018	100.00	21,580,000
West Harris Co. MUD #17	6,655,000	8/31/2018	100.00	6,655,000
Westlake MUD #1	3,255,000	8/31/2018	100.00	3,255,000
West Memorial MUD	7,340,000	8/31/2018	100.00	7,340,000
West Park MUD	27,300,000	8/31/2018	100.00	27,300,000
Weston MUD	22,715,000	8/31/2018	100.00	22,715,000
Willow Creek Farms MUD	29,680,000	8/31/2018	99.25	29,457,400
Willow Fork DD	42,325,000	8/31/2018	100.00	42,325,000
Willow Point MUD	10,980,000	8/31/2018	100.00	10,980,000
Woodcreek Reserve MUD	18,525,000	8/31/2018	100.00	18,525,000
Subtotal, Overlapping Debt				1,948,394,627
TOTAL DIRECT AND OVERLAPPING DEBT				**$ 3,878,016,291**

UD - Utility District
MUD - Municipal Utility District
PUD - Public Utility District
LID - Land Improvement District
DD - Development District
WC & ID - Water Control & Improvement District

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

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

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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

Fiscal Year Ended 08/31:	Residential Units (1)	Total Assessed Value of Residential Units (1)	Average Assessed Value Per Residential Unit	Average Daily Attendance (2)		Population (3)	Unemployment Rate (4)
2009	67,095	$ 11,964,914,716	$ 178,328	53,644		251,758	2.95%
2010	71,236	12,981,238,080	182,229	55,508		256,979	2.83
2011	73,679	13,660,293,039	185,403	57,679		266,359	4.80
2012	74,967	14,326,714,983	191,107	59,250		269,769	4.90
2013	76,598	15,145,015,789	197,721	61,427		279,585	3.30
2014	81,052	16,522,082,163	203,845	64,052		302,460	4.90
2015	84,748	19,131,360,204	225,744	67,112		316,913	4.40
2016	88,340	23,019,705,718	260,581	69,709		329,175	4.30
2017	91,262	25,041,894,422	274,396	72,013		340,053	4.60
2018	93,713	25,919,208,165	276,581	73,699	(5)	352,249	4.50

(1) Source: County Appraisal Districts - Includes Single Family Residential Units
(2) Source: District Records
(3) Source: Municipal Advisory Council of Texas
(4) Source: Katy Area Economic Development Council and Katy Area Chamber of Commerce
(5) 2018 ADA in table above does not reflect the state hold harmless disaster adjustment

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

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

Exhibit XIII

	2018			2009		
Employer	**Employees**	**Rank**	**Percentage of Total Employment (1)**	**Employees**	**Rank**	**Percentage of Total Employment (2)**
Katy ISD	9,956	1	5.52%	7,620	1	6.98%
Shell Exploration & Production	6,500	2	3.60	1,700	5	1.56
BP North America	5,100	3	2.83	7,200	2	6.60
Wood Group/ Mustang Engineering	5,000	4	2.77	3,000	3	2.75
Academy Sports and Outdoors	2,800	5	1.55	1,000	7	0.92
Houston Methodist West	2,000	6	1.11			
ConocoPhillips	1,400	7	0.78	2,500	4	2.29
HEB	1,325	8	0.73	925	9	0.85
Walmart	1,240	9	0.69	1,000	8	0.92
Memorial Hermann Katy Hospital	1,000	10	0.55			
ExxonMobil Corporation				1,400	6	1.28
Det Norske Veritas				850	10	0.78
TOTALS	**36,321**		**20.12%**	**27,195**		**24.93%**

(1) Total employment for 2018: 180,495
(2) Total employment for 2009: 109,098

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

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OPERATING INFORMATION

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

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

POSITION:	2009	2010	2011	2012
Instruction	4,657	4,927	4,909	4,732
Instructional Resources and Media Services	105	108	107	101
Curriculum and Instructional Staff Development	60	65	73	51
Instructional Leadership	59	57	58	55
School Leadership	457	465	469	455
Guidance, Counseling, and Evaluation Services	258	262	273	256
Health Services	80	83	92	85
Student Transportation	321	319	300	305
Food Services	337	362	355	348
Cocurricular/Extracurricular Activities	8	9	82	80
General Administration	91	98	105	102
Facilities Maintenance and Operations	612	644	630	556
Security and Monitoring Services	83	84	84	85
Data Processing Services	85	80	100	85
Community Services	12	13	13	12
Facilities Acquisition and Construction	6	11	6	6
Total Employees	7,231	7,587	7,656	7,314

Source: District Records

Exhibit XIV

2013	2014	2015	2016	2017	2018
5,004	5,264	5,587	5,960	6,229	6,471
107	105	112	113	119	127
64	74	92	95	100	99
56	59	67	69	70	72
484	514	533	552	575	612
283	302	336	359	371	390
96	100	103	105	112	121
297	314	320	334	344	346
380	394	418	436	449	448
80	90	91	94	102	117
91	92	99	106	108	115
601	628	654	705	734	771
90	107	118	125	127	134
87	98	104	113	113	115
14	13	11	13	12	11
6	7	6	7	7	7
7,740	8,161	8,651	9,186	9,572	9,956

KATY INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended 8/31:	Average Daily Attendance		Operating Expenditures (1)	Cost Per ADA	Percentage Change
2009	53,644		$ 444,724,134	$ 8,290	0.97%
2010	55,508		476,076,599	8,577	3.46
2011	57,679		492,798,842	8,544	(0.38)
2012	59,250		468,707,490	7,911	(7.41)
2013	61,427		501,533,523	8,165	3.21
2014	64,052		567,342,557	8,858	8.49
2015	67,112		631,898,203	9,416	6.30
2016	69,709		670,205,927	9,614	2.11
2017	72,013		704,731,635	9,786	1.79
2018	73,699	(2)	742,655,023	10,077	2.97

(1) Operating expenditures are total expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net position) and expenditures for capitalized assets included within the functional expenditures categories.
(2) 2018 ADA in table above does not reflect the state hold harmless disaster adjustment

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

Exhibit XV

Government Wide Expenses	Cost Per ADA	Percentage Change	Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
$ 525,252,099	$ 9,791	1.41%	3,914	13.71	27.90%
571,604,661	10,298	5.17	4,120	13.47	29.10
573,716,141	9,947	(3.41)	4,125	13.98	30.20
565,873,877	9,551	(3.98)	3,860	15.35	31.30
604,302,988	9,838	3.01	4,068	15.10	30.10
673,076,641	10,508	6.82	4,304	14.88	29.00
732,849,025	10,920	3.92	4,537	14.79	28.60
809,342,745	11,610	6.32	4,803	14.51	28.30
867,060,640	12,040	3.71	4,996	14.41	28.80
662,948,230	8,995	(25.29)	5,160	14.28	31.00

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

Fiscal Year Ended 08/31:	Minimum Salary (1)	Maximum Salary (1)	KISD Average Salary (2)	Region IV Average Salary (2)	Statewide Average Salary (2)
2009	$ 43,300	$ 71,624	$ 49,263	$ 49,186	$ 47,159
2010	44,000	76,205	50,374	50,129	48,263
2011	45,000	77,073	50,799	50,616	48,638
2012	45,000	77,073	51,145	50,383	48,375
2013	45,500	77,822	51,797	50,968	48,821
2014	47,000	78,901	52,881	52,222	49,692
2015	49,000	80,474	55,182	54,157	50,715
2016	50,100	80,792	55,955	55,580	51,891
2017	50,500	80,861	56,390	55,992	52,525
2018	52,000	82,005	57,522	57,076	53,334

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

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KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2009	2010	2011	2012
HIGH SCHOOLS				
Cinco Ranch (1999)				
Square Footage	581,934	581,934	581,934	581,934
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,765	2,819	2,905	2,970
Katy (1947)				
Square Footage	589,196	589,196	589,196	589,196
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,569	2,574	2,632	2,697
Mayde Creek (1984)				
Square Footage	603,141	603,141	603,141	603,141
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,528	2,627	2,569	2,560
Morton Ranch (2004)				
Square Footage	583,628	583,628	583,628	583,628
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,817	2,864	2,919	3,043
Paetow (2017)				
Square Footage				
Capacity				
Enrollment				
Raines (2008)				
Square Footage	21,916	21,916	21,916	21,916
Capacity	331	331	331	331
Enrollment	160	185	214	203
Seven Lakes (2005)				
Square Footage	599,005	599,005	599,005	599,005
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,787	3,128	3,374	3,635
Taylor (1979)				
Square Footage	542,192	542,192	542,192	542,192
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,544	2,465	2,629	2,689
Tompkins (2013)				
Square Footage				
Capacity				
Enrollment				
JUNIOR HIGH SCHOOLS				
Beck (1996)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,232	1,232	1,232	1,232
Enrollment	1,179	1,153	1,151	1,149

2013	2014	2015	2016	2017	2018
581,934	581,934	581,934	581,934	581,934	581,934
3,000	3,000	3,000	3,000	3,000	3,000
3,030	3,196	3,168	3,143	3,234	3,155
589,196	589,196	589,196	589,196	589,196	589,196
3,000	3,000	3,000	3,000	3,000	3,000
2,750	2,953	3,033	3,200	3,483	3,413
603,141	603,141	603,141	603,141	603,141	603,141
3,000	3,000	3,000	3,000	3,000	3,000
2,635	2,713	2,685	2,737	2,771	2,715
583,628	583,628	583,628	583,628	583,628	583,628
3,000	3,000	3,000	3,000	3,000	3,000
3,193	3,307	3,331	3,402	3,539	3,092
					635,058
					3,000
					728
21,916	21,916	21,916	21,916	21,916	21,916
331	331	331	331	331	331
236	235	163	200	190	218
599,005	599,005	599,005	599,005	599,005	599,005
3,000	3,000	3,000	3,000	3,000	3,000
3,888	3,585	3,438	3,225	3,394	3,538
542,192	542,192	542,192	542,192	542,192	542,192
3,000	3,000	3,000	3,000	3,000	3,000
2,744	2,918	2,903	2,909	2,936	2,950
	610,134	610,134	610,134	610,134	610,134
	3,000	3,000	3,000	3,000	3,000
	834	1,641	2,478	2,963	3,387
137,569	137,569	137,569	137,569	137,569	137,569
1,232	1,232	1,232	1,232	1,232	1,232
1,154	1,100	1,078	1,040	999	957

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2009	2010	2011	2012
JUNIOR HIGH SCHOOLS (cont.)				
Beckendorff (2004)				
Square Footage	184,398	184,398	184,398	184,398
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,382	1,514	1,531	1,632
Cardiff (2008)				
Square Footage	188,602	188,602	188,602	188,602
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,015	1,076	1,063	1,042
Cinco Ranch (2001)				
Square Footage	154,637	154,637	154,637	154,637
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,082	1,089	1,112	1,168
Katy (1995)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,231	1,231	1,231	1,231
Enrollment	1,243	1,218	1,231	1,315
Mayde Creek (1980)				
Square Footage	169,172	169,172	169,172	169,172
Capacity	1,414	1,414	1,414	1,414
Enrollment	1,078	1,118	1,164	1,158
McDonald (1991)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,220	1,220	1,220	1,220
Enrollment	871	906	958	943
McMeans (2000)				
Square Footage	154,637	154,637	154,637	154,637
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,212	1,220	1,168	1,177
Memorial Parkway (1982)				
Square Footage	148,627	148,627	148,627	148,627
Capacity	1,133	1,133	1,133	1,133
Enrollment	975	965	936	925
Morton Ranch (2003)				
Square Footage	180,290	180,290	180,290	180,290
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,296	1,245	1,254	1,215
Seven Lakes (2012)				
Square Footage				
Capacity				
Enrollment				
Stockdick (2017)				
Square Footage				
Capacity				
Enrollment				

2013	2014	2015	2016	2017	2018
184,398	184,398	184,398	184,398	184,398	184,398
1,403	1,403	1,403	1,403	1,403	1,403
1,635	1,675	1,698	1,770	1,754	1,739
188,602	188,602	188,602	188,602	188,602	188,602
1,403	1,403	1,403	1,403	1,403	1,403
1,008	1,027	955	965	912	886
154,637	154,637	154,637	154,637	154,637	154,637
1,400	1,400	1,400	1,400	1,400	1,400
1,200	1,209	1,259	1,260	1,222	1,259
137,569	137,569	137,569	137,569	137,569	137,569
1,231	1,231	1,231	1,231	1,231	1,231
1,333	1,354	1,332	1,341	1,353	1,039
172,386	172,386	172,386	172,386	172,386	172,386
1,414	1,414	1,414	1,414	1,414	1,414
1,095	1,141	1,146	1,121	1,135	1,076
137,569	137,569	137,569	137,569	137,569	137,569
1,220	1,220	1,220	1,220	1,220	1,220
916	973	1,053	1,076	1,144	928
154,637	154,637	154,637	154,637	154,637	154,637
1,400	1,400	1,400	1,400	1,400	1,400
1,150	1,085	1,085	1,163	1,140	1,108
148,627	148,627	148,627	148,627	148,627	161,462
1,133	1,133	1,133	1,133	1,133	1,133
900	894	876	853	827	799
180,290	180,290	180,290	180,290	180,290	180,290
1,403	1,403	1,403	1,403	1,403	1,403
1,285	1,268	1,202	1,177	1,201	1,215
187,748	187,748	187,748	187,748	187,748	187,748
1,400	1,400	1,400	1,400	1,400	1,400
1,208	1,550	1,748	2,006	1,771	1,924
					192,984
					1,400
					715

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2009	2010	2011	2012
JUNIOR HIGH SCHOOLS (cont.)				
Tays (2016)				
Square Footage				
Capacity				
Enrollment				
West Memorial (1976)				
Square Footage	163,906	163,906	163,906	163,906
Capacity	998	998	998	998
Enrollment	777	800	788	780
WoodCreek (2008)				
Square Footage	188,602	188,602	188,602	188,602
Capacity	1,403	1,403	1,403	1,403
Enrollment	987	1,303	1,604	1,957
ELEMENTARY SCHOOLS				
Alexander (1998)				
Square Footage	106,134	106,134	106,134	106,134
Capacity	935	935	935	935
Enrollment	1,227	1,202	1,169	1,110
Bear Creek (1978)				
Square Footage	101,269	101,269	101,269	101,269
Capacity	799	799	799	799
Enrollment	784	753	793	774
Bethke (2016)				
Square Footage				
Capacity				
Enrollment				
Bryant (2017)				
Square Footage				
Capacity				
Enrollment				
Cimarron (1980)				
Square Footage	93,823	93,823	93,823	93,823
Capacity	861	861	861	861
Enrollment	740	733	693	686
Creech (2000)				
Square Footage	111,734	111,734	111,734	111,734
Capacity	935	935	935	935
Enrollment	911	892	930	857
Davidson (2014)				
Square Footage				
Capacity				
Enrollment				
Exley (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,115	1,111	1,080	989

2013	2014	2015	2016	2017	2018
				185,944	185,944
				1,400	1,400
				1,377	1,591
169,920	169,920	169,920	169,920	169,920	169,920
998	998	998	998	998	998
760	718	748	763	802	800
188,602	188,602	188,602	188,602	188,602	188,602
1,403	1,403	1,403	1,403	1,403	1,403
1,357	1,585	1,946	2,156	1,346	1,477
106,134	106,134	106,134	106,134	106,134	106,134
935	935	935	935	935	935
1,132	1,077	1,061	1,102	1,024	993
101,269	101,269	101,269	101,269	101,269	101,269
799	799	799	799	799	799
776	762	747	754	713	629
				144,303	144,303
				1,030	1,030
				667	935
					144,303
					1,030
					580
98,823	98,823	98,823	98,823	98,823	98,823
861	861	861	861	861	861
670	646	697	679	679	655
111,734	111,734	111,734	111,734	111,734	111,734
935	935	935	935	935	935
833	827	843	874	888	715
		124,938	124,938	124,938	124,938
		1,030	1,030	1,030	1,030
		1,168	1,434	1,100	1,164
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
989	977	1,020	1,000	956	982

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2009	2010	2011	2012
ELEMENTARY SCHOOLS (cont.)				
Fielder (1993)				
Square Footage	106,117	106,117	106,117	106,117
Capacity	907	907	907	907
Enrollment	1,001	1,000	1,034	1,090
Franz (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	937	936	961	901
Golbow (1989)				
Square Footage	95,709	95,709	95,709	95,709
Capacity	867	867	867	867
Enrollment	847	769	790	775
Griffin (2006)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,014	856	1,191	1,339
Hayes (1995)				
Square Footage	106,117	106,117	106,117	106,117
Capacity	907	907	907	907
Enrollment	837	803	749	708
Holland (2008)				
Square Footage	123,843	123,843	123,843	123,843
Capacity	1,030	1,030	1,030	1,030
Enrollment	881	981	1,021	1,051
Hutsell (1978)				
Square Footage	115,086	115,086	115,086	115,086
Capacity	983	983	983	983
Enrollment	775	759	781	790
Jenks (2016)				
Square Footage				
Capacity				
Enrollment				
Katy (1965)				
Square Footage	86,825	86,825	86,825	86,825
Capacity	643	643	643	643
Enrollment	601	576	563	571
Kilpatrick (2003)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,146	1,240	1,301	1,334
King (2001)				
Square Footage	121,164	121,164	121,164	121,164
Capacity	1,030	1,030	1,030	1,030
Enrollment	866	885	943	1,087

2013	2014	2015	2016	2017	2018
106,117	106,117	106,117	106,117	106,117	106,117
907	907	907	907	907	907
1,081	1,066	1,145	1,243	1,027	1,133
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
978	956	978	1,061	1,018	1,037
95,709	95,709	95,709	95,709	95,709	95,709
867	867	867	867	867	867
770	807	811	806	768	783
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
923	933	958	950	1,039	1,030
106,117	106,117	106,117	106,117	106,117	106,117
907	907	907	907	907	907
717	682	717	697	663	682
123,843	123,843	123,843	123,843	123,843	123,843
1,030	1,030	1,030	1,030	1,030	1,030
1,039	989	982	1,035	1,056	1,098
115,086	115,086	115,086	115,086	115,086	115,086
983	983	983	983	983	983
814	825	832	793	743	763
				156,608	156,608
				1,318	1,318
				1,256	1,543
86,825	86,825	86,825	86,825	86,825	86,825
643	643	643	643	643	643
556	541	603	633	694	665
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,087	1,091	1,131	1,166	1,152	1,195
121,164	121,164	121,164	121,164	121,164	121,164
1,030	1,030	1,030	1,030	1,030	1,030
1,162	1,192	1,301	1,411	990	981

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2009	2010	2011	2012
ELEMENTARY SCHOOLS (cont.)				
Mayde Creek (1983)				
Square Footage	112,913	112,913	112,913	112,913
Capacity	968	968	968	968
Enrollment	784	865	843	820
McRoberts (1997)				
Square Footage	106,134	106,134	106,134	106,134
Capacity	935	935	935	935
Enrollment	975	844	887	859
Memorial Parkway (1978)				
Square Footage	103,658	103,658	103,658	103,658
Capacity	742	742	742	742
Enrollment	749	751	773	804
Morton Ranch (2008)				
Square Footage	123,843	123,843	123,843	123,843
Capacity	1,030	1,030	1,030	1,030
Enrollment	528	614	669	711
Nottingham Country (1981)				
Square Footage	101,427	101,427	101,427	101,427
Capacity	1,053	1,053	1,053	1,053
Enrollment	667	681	645	628
Pattison (1989)				
Square Footage	112,156	112,156	112,156	112,156
Capacity	1,052	1,052	1,052	1,052
Enrollment	813	826	871	831
Randolph (2014)				
Square Footage				
Capacity				
Enrollment				
Rhoads (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	933	1,194	1,147	1,117
Rylander (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,182	1,224	1,230	1,273
Schmalz (2001)				
Square Footage	121,164	121,164	121,164	121,164
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,221	1,068	1,146	1,173
Shafer (2012)				
Square Footage				
Capacity				
Enrollment				

2013	2014	2015	2016	2017	2018
112,913	112,913	112,913	112,913	112,913	112,913
968	968	968	968	968	968
749	765	779	869	859	840
106,134	106,134	106,134	106,134	106,134	106,134
935	935	935	935	935	935
871	802	840	810	747	719
103,658	103,658	103,658	103,658	103,658	131,274
742	742	742	742	742	940
839	860	864	815	796	823
123,843	123,843	123,843	123,843	123,843	123,843
1,030	1,030	1,030	1,030	1,030	1,030
763	805	924	1,022	954	950
101,427	101,427	101,427	101,427	101,427	101,427
1,053	1,053	1,053	1,053	1,053	1,053
621	588	613	650	702	790
112,156	112,156	112,156	112,156	112,156	112,156
1,052	1,052	1,052	1,052	1,052	1,052
821	801	854	972	1,045	1,015
		124,938	124,938	124,938	124,938
		1,030	1,030	1,030	1,030
		853	1,030	1,151	1,273
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,130	1,109	1,135	1,122	1,072	1,041
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,391	1,339	1,356	1,323	1,138	1,126
121,164	121,164	121,164	121,164	121,164	121,164
1,030	1,030	1,030	1,030	1,030	1,030
1,111	1,149	1,175	1,168	1,176	1,185
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
865	1,267	1,113	1,148	1,187	1,197

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2009	2010	2011	2012
ELEMENTARY SCHOOLS (cont.)				
Stanley (2009)				
Square Footage		126,897	126,897	126,897
Capacity		1,030	1,030	1,030
Enrollment		897	1,191	1,539
Stephens (2007)				
Square Footage	123,249	123,249	123,249	123,249
Capacity	1,030	1,030	1,030	1,030
Enrollment	817	827	801	770
Sundown (1982)				
Square Footage	112,913	112,913	112,913	112,913
Capacity	968	968	968	968
Enrollment	904	886	876	891
West Memorial (1974)				
Square Footage	89,742	89,742	89,742	89,742
Capacity	683	683	683	683
Enrollment	705	757	758	778
Williams (2000)				
Square Footage	111,734	111,734	111,734	111,734
Capacity	935	935	935	935
Enrollment	954	912	832	801
Wilson (2012)				
Square Footage				
Capacity				
Enrollment				
Winborn (1981)				
Square Footage	94,596	94,596	94,596	94,596
Capacity	848	848	848	848
Enrollment	843	818	831	795
Wolfe (1968, 2012)				
Square Footage	73,219	73,219	73,219	73,219
Capacity	405	405	405	405
Enrollment	436	402	410	399
Wolman (2012)				
Square Footage				
Capacity				
Enrollment				
WoodCreek (2007)				
Square Footage	123,249	123,249	123,249	123,249
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,053	1,082	1,373	1,601

2013	2014	2015	2016	2017	2018
126,897	126,897	126,897	126,897	126,897	126,897
1,030	1,030	1,030	1,030	1,030	1,030
1,240	1,316	1,127	1,098	1,063	1,040
123,249	123,249	123,249	123,249	123,249	123,249
1,030	1,030	1,030	1,030	1,030	1,030
770	756	763	765	718	692
112,913	112,913	112,913	112,913	112,913	112,913
968	968	968	968	968	968
833	853	879	851	788	822
89,742	89,742	89,742	89,742	89,742	89,742
683	683	683	683	683	683
754	756	821	891	795	822
111,734	111,734	111,734	111,734	111,734	111,734
935	935	935	935	935	935
778	723	709	728	672	695
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
892	958	1,040	1,073	1,121	1,057
94,596	94,596	94,596	94,596	94,596	94,596
848	848	848	848	848	848
793	742	777	814	763	699
98,761	98,761	98,761	98,761	98,761	98,761
500	500	500	500	500	500
440	446	460	437	418	348
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
757	1,075	1,239	1,411	1,198	915
123,249	123,249	123,249	123,249	123,249	123,249
1,030	1,030	1,030	1,030	1,030	1,030
1,255	1,412	1,014	1,156	1,139	1,201

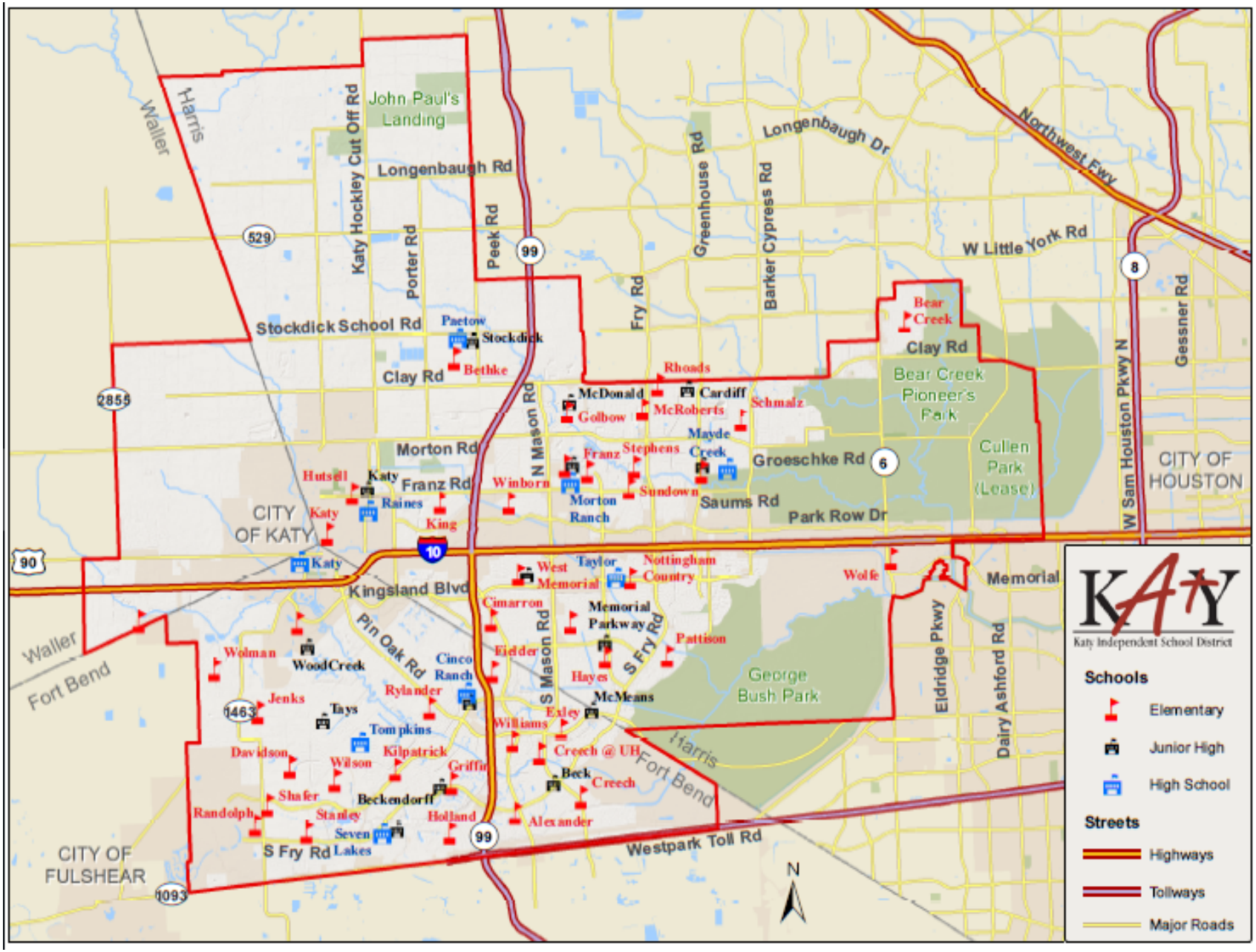
KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2009	2010	2011	2012
OTHER INSTRUCTIONAL FACILITIES				
Miller Career & Technology Center (1982)				
Square Footage	132,951	132,951	132,951	132,951
Capacity	907	907	907	907
Enrollment (1)				
Opportunity Awareness Center (1981)				
Square Footage	87,015	87,015	87,015	87,015
Capacity	677	677	677	677
Enrollment (1)				
Portable Buildings (2)				
Number Utilized	219	227	241	270
Classrooms Provided	360	396	404	459

Source: District Records

(1) Enrollment numbers included in home campus totals
(2) Used at schools where enrollment exceeded building capacity

2013	2014	2015	2016	2017	2018
132,951	132,951	132,951	132,951	136,239	136,239
907	907	907	907	1,230	1,230
87,015	87,015	87,015	87,015	87,015	87,015
677	677	677	677	677	677
269	274	315	354	355	354
453	420	504	584	636	641


Harris
Waller
John Paul's Landing
Longenbaugh Rd
Katy Hockley Cut Off Rd
Porter Rd
Peek Rd
Greenhouse Rd
Longenbaugh Dr
Northwest Fwy
W Little York Rd
Gessner Rd
W Sam Houston Pkwy N
529
99
8
Stockdick School Rd
Paetow
Stockdick
Bethke
Clay Rd
Fry Rd
Barker Cypress Rd
Bear Creek
Clay Rd
Bear Creek Pioneers Park
Rhoads
McDonald
Cardiff
Golbow
McRoberts
Schmalz
Mayde Creek
Stephens
Franz
Groeschke Rd
6
Cullen Park (Lease)
CITY OF HOUSTON
2855
Morton Rd
N Mason Rd
Hutsell
Katy
Franz Rd
Raines
Winborn
Morton Ranch
Sundown
Saums Rd
Park Row Dr
CITY OF KATY
King
90
10
Kingsland Blvd
West Memorial
Taylor
Nottingham Country
Wolfe
Memorial
Cimarron
Memorial Parkway
Pattison
S Fry Rd
Pin Oak Rd
Cinco Ranch
Fielder
Hayes
McMeans
Exley
Williams
Creech @ UH
Beck
Creech
Alexander
Holland
Beckendorff
Shafer
Randolph
Stanley
Seven Lakes
Davidson
Wilson
Kilpatrick
Griffin
Tompkins
Jenks
Tays
Rylander
Wolman
WoodCreek
1463
George Bush Park
Eldridge Pkwy
Dairy Ashford Rd
Waller
Fort Bend
Harris
Fort Bend
Westpark Toll Rd
CITY OF FULSHEAR
1093
N
KATY
Katy Independent School District
Schools
Elementary
Junior High
High School
Streets
Highways
Tollways
Major Roads

KATY

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