

Annual Comprehensive Financial Report

For the Fiscal Year Ended August 31, 2021



KATY

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

**KATY INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2021

**PREPARED BY
THE FINANCIAL SERVICES DEPARTMENT**

**Christopher J. Smith
Chief Financial Officer**

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

**Elizabeth A. Haven
Director of Accounting**

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

KATY INDEPENDENT SCHOOL DISTRICT
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INTRODUCTORY SECTION



January 24, 2022

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 Annual Comprehensive Financial Report (ACFR) of the Katy Independent School District (the District) for the fiscal year ended August 31, 2021, is presented herein. The ACFR is management's report of the financial operations of the District for the Board of Trustees (the Board), patrons, taxpayers, employees, grantor agencies, the Texas Education Agency (TEA), and other interested parties. The Government-wide Financial Statements in this report provide an overview of the District's governmental activities, while detailed Fund Financial Statements describe specific activities of each fund group used in accounting for the District's financial transactions. This report has been prepared by the District's Financial Services Department in accordance with the accounting principles and reporting standards promulgated by the Governmental Accounting Standards Board (GASB) and the official rules published by the Texas Education Agency.

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

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

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

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

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

PROFILE OF THE DISTRICT

The Katy Independent School District was established in 1919 and is governed by an elected Board of seven trustees. The District is a recognized political subdivision of the State of Texas and has the responsibility for and control over all activities related to public education within its 181 square mile boundary. Located approximately 16 miles west of downtown Houston, the District has a population of approximately 385,456 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 84,176 students and is comprised of 72 campuses including 43 elementary schools, 17 junior high schools, 9 comprehensive high schools, a high school of choice, an alternative learning center, and a career and technology center. The ages and capacities of these facilities range from 0 to 74 years with an average age of 21.9 years and can be found in Exhibit XVII of the Statistical Section.

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

Attesting to the solid relationship between the District and the community, Katy ISD offers an award-winning Partners in Education program, providing a number of initiatives encouraging our campuses and community to forge long-term relationships beneficial to all involved.

Katy ISD teachers have online access to a rigorous and relevant curriculum that is aligned to state standards. They collaboratively design instruction, promoting meaningful learning experiences; encourage connections between and among the disciplines; and promote academic, emotional, physical, social and positive behavioral skills. Relevant learning tasks are developed to assess student learning through a variety of strategies including formative, summative, authentic, formal, informal, and project-based activities. Students are encouraged to be actively involved in using evaluation criteria to self-monitor, self-reflect, and self-evaluate. Individual student data is used to inform and guide instruction. Student achievement on statewide tests consistently surpasses statewide achievement levels. Scores for the PSAT, SAT, and ACT rank above both state and national averages. Katy ISD students consistently win individual and team competitions in academics, athletics, and fine arts. Katy ISD is consistently ranked as one of the best school districts in the Greater Houston Area by Niche, a review site providing rankings and insight into more than 1,200+ school districts in Texas. Three of the District's high schools were named to the organization's Best Public High Schools in the Houston Area, while eight of the District's junior high campuses were included in Niche's top Best Public Middle School rankings. The elementary campuses represented the District well, garnering fourteen of the top twenty-five Best Elementary School spots ranked by Niche in the Greater Houston Area.

The District is a leader among Texas public school districts in the integration of technology and education. The user experience in the use of technology continues to be at the forefront for over 84,000 students. Katy ISD provides more than 32,000 centrally managed desktop and laptop computers with Windows operating system, 35,000 Chromebooks, and 38,000 tablet devices for our staff and students to achieve the work of teaching and learning. The District also uses more than 5,200 interactive white boards which enhances the learning experience through active participation, dynamic learning objects, collaboration, and an online experience for teacher and student to work together.

During the 2020-21 school year, Katy ISD distributed more than 30,000 devices to our families to support learning during the COVID-19 pandemic for students across all grade levels.

The Technology Department supports students, staff, and parents through a variety of methods. A knowledge base is provided to allow all users to search and find information. One of the chief issues the technology division addresses each year is username and password support. Therefore, a self-service username and password recovery system is in place to support students, staff, and parents. To that end, staff, students, and parents can ask for assistance through the ticketing system which routes requests to the appropriate support team such as technology operations or instructional technology to ensure support is given when an issue arises.

The District’s website, learning management system, dashboards, home access center, and mobile app offer communication and information to assist students, parents, and teachers in the day-to-day learning, communication, and activities. For example, parents can log in to see items such as grade reporting, lunch balances, bus tracker, library book check-outs, calendars, payment information, course schedules, and announcements.

Ensuring our students can access resources easily at home and school is a key to success; therefore, the single sign-on platform, MyKaty Cloud, offers the resources pertinent to the role of the student or staff member. These resources include items such as online textbooks, Discovery Education, encyclopedias, core content applications, library system, Microsoft Office 365, as well as student grade reporting. My Katy Cloud allows our staff, students, and parents anytime, anywhere access. Katy Virtual School is key for our high school students. The Katy Virtual School offers over 40 academic and advance placement courses for students to access and complete year-round.

The implementation of a data-warehouse that aggregates large amounts of siloed 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 are also used to display information to the public on the District's website. The “student dashboard” is our newest dashboard that compiles data from multiple systems on progress of student’s performance as well as the social and emotional aspect. This dashboard aids our teachers in making better decisions for each student.

The passage of the 2021 Bond Referendum in May 2021 allows the Katy ISD Technology Department to proceed with plans to implement technology for five new campuses, retrofit outdated technology for 39 campuses, deploy additional computer devices for online testing to 22 campuses, and upgrade the network infrastructure. A defined standard of technology is created through our Katy Technology Oversight Committee. The technology that is implemented includes items such as desktop computers, laptops, Chromebooks, iPads, interactive panels, network equipment, security cameras, projectors, document cameras, and visitor check-in stations. Katy ISD maintains a 5-year retrofit standard of new equipment for existing campuses.

A strong infrastructure allows the District to support a wide variety of technologies. A few of the technologies that set the District apart is a multi-layered security infrastructure, our IP based phone system and access points in each classroom. With the addition of public-filtered Wi-Fi, the District continues to support well over 60,000 devices on this external Wi-Fi each day. The building automation systems, lighting and air conditioning controls also use the District technology infrastructure. The safety of our campuses also relies on the strong technology infrastructure, and to that end, installation of door-access controls and video cameras throughout each campus supports this robust security plan.

The Technology Division continues to learn and understand the needs of our students and teachers to keep them at the forefront for support and the advancement of learning.

Katy ISD is comprised of dedicated and aspiring professionals with a common goal “to do whatever it takes” for student success. The emphasis is on meeting the needs of students through engaging instruction, a supportive classroom environment, and a wide variety of extracurricular activities. The success of the District could not be achieved without the efforts of outstanding teachers and staff. For the second consecutive year, Katy ISD ranked in the top ten of employers in Texas in a survey by Forbes which ranks *America’s Best Employers by State*, as determined by employees.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

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

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

Growth and Long-Range Planning

Katy ISD continues to be one of the fastest growing school districts in the state. With a 2020-2021 enrollment of 84,176 students, the District's growth continues. The latest demographic report predicts that, with the anticipated growth projections, approximately 104,000 students will attend Katy ISD schools by the year 2032. There are many reasons for the District's growth, but a community survey revealed 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. As the District nears the end of this bond program, projects completed include three new elementary schools, two junior high schools, and one high school. A new Raines High School facility is in progress and is scheduled for completion in December 2021. Existing facilities saw completion of projects including kitchen and serving line renovations, additions of floral coolers at four high schools, replacement of underground fuel tanks, renovations of Career and Technical Education areas, and renovation of the District's Outdoor Learning Center. Other bond projects nearing completion consist of component replacements, technology upgrades, safety and security upgrades at existing facilities, additional school buses, and property acquisitions.

In May of 2021, a \$676 million bond referendum was passed by voters to address anticipated growth. This bond provides for three elementary schools, one junior high school, one high school, and a new transportation center in the northwest quadrant of the District. Existing facilities will see improvements through renovations to four elementary schools and one junior high. One elementary addition is included in the referendum as well. Other 2021 Bond Projects include component replacements, technology upgrades, and safety and security upgrades at existing facilities, additional school buses, and property acquisitions.

The population of the District continues to grow and all indicators point to continued growth over the next decade. This makes it imperative for Katy ISD to plan wisely for the future and the need for additional facilities and renovations remains a financial focal point. The District maintains a Long-Range Facilities Plan that projects and prioritizes facility needs over the next five to ten years. This plan, which includes both new and existing facilities, serves as a tool to assist bond planning committees. The plan was updated for the 2021 Bond Referendum and the District continuously develops and monitors both short-term and long-term budget priorities based on the schedule for opening new facilities and renovations, projected enrollments, and projected funding levels based on current law.

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

FINANCIAL INFORMATION

Accounting Systems

The Board of Trustees maintains a system of accounting controls designed to assist the administration in meeting its responsibility for accurately reporting the financial condition of the District. The system is designed to provide reasonable assurance 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 the financial statements will be free from material misstatement. The cost of operating the District's schools and the revenues to cover these costs are accounted for through the General Fund. Food service operations and special programs funded by local, state and federal government grants designed to accomplish a particular objective are accounted for in the Special Revenue Fund.

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

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

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

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

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

Budgetary Process

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

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

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

Significant Financial Activities

Tax compression attributable to House Bill 3 reduced the District’s Maintenance and Operations (M&O) tax rate for the 2020-2021 fiscal year to \$0.9988 from the previous year’s rate of \$1.0531. District enrollment increased from the prior year by approximately 753 students at the Public Education Information Management (PEIMS) snapshot date in October 2020. However, actual enrollment of 84,176 was well below the budgeted enrollment of 87,033. Enrollment growth continued throughout the year with ending enrollment exceeding 85,400. Most districts found themselves with lower than anticipated enrollment due to the COVID-19 pandemic. This prompted the state to provide formula adjustments to student counts utilized in state funding formulas to hold districts harmless, to some extent, for enrollments which did not reach anticipated levels. The District provided both in-person and online instruction throughout the year, and as the year progressed saw students returning to in-person classes. Federal funds provided to address COVID-19 related needs included Elementary and Secondary School Emergency Relief (ESSER) funds. These funds were awarded to Districts through three separate grants. The State supplanted fiscal year 2020-2021 state funding with ESSER II funds, thus shifting anticipated revenues from the General Fund to federal ESSER funds. The District moved expenditures from the General Fund to the federal ESSER funds in an equivalent amount. While revenues were down due to the reduced tax rate and smaller student enrollment growth, expenditures were also down due to continued COVID-19 related concerns, resulting in a net increase to ending fund equity.

The District’s 2020-2021 tax base grew \$3.0 billion, an increase of 7.2%. Residential properties, including multi-family residences, comprised 68.0% of the total tax base, commercial property 27.3%, and vacant land and other property 4.7%. 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.

House Bill 3 of the 86th Legislature imposed property tax relief and compressed the District’s 2019-20 M&O tax rate to \$1.0531. Increases in property values in the District resulted in further M&O rate compression for the 2020-21 year to \$0.9988. The District’s I&S tax rate was held steady at \$0.39 for the 2020-21 year.

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

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
General Fund	\$ 1.1266	\$ 1.1466	\$ 1.1466	\$ 1.0531	\$ 0.9988
Debt Service Fund	0.3900	0.3700	0.3700	0.3900	0.3900
Total	<u>\$ 1.5166</u>	<u>\$ 1.5166</u>	<u>\$ 1.5166</u>	<u>\$ 1.4431</u>	<u>\$ 1.3888</u>

AWARDS AND ACKNOWLEDGEMENTS

Financial Reporting Awards

For the nineteenth 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 Annual Comprehensive Financial Report for the fiscal year ended August 31, 2020, the thirty-eighth consecutive year the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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 Annual Comprehensive Financial Report for the year ended August 31, 2020. This award has also been received for thirty-eight consecutive years. We believe the Annual Comprehensive Financial Report for the year ended August 31, 2021, continues to conform to the standards for which this award was granted.

Acknowledgements

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

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

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



Kenneth Gregorski, Ed.D.
Superintendent



Christopher J. Smith
Chief Financial Officer



Elizabeth A. Haven
Director of Accounting

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Katy Independent School District, Texas for its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2020.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2020

Christopher P. Morill

Executive Director/CEO

KATY INDEPENDENT SCHOOL DISTRICT

**CERTIFICATE OF EXCELLENCE IN
FINANCIAL REPORTING**

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to Katy Independent School District for its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2020.

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 Annual Comprehensive 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
for the Fiscal Year Ended August 31, 2020.**

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



A handwritten signature in black ink that reads 'W. Edward Chabal'.

W. Edward Chabal
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director

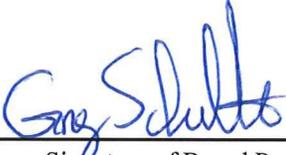
Certificate of Board

Katy Independent School District
Name of School District

Harris
County

101-914
County District
No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the 24th day of January 2022.



Signature of Board President



Signature of Board Vice President

KATY INDEPENDENT SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2021

PRINCIPAL OFFICIALS AND ADVISORS

Board of Trustees

Greg Schulte.....	President
Engineer	
Lance Redmon	Vice President
Construction Material Sales	
Dawn Champagne	Secretary
Volunteer	
Rebecca Fox	Member
Volunteer	
Donald T. (Duke) Keller, Jr.	Member
Attorney	
Ashley Vann.....	President
Volunteer	
Leah Wilson	Member
Volunteer, USAF Ret.	

Administrative Staff

Kenneth Gregorski, Ed.D.....	Superintendent
Leslie Haack.....	Deputy Superintendent
Christopher J. Smith.....	Chief Financial Officer
Brian Schuss.....	Chief Human Resources Officer
Christine Caskey, Ed.D.....	Chief Academic Officer
John Alawneh, Ph.D.....	Chief Information Officer
Andrea Grooms, Ph.D.....	Chief Communications Officer
Ted Vierling	Chief Operations Officer
Justin Graham	General Counsel

Accountants and Advisors

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

Senior Executive Staff Level

Executive Level

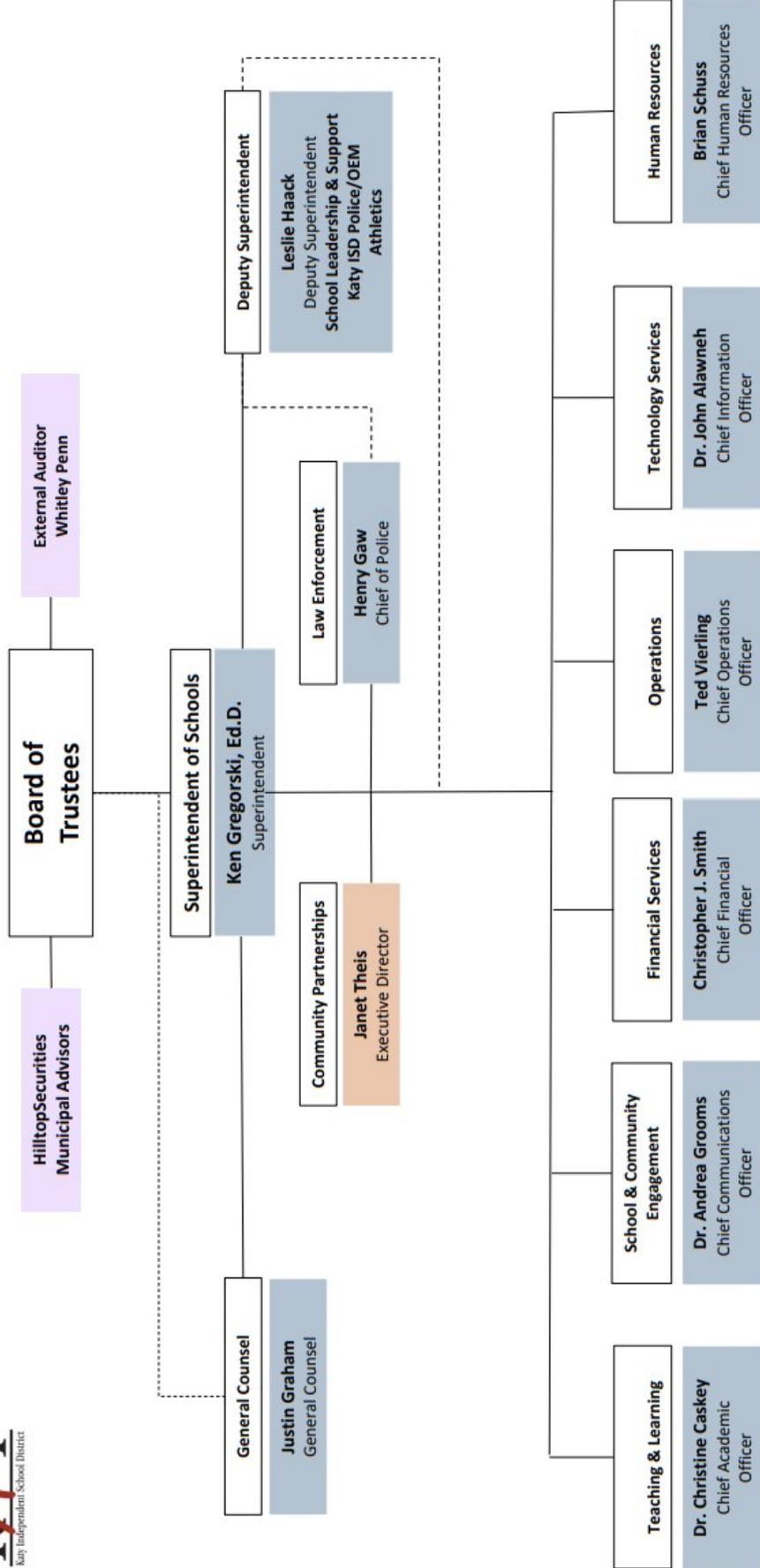
External Advisors

Coordinator/Mgr./Asst. Director Level



Organizational Chart: Superintendent of Schools

6/29/2021



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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Trustees
Katy Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pension information, and other post-employment benefits information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund financial statements, required Texas Education Agency schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and required Texas Education Agency schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and required Texas Education Agency schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

To the Board of Trustees
Katy Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Houston, Texas
January 24, 2022

KATY INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Katy Independent School District's (the District) financial performance provides an overview of the District's financial activities for the twelve months ended August 31, 2021. It should be read in conjunction with the information in the letter of transmittal and the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows exceeded liabilities and deferred inflows at August 31, 2021, resulting in a net position of \$83.1 million. Of this amount, unrestricted net position represents a deficit net position of \$202.5 million. This deficit position is the result of adjustments required by 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 2021 of \$409.0 million. The total fund balance for the General Fund was \$307.8 million or 37.6% of the total General Fund expenditures of \$818.0 million. The Debt Service Fund ended its year with a fund balance of \$62.9 million which is to be used for the retirement of debt. The Capital Projects Fund ended the year with a fund balance of \$16.0 million which is restricted for school district construction projects. The Special Revenue Fund had a balance totaling \$22.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

Government-wide Financial Statements are designed to provide readers a broad overview of the District's finances in a manner similar to a private-sector business. All the District's services are reported in the Government-wide Financial Statements, including instruction, student transportation, general administration, school leadership, facilities acquisition and construction, and child nutrition services. Property taxes, state aid, federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported here.

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

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

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

KATY INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund Financial Statements

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

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

The District maintains four governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund which are considered to be major funds. Data from the Special Revenue Fund programs are combined in a single, aggregated presentation and is a 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.

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.

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

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.

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

Required Supplementary Information

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a District’s financial position. At August 31, 2021, the District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$83.1 million, an increase of \$7.9 million.

Net Position Summary			
Table I			
	Governmental Activities		
	2021	2020	Change
Current and Other Assets	\$ 525,927,822	\$ 632,918,660	\$ (106,990,838)
Capital Assets	2,188,125,497	2,168,167,041	19,958,456
Total Assets	<u>2,714,053,319</u>	<u>2,801,085,701</u>	<u>(87,032,382)</u>
Total Deferred Outflows of Resources	<u>213,015,622</u>	<u>225,052,436</u>	<u>(12,036,814)</u>
Long-Term Liabilities	2,541,195,511	2,679,290,975	(138,095,464)
Other Liabilities	97,454,123	108,378,177	(10,924,054)
Total Liabilities	<u>2,638,649,634</u>	<u>2,787,669,152</u>	<u>(149,019,518)</u>
Total Deferred Inflows of Resources	<u>205,341,719</u>	<u>163,282,194</u>	<u>42,059,525</u>
Net Position:			
Net Investment in Capital Assets	208,895,160	191,834,640	17,060,520
Restricted	76,693,046	74,855,511	1,837,535
Unrestricted	(202,510,618)	(191,503,360)	(11,007,258)
Total Net Position	<u>\$ 83,077,588</u>	<u>\$ 75,186,791</u>	<u>\$ 7,890,797</u>

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, 2021 and 2020.

Net investment in capital assets of \$208.9 million reflects the District’s investment of \$2.2 billion in capital assets (e.g., land, building and improvements, and furniture and equipment) less any related debt used to acquire those assets still outstanding. These assets are not available for future spending.

Restricted net position of \$76.7 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 \$202.5 million, resulting from prior year adjustments required by GASB Statement No. 75 for other post-employment benefits (OPEB). Although the District reports a deficit, the deficit is primarily due to reporting the District’s proportionate share of the net OPEB liability. The total District liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District’s ongoing obligations to students and creditors.

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

Governmental Activities

Changes in Net Position				
Table II				
	Governmental Activities			
	2021	2020	Change	Change %
Revenues:				
Program Revenues:				
Charges for Services	\$ 13,175,767	\$ 18,618,039	\$ (5,442,272)	(29.23%)
Operating Grants and Contributions	148,581,499	144,751,022	3,830,477	2.65
General Revenues:				
Property Taxes	608,845,557	590,206,631	18,638,926	3.16
State Revenues	324,709,883	326,995,618	(2,285,735)	(0.70)
Other	4,384,126	9,397,523	(5,013,397)	(53.35)
Total Revenues	1,099,696,832	1,089,968,833	9,727,999	0.89
Expenses:				
Instruction	629,002,333	621,829,003	7,173,330	1.15
Instructional Resources and Media Services	12,571,528	12,435,953	135,575	1.09
Curriculum and Instructional Staff Development	16,291,059	15,295,923	995,136	6.51
Instructional Leadership	7,876,663	8,237,081	(360,418)	(4.38)
School Leadership	51,969,883	51,430,448	539,435	1.05
Guidance, Counseling and Evaluation Services	46,573,368	45,014,013	1,559,355	3.46
Social Work	513,260	74,476	438,784	589.16
Health Services	10,170,083	9,836,546	333,537	3.39
Student Transportation	25,354,955	24,558,497	796,458	3.24
Food Services	36,430,434	35,414,283	1,016,151	2.87
Extracurricular Activities	35,077,169	32,949,881	2,127,288	6.46
General Administration	17,550,127	16,705,082	845,045	5.06
Facilities Maintenance and Operations	94,370,824	93,359,935	1,010,889	1.08
Security and Monitoring Services	11,146,067	10,512,706	633,361	6.02
Data Processing Services	17,224,554	15,766,025	1,458,529	9.25
Community Services	926,666	763,745	162,921	21.33
Interest and Issuance Costs on Long-Term Debt	69,972,933	70,438,366	(465,433)	(0.66)
Facilities Planning	697,965	792,361	(94,396)	(11.91)
Payments to Shared Services Arrangements	742,071	548,742	193,329	35.23
Payments to Juvenile Justice Alternative				
Education Programs (JJAEP)	6,500	9,800	(3,300)	(33.67)
Payments to Tax Increment Reinvestment Zone	2,727,209	2,424,073	303,136	12.51
Other Intergovernmental Charges	4,610,384	4,489,151	121,233	2.70
Total Expenses	1,091,806,035	1,072,886,090	18,919,945	1.76
Increase (Decrease) in Net Position	7,890,797	17,082,743	(9,191,946)	(53.81)
Beginning Net Position	75,186,791	55,528,231	19,658,560	35.40
Prior Period Adjustment - Implement GASB 84		2,575,817		
Ending Net Position	\$ 83,077,588	\$ 75,186,791	\$ 7,890,797	10.49%

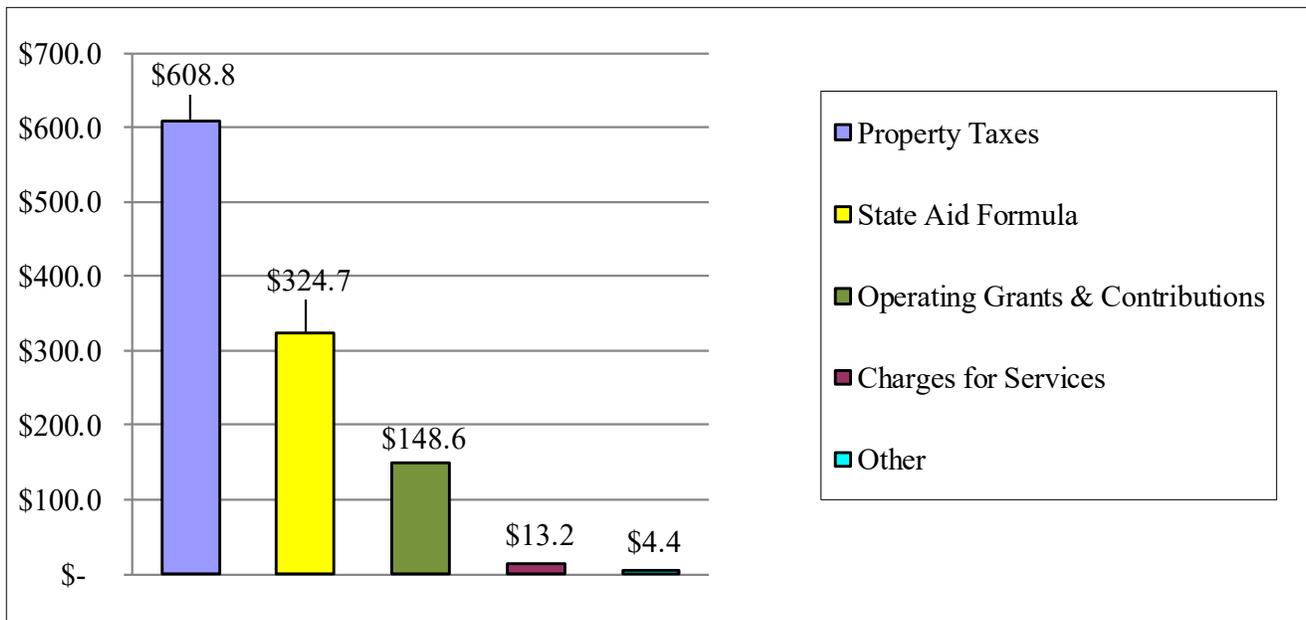
As shown in Table II, the net position of the District's governmental activities increased by \$7.9 million for the year ended August 31, 2021. The total cost of all governmental activities this year was \$1.1 billion, which is a 1.8% increase from the previous year. The amount that the District's taxpayers paid for governmental activities through property taxes was \$608.8 million or 55.4%, with state funding of \$324.7 million or 29.5%, and operating grants and contributions of \$148.6 million or 13.5% as the next most significant sources of revenue. Other sources of revenue for governmental activities were \$13.2 million in charges for services and \$4.4 million in other revenues.

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

Further analysis of changes in governmental activities are summarized as follows:

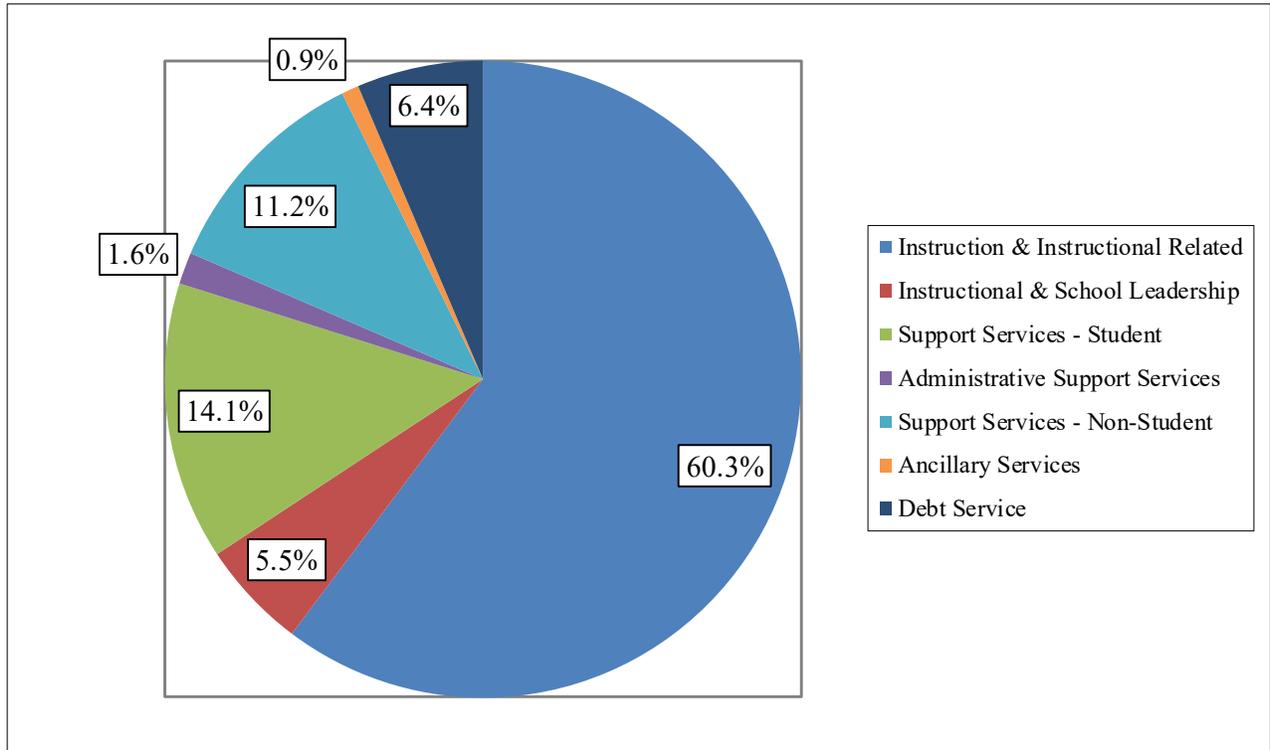
- During the year ended August 31, 2021, all students were eligible for free meals funded through federal reimbursement which reduced meal payments from students. This was a major factor contributing to the \$5.4 million reduction in Charges for Services compared to the prior year.
- Operating Grants and Contributions increased \$3.8 million. Although Pension and Other Post-Employment Benefit (OPEB) On-Behalf allocations decreased by over \$24.1 million in this category, federal Food Service reimbursements for free meals, additional ESSER funding recognized, and other COVID-19 pandemic related grant funding received exceeded the reduction, to net to the overall increase in the category.
- Property tax revenues increased \$18.6 million despite a drop in the tax rate of 3.9%, due to a \$3.0 billion increase in the property tax base.
- The District did see enrollment growth throughout the year which resulted in more revenue earned for the 2020-2021 fiscal year than the prior year under State funding formulas. However, the state reduced funds earned by the District by \$4.0 million by supplanting that amount with federal funds. In addition, revenue realized due from property value audits was less than the previous year, resulting in an overall decrease in State revenues of \$2.3 million year over year.
- The reduction in Other General Revenues of \$5.0 million is the result of less investable bond proceeds available during the year and falling interest rates.
- Expenses increased in almost all functional areas due to a one percent salary increase and one percent lump sum payment to employees. Larger increases were seen in areas such as staff development, food services, extracurricular activities, and community services because costs in those areas were greatly reduced in the prior year due to restrictions attributable to the COVID-19 pandemic. Guidance and counseling staffing increases contributed to the larger increase for that functional area. Repair costs resulting from Winter Storm Uri directly impacted increases in the maintenance and operations function.

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



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

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, Capital Projects and Special Revenue.

Revenues from all Governmental Funds totaled \$1.1 billion for the fiscal year ended August 31, 2021, an increase of 3.3% from the prior fiscal year. Local revenues, including property taxes, continued to be the largest source of revenue received by the District and increased \$9.5 million over fiscal year 2020, despite a 3.9% decrease in the total property tax rate due to legislated tax compression. State revenues decreased by \$4.8 million, or 1.3% from fiscal year 2020, as enrollment growth slowed due to the COVID-19 pandemic and property value audit revenues received were less than the prior year. Federal revenues increased \$29.8 million, or 60.2%. This growth was due to additional federal dollars realized through reimbursements for students eligible to receive free meals throughout the year ended August 31, 2021, and additional federal funds received for COVID-19 impacts, including Elementary and Secondary School Emergency Relief funds.

Expenditures for governmental operations totaled \$1.2 billion during the fiscal year 2021, a decrease of 10.9%. This net decrease in expenditures is primarily attributable to the debt service fund, which included the recording of escrow proceeds in the prior year of \$158.9 million for a current refunding debt transaction, and a reduction in Capital Projects expenditures from the prior year of approximately \$49.5 million.

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

The Governmental Funds reported a combined fund balance of \$409.0 million, a decrease of \$89.2 million from the combined fund balances for 2020. Changes to the combined fund balances include a \$12.4 million increase in the General Fund, an increase in the Debt Service Fund of \$2.3 million, a decrease in the Capital Projects fund of \$103.6 million and a decrease of \$0.3 million in the Special Revenue Fund. Out of the combined fund balances, \$224.7 million constitutes unassigned fund balances. Of the remainder of the fund balance, \$3.3 million is nonspendable, \$93.1 million is restricted for items such as debt service, food services, and capital projects, \$27.8 million is committed to self-funded insurance, COVID-19 Pandemic financial impacts, and campus activity funds, and \$60.2 million is assigned for the opening of new schools, capital purchases, encumbered amounts, addressing current and future legislative impacts, maintaining the debt service tax rate, maintaining services after ESSER grants are closed, the technology retrofit schedule, and the compensation plan.

The General Fund is the primary operating fund of the District. There were many factors that contributed to the increase in fund balance of \$12.4 million. Actual students were approximately 2,800 less than budgeted and, although revenues generated were less, the costs to educate the reduced enrollment created underspending of the District's original budget. The continuation of the COVID-19 pandemic also kept travel costs for students and staff at reduced levels. The State supplanted approximately \$5.3 million of state revenues in the 2019-2020 fiscal year with federal ESSER funds, which reduced revenues in the prior year. The District utilized this amount of the federal award in the 2020-2021 fiscal year and reclassified instructional payroll costs to the ESSER grant, reducing expenditures and adding to fund balance. Approximately \$2.3 million of prior year expenditures were reimbursed in the current year through COVID-19 related grants that allowed the District to claim pre-award costs, which also contributed to the increase in fund balance. At the end of the current fiscal year, the General Fund's fund balance was \$307.8 million. Unassigned fund balance represents 27.5% of the total General Fund expenditures, and total fund balance represents 37.6% of General Fund expenditures.

The Debt Service Fund ended the year with a fund balance of \$62.9 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, 2021, were \$170.9 million.

The Capital Projects Fund ended the year with a fund balance of \$16.0 million which is a decrease of \$103.6 million over 2020. This decrease in fund balance was due to ongoing construction project costs throughout the year. The last sale of the 2017 Authorization occurred after year end in September 2021. See Note 21 for further information related to Subsequent Events.

The Special Revenue Fund ended the year with a fund balance of \$22.3 million which is a decrease of \$0.3 million from 2020. The Nutrition and Food Services Program ended the year with an increase to ending fund balance of \$2.3 million due to the ability to offer free meals to all students and continued student food purchases for a la carte options. Various other programs saw increases in fund balance levels in lesser amounts. These increases were more than offset by the decrease of \$3.2 million in the Tax Increment Reinvestment Zone program. This decrease was primarily attributable to project costs related to the repurposing the LD Robinson Pavilion and lighting and generator projects for the Leonard Merrell Center.

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, 2021, was \$11.2 million. Of this amount, \$9.8 million was for Health Insurance, \$0.7 million was for Workers' Compensation and \$0.7 million was attributable to the Print Shop. Net position for the fiscal year decreased \$7.0 million, primarily in the Health Insurance Fund, where claims increased significantly due to COVID-19 pandemic related costs.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

- The total General Fund revenue budget was decreased by \$27.6 million. Significant changes included:
 - The local revenue budget decreased by a net of \$0.6 million to reflect reductions in interest earnings and catering revenues, which were offset by increases to athletic gate receipts and facility rental revenues.
 - The state revenue budget decreased \$31.4 million which is primarily attributable to student enrollment falling well below projections, thus generating less revenues through the State Funding Formulas. The State implemented an Average Daily Attendance (ADA) Hold Harmless funding mechanism within the State Funding Formulas; however, this amount was not certain until after fiscal year end and was supplanted with ESSER II funding. This resulted in the District realizing more state revenues than originally anticipated.
 - Federal revenue budget increased by \$4.4 million to reflect ESSER program indirect costs, COVID-19 related grants that allowed reimbursement of prior year costs, and an increase in School Health and Related Services (SHARS) funding.

- The District decreased the expenditure budget by \$5.6 million throughout the year. Significant changes included:
 - The payroll budget decreased \$17.1 million throughout the year. Reductions were processed to reflect a potential \$14.7 million reclassification of salaries and related benefits from the General Fund to ESSER funds. The remaining \$2.4 million of reductions were primarily attributable to reduced projected payroll costs in transportation and security.
 - Contracted services budget increased \$4.1 million to allow for contracted repairs and damages experienced in Winter Storm Uri, and contracted HVAC, electrical and lighting repairs.
 - The supplies and materials budget increased \$1.1 million for additional COVID-19 related cleaning and sanitization supplies and start up supplies for new bilingual classrooms at two elementary schools.
 - Capital outlay budget increased \$6.2 million primarily for construction required to address damages from Winter Storm Uri and to purchase tractors and trailers to transport fine arts equipment for performances and competitions.
 - The budget for other operating costs remained virtually the same in total for the year.

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 schedules in Exhibits G-2 and G-3 of this report. This difference is primarily due to the following factors:

- Final revenues realized were over budgeted levels by \$20.7 million. Revenues from local sources were over the budgeted amount by \$0.5 million due to tax revenue collection volume increasing at the end of the year. State revenues exceeded the budget by \$20.0 million. The District anticipated average daily attendance adjustments by the State to be larger than the actual adjustment calculation. In addition, a property value audit reached completion at year end resulting in a \$1.2 million accrual of additional state revenue, while federal sources were \$0.2 million more than budgeted.

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

- Expenditures were \$12.8 million less than final budgeted amounts. Of the remaining unspent funds, \$6.0 million were in supplies and materials category which was affected by orders that were delayed or canceled due to supply chain issues. Remaining contracted services budget of \$4.1 million was primarily attributable to utilities and contracted transportation service costs finishing the year below budgeted levels. Other operating expenditures were \$2.9 million less than budgeted, with less travel in the District due to the COVID-19 pandemic, and \$0.9 million less in expenditures for the Tax Increment Reinvestment Zone due to changes to property values and tax collections in the Zone. The District had much smaller budget variances in the payroll costs and capital outlay categories, where net actual expenditures totaled more than the net final budget by \$0.2 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District has invested \$2.2 billion, net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions, deductions and depreciation) of \$20.0 million from the prior year.

Capital Assets (net of depreciation)				
Table III				
	Governmental Activities			
	2021	2020	Change	Percentage
Land	\$ 95,164,028	\$ 95,017,037	\$ 146,991	0.15%
Buildings and Improvements	1,901,748,904	1,865,079,290	36,669,614	1.97
Furniture and Equipment	117,664,265	116,453,752	1,210,513	1.04
Vehicles	34,662,195	38,172,738	(3,510,543)	(9.20)
Library Books and Media	2,330,094	2,597,533	(267,439)	(10.30)
Construction in Progress	19,959,017	33,701,043	(13,742,026)	(40.78)
Assets Under Capital Lease	16,596,994	17,145,648	(548,654)	(3.20)
Total Capital Assets, Net of Depreciation	<u>\$ 2,188,125,497</u>	<u>\$ 2,168,167,041</u>	<u>\$ 19,958,456</u>	<u>0.92%</u>

The increase in capital assets net of depreciation was due mainly to an increase in buildings and improvements, with Elementary 44 opening in the fall of 2021 and the ongoing construction on the Raines Academy expansion, while construction in progress decreased with the completion of Haskett Junior High and upgrades to security and building controls throughout the District. These and other projects are part of the District’s building program, which is funded primarily by the District’s 2017 and 2021 bond authorizations. 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 \$2.1 billion as illustrated in Table IV. This amount consists primarily of general obligation bonds backed by the full faith of the State of Texas’s Permanent School Fund. Included in the outstanding debt of the District for financial reporting purposes is the Capital Lease for the multi-purpose complex constructed for the District by the Katy Development Authority through a Tax Increment Reinvestment Zone (TIRZ). The \$6.1 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.

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

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		
	2021	2020	Change
General Obligation Bonds	\$ 1,799,210,000	\$ 1,888,460,000	\$ (89,250,000)
Capital Appreciation Bonds	1,880,230	246,959	1,633,271
Accreted Interest on Capital			
Appreciation Bonds	114,558	93,522	21,036
Capital Leases	6,050,000	7,455,000	(1,405,000)
Compensated Absences	31,456,154	33,037,942	(1,581,788)
Imputed Borrowing		20,645,132	(20,645,132)
Premium on Bonds Issued	214,404,074	209,705,933	4,698,141
Capital Appreciation Bond			
Issuance Premiums	15,319,371	5,901,476	9,417,895
Total Outstanding Debt	\$ 2,068,434,387	\$ 2,165,545,964	\$ (97,111,577)

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

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

The District prepared the 2021-2022 budget with enrollment projected to increase to 87,695 and taxable value growth of 7.8% over ending values for the 2020-2021 fiscal year. This increase in tax base triggers property tax rate reductions under House Bill 3 resulting in the District M&O rate falling from \$0.9988 to \$0.9617 per \$100 valuation. The Debt Service Rate remains unchanged at \$0.39 per \$100 valuation. The Board of Trustees adopted an operating budget for the 2021-2022 fiscal year with estimated revenues of \$878.1 million and expenditures of \$875.4 million. Estimated revenues included \$467.5 million from property taxes and other local revenues, an increase of 4.1% from the original 2020-2021 budget and \$399.9 million in state funding, an increase of 5.0%. Appropriated expenditures for the 2021-2022 fiscal year increased by \$39.0 million compared to 2020-21. Appropriated expenditures included an increase of \$20.2 million for new positions, and salary increases of two percent of mid-point plus a one percent lump sum payment for all staff.

Katy ISD continues to be one of the fastest growing school districts in the Houston metropolitan area, growing at an average of 3.4% from 2012 to 2021 with the 2021-22 budget built on projected enrollment of 87,695 students. The District has also experienced significant growth in property values over that same time period with assessed values increasing at an average of 8.6% annually.

All of these factors were considered when adopting the 2021-2022 budgets. The District will continue to monitor economic data, refine budget estimates, and provide effective and efficient financial management to maximize the educational opportunities for students.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

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

Basic Financial Statements



KAY

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

Exhibit A-1

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Pooled Cash and Cash Equivalents	\$ 437,600,880
1120	Current Investments	8,081,348
1225	Property Taxes Receivable (net)	12,164,284
1240	Due from Other Governments	36,144,801
1250	Accrued Interest	1,291
1290	Other Receivables (net)	4,863,194
1300	Inventories, at cost	2,241,975
1410	Prepaid Items	1,123,986
	Capital Assets not Being Depreciated:	
1510	Land	95,164,028
1580	Construction in Progress	19,959,017
	Capital Assets, net of Accumulated Depreciation:	
1520	Buildings and Improvements (net)	1,901,748,904
1531	Vehicles (net)	34,662,195
1530	Furniture and Equipment (net)	117,664,265
1550	Assets Under Capital Lease (net)	16,596,994
1560	Library Books and Media (net)	2,330,094
1910	Long-Term Investments	23,706,063
1000	Total Assets	2,714,053,319
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred Outflows: Loss on Refunding	47,335,777
1700	Deferred Outflows: Related to TRS	101,524,547
1700	Deferred Outflows: Related to TRS Care	64,155,298
1700	Total Deferred Outflows of Resources	213,015,622

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

Exhibit A-1

Data Control Codes		Primary Government Governmental Activities
LIABILITIES		
2110	Accounts Payable	\$ 41,853,810
2140	Interest Payable	4,051,365
2150	Payroll Deductions and Withholdings	7,408,240
2160	Accrued Wages Payable	31,631,637
2180	Due to Other Governments	4,591,517
2200	Accrued Expenses	6,647,628
2300	Unearned Revenue	1,269,926
	Noncurrent Liabilities:	
	Due within One Year:	
2501	Compensated Absences	925,367
2501	Bonds and Debt	58,268,863
2501	Capital Lease	1,445,000
2501	Accreted Interest on Capital Appreciation Bonds	114,558
	Due in More than One Year:	
2502	Bonds and Debt	1,972,544,812
2502	Capital Lease	4,605,000
2502	Compensated Absences	30,530,787
2540	Net Pension Liability (District's Share)	239,987,931
2545	Net OPEB Liability (District's Share)	232,773,193
2000	Total Liabilities	2,638,649,634
DEFERRED INFLOWS OF RESOURCES		
2600	Deferred Inflows: Gain on Refunding	4,517,468
2600	Deferred Inflows: Related to TRS	30,374,614
2600	Deferred Inflows: Related to TRS Care	170,449,637
2600	Total Deferred Inflows of Resources	205,341,719
NET POSITION		
3200	Net Investment in Capital Assets	208,895,160
	Restricted for:	
3820	Food Service	10,366,002
3850	Debt Service	62,074,135
3890	Tax Increment Reinvestment Zone	3,398,394
3890	Other Grant Programs	854,515
3900	Unrestricted	(202,510,618)
3000	Total Net Position	\$ 83,077,588

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Functions/Programs	Expenses	Program Revenues	
			Charges for Services	Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 629,002,333	\$ 2,642,175	\$ 72,088,455
12	Instructional Resources and Media Services	12,571,528		916,098
13	Curriculum and Instructional Staff Development	16,291,059	105	4,637,238
21	Instructional Leadership	7,876,663	102,853	881,992
23	School Leadership	51,969,883		3,715,540
31	Guidance, Counseling, and Evaluation Services	46,573,368	30,964	6,935,045
32	Social Work	513,260		39,042
33	Health Services	10,170,083	30,053	9,193,996
34	Student Transportation	25,354,955	23,190	1,160,784
35	Food Services	36,430,434	3,421,222	29,220,885
36	Extracurricular Activities	35,077,169	3,897,643	6,854,825
41	General Administration	17,550,127	370,159	4,882,128
51	Facilities Maintenance and Operations	94,370,824	2,607,021	3,208,920
52	Security and Monitoring Services	11,146,067	12,275	743,430
53	Data Processing Services	17,224,554	25,400	1,089,334
61	Community Services	926,666	12,707	723,400
72	Interest and Issuance Costs on Long-Term Debt	69,972,933		1,542,584
81	Facilities Planning	697,965		747,803
93	Payments to Shared Services Arrangements	742,071		
95	Payments to JJAEP	6,500		
97	Payments to Tax Increment Reinvestment Zone	2,727,209		
99	Payments to Appraisal Districts	4,610,384		
TG	Total Governmental Activities	<u>1,091,806,035</u>	<u>13,175,767</u>	<u>148,581,499</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 1,091,806,035</u>	<u>\$ 13,175,767</u>	<u>\$ 148,581,499</u>

**Data
Control
Codes**

General Revenues:

MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants Unrestricted
IE	Investment Earnings
MI	Miscellaneous
TR	Total General Revenues and Special Items
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position - Ending

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

**Governmental
Activities**

\$	(554,271,703)
	(11,655,430)
	(11,653,716)
	(6,891,818)
	(48,254,343)
	(39,607,359)
	(474,218)
	(946,034)
	(24,170,981)
	(3,788,327)
	(24,324,701)
	(12,297,840)
	(88,554,883)
	(10,390,362)
	(16,109,820)
	(190,559)
	(68,430,349)
	49,838
	(742,071)
	(6,500)
	(2,727,209)
	(4,610,384)
	<u>(930,048,769)</u>
	<u>(930,048,769)</u>

	437,859,960
	170,985,597
	324,709,883
	1,549,245
	2,834,881
	<u>937,939,566</u>
	7,890,797
	<u>75,186,791</u>
\$	<u><u>83,077,588</u></u>

KATY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		General	Debt Service Fund
ASSETS			
1110	Pooled Cash and Cash Equivalents	\$ 292,035,547	\$ 63,494,952
1120	Current Investments	8,081,348	
	Receivables:		
1225	Property Taxes Receivable (net)	8,940,552	3,223,732
1240	Due from Other Governments	14,785,479	
1250	Accrued Interest	1,291	
1260	Due from Other Funds	24,315,665	
1290	Other Receivables	398,366	
1300	Inventories, at cost	1,831,920	
1410	Prepaid Items	1,123,486	
1910	Long-Term Investments	23,706,063	
1000	Total Assets	\$ 375,219,717	\$ 66,718,684
LIABILITIES			
	Current Liabilities:		
2110	Accounts Payable	\$ 15,991,383	\$ 2,450
2150	Payroll Withholding Payable	7,408,240	
2160	Accrued Wages Payable	29,780,394	
2170	Due to Other Funds	120,621	347,756
2180	Due to Other Governments	4,348,368	242,978
2200	Accrued Expenditures	643,397	
2300	Unearned Revenues	188,939	
2000	Total Liabilities	58,481,342	593,184
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable Revenue - Property Taxes	8,940,552	3,223,732
2600	Total Deferred Inflows of Resources	8,940,552	3,223,732
FUND BALANCES			
	Fund Balances:		
3430	Nonspendable	2,955,406	
3450-90	Restricted		62,901,768
3510-45	Committed	20,000,000	
3550-90	Assigned	60,160,195	
3600	Unassigned	224,682,222	
3000	Total Fund Balances	307,797,823	62,901,768
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 375,219,717	\$ 66,718,684

<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
\$ 42,904,869	\$ 23,714,302	\$ 422,149,670
		8,081,348
		12,164,284
103,018	21,256,304	36,144,801
		1,291
38	486	24,316,189
	496,821	895,187
	318,344	2,150,264
	500	1,123,986
		23,706,063
<u>\$ 43,007,925</u>	<u>\$ 45,786,757</u>	<u>\$ 530,733,083</u>
\$ 20,813,830	\$ 2,749,585	\$ 39,557,248
		7,408,240
	1,851,243	31,631,637
6,161,924	17,806,472	24,436,773
	171	4,591,517
		643,397
	1,080,986	1,269,925
<u>26,975,754</u>	<u>23,488,457</u>	<u>109,538,737</u>
		12,164,284
		12,164,284
	318,844	3,274,250
16,032,171	14,131,611	93,065,550
	7,847,845	27,847,845
		60,160,195
		224,682,222
<u>16,032,171</u>	<u>22,298,300</u>	<u>409,030,062</u>
<u>\$ 43,007,925</u>	<u>\$ 45,786,757</u>	<u>\$ 530,733,083</u>

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KATY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2021

Exhibit C-2

Total Fund Balances - Governmental Funds (from Exhibit C-1)	\$ 409,030,062
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	2,187,643,023
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 are added back to Fund Balances for Statement of Net Position.	12,164,284
Deferred loss on refundings are not reported in the fund financial statements.	47,335,777
Deferred gain on refundings are not reported in the fund financial statements.	(4,517,468)
Addition of Internal Service fund net position	11,169,795
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows relating to TRS Pension	101,524,547
Deferred inflows relating to TRS Pension	(30,374,614)
Deferred outflows relating to TRS Care	64,155,298
Deferred inflows relating to TRS Care	(170,449,637)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds payable and premiums	(2,030,813,675)
Capital Lease	(6,050,000)
Compensated Absences - Long-term Portion	(30,812,757)
Accreted Interest on Capital Appreciation Bonds	(114,558)
Interest Payable	(4,051,365)
Net pension liability	(239,987,931)
Net OPEB liability	(232,773,193)
Net Position of Governmental Activities	\$ 83,077,588

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2021

Data Control Codes		General	Debt Service Fund
REVENUES			
5700	Local, Intermediate, and Out-of-State	\$ 449,089,418	\$ 170,914,613
5800	State Program Revenues	369,328,110	1,542,584
5900	Federal Program Revenues	14,203,849	
5020	Total Revenues	<u>832,621,377</u>	<u>172,457,197</u>
EXPENDITURES			
Current:			
0011	Instruction	521,820,428	
0012	Instructional Resources and Media Services	9,247,707	
0013	Curriculum and Instructional Staff Development	11,096,239	
0021	Instructional Leadership	6,506,395	
0023	School Leadership	46,995,228	
0031	Guidance, Counseling, and Evaluation Services	39,465,701	
0032	Social Work	479,944	
0033	Health Services	9,115,603	
0034	Student Transportation	19,373,833	
0035	Food Services		
0036	Extracurricular Activities	17,374,571	
0041	General Administration	14,187,431	
0051	Facilities Maintenance and Operations	82,768,762	
0052	Security and Monitoring Services	10,448,604	
0053	Data Processing Services	16,398,709	
0061	Community Services	177,102	
Debt Service:			
0071	Principal on Long-Term Debt		74,406,648
0072	Interest on Long-Term Debt		82,371,734
0073	Bond Issuance Costs and Fees		14,096,729
0081	Capital Outlay: Facilities Acquisition and Construction	2,838,121	
Intergovernmental Charges:			
0093	Payments to Fiscal Agents SSA	742,071	
0095	Payments to JJAEP	6,500	
0097	Payments to Tax Increment Reinvestment Zone	4,346,913	
0099	Other Intergovernmental Charges	4,610,384	
6030	Total Expenditures	<u>818,000,246</u>	<u>170,875,111</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>14,621,131</u>	<u>1,582,086</u>
OTHER FINANCING SOURCES/(USES)			
7901	Refunding Bonds Issued		106,904,919
7912	Sale of Real and Personal Property	233,573	
7915	Transfers In	500,000	75,838
7916	Premium on Issuance of Bonds		29,831,980
8911	Transfers Out	(3,000,000)	
8940	Payment to Bond Refunding Escrow Agent		(136,071,176)
7080	Total Other Financing Sources/(Uses)	<u>(2,266,427)</u>	<u>741,561</u>
1200	Net Change in Fund Balances	12,354,704	2,323,647
0100	Fund Balance - September 1 (Beginning)	295,443,119	60,578,121
3000	Fund Balance - August 31 (Ending)	<u>\$ 307,797,823</u>	<u>\$ 62,901,768</u>

<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
\$ 75,838	\$ 16,347,381	\$ 636,427,250
	8,405,104	379,275,798
113,129	65,080,803	79,397,781
<u>188,967</u>	<u>89,833,288</u>	<u>1,095,100,829</u>
	36,378,578	558,199,006
	352,082	9,599,789
	4,029,876	15,126,115
	663,574	7,169,969
	658,747	47,653,975
	4,505,336	43,971,037
	7,836	487,780
	386,058	9,501,661
	139,996	19,513,829
	30,309,414	30,309,414
	5,625,673	23,000,244
	115,241	14,302,672
	171,741	82,940,503
	100,296	10,548,900
	42,744	16,441,453
	709,419	886,521
		74,406,648
		82,371,734
		14,096,729
103,742,379	5,388,275	111,968,775
		742,071
		6,500
		4,346,913
		4,610,384
<u>103,742,379</u>	<u>89,584,886</u>	<u>1,182,202,622</u>
<u>(103,553,412)</u>	<u>248,402</u>	<u>(87,101,793)</u>
		106,904,919
		233,573
	955,087	1,530,925
		29,831,980
(75,838)	(1,455,087)	(4,530,925)
		(136,071,176)
<u>(75,838)</u>	<u>(500,000)</u>	<u>(2,100,704)</u>
(103,629,250)	(251,598)	(89,202,497)
119,661,421	22,549,898	498,232,559
<u>\$ 16,032,171</u>	<u>\$ 22,298,300</u>	<u>\$ 409,030,062</u>

KATY INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2021

Exhibit C-4

Net Change in Fund Balances - Total Governmental Funds (from Exhibit C-3) \$ (89,202,497)

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. (7,001,007)

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. 115,448,650

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. (91,867,777)

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. 88,191,352

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. (106,904,919)

Payment to the escrow agent to refund bonds is an other financing use in the governmental funds. In the government-wide financial statements this payment is treated as a reduction in long-term debt. 136,071,176

Premium received from issuance of long-term debt. (29,831,980)

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. 3,666,748

Net loss on disposal of assets is not recorded in the fund financial statements but is included in the government-wide statements. (3,529,184)

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements. 362,795

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, 2021

Exhibit C-4

Amortization of deferred losses and gains on refunding issues, and bond premiums are recorded in the Statement of Activities.	\$ 10,663,782
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.	20,213,293
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.	4,946,452
Pension expense for the pension plan measurement year is not recorded in the fund financial statements but are expensed in the government-wide statements.	(43,054,522)
OPEB expense for the OPEB plan measurement year is not recorded in the fund financial statements but are expensed in the government-wide statements.	(1,615,305)
Increase in long-term compensated absence liability is included in the government-wide statements.	<u>1,333,740</u>
Change in Net Position of Governmental Activities (see Exhibit B-1)	<u><u>\$ 7,890,797</u></u>

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
INTERNAL SERVICE FUNDS
AUGUST 31, 2021

Exhibit D-1

Data Control Codes		Governmental Activities
	ASSETS	
	Current Assets:	
1110	Pooled Cash and Cash Equivalents	\$ 15,451,210
1260	Due from Other Funds	120,584
1290	Other Receivables	3,968,007
1300	Inventories	91,711
	Total Current Assets	19,631,512
	Noncurrent Assets:	
	Capital Assets:	
1540	Furniture and Equipment	1,180,080
1573	Accumulated Depreciation	(697,606)
	Total Noncurrent	482,474
1000	Total Assets	20,113,986
	LIABILITIES	
	Current Liabilities:	
2110	Accounts Payable	2,296,562
2200	Accrued Expenses	6,647,629
2000	Total Liabilities	8,944,191
	NET POSITION	
3200	Investment in Capital Assets	482,474
3900	Unrestricted	10,687,321
3000	Total Net Position	\$ 11,169,795

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, 2021

Exhibit D-2

Data Control Codes		Governmental Activities
	OPERATING REVENUES	
5700	Charges for Services	\$ 66,254,489
5020	Total Operating Revenues	<u>66,254,489</u>
	OPERATING EXPENSES	
6100	Salary and Benefits	123,536
6200	Administrator Fees	5,089,302
6200	Insurance Premiums	1,232,639
6200	Claims Expense	65,875,142
6200	Repair and Maintenance Expense	13,487
6200	Equipment Rental	114,048
6200	Contracted Services	2,317,966
6300	Supplies	1,395,526
6400	Miscellaneous Operating Expenses	31,140
6400	Depreciation	78,943
6030	Total Operating Expenses	<u>76,271,729</u>
1200	Operating Income (Loss)	<u>(10,017,240)</u>
	NONOPERATING REVENUES (EXPENSES)	
7955	Investment Income	30,523
8030	Net Loss on Disposal of Capital Assets	(14,880)
7950	Total Net Nonoperating Revenue	<u>15,643</u>
	Income (Loss) before Contributions and Transfers	(10,001,597)
7900	Transfers In	3,000,000
7900	Capital Contributions	<u>590</u>
1300	Change in Net Position	(7,001,007)
0100	Total Net Position - September 1 (Beginning)	<u>18,170,802</u>
3000	Total Net Position - August 31 (Ending)	<u>\$ 11,169,795</u>

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Exhibit D-3

	Governmental Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Receipts from Internal Services Provided	\$ 65,751,899
Cash Payments to Suppliers	(1,366,413)
Cash Payments to Pay Claims	(67,391,316)
Cash Payments for Contracted Services	(7,505,083)
Cash Payments for Insurance Premiums	(1,232,639)
Cash Payments to Employees	(123,536)
Net Cash (Used) by Operating Activities	<u>(11,867,088)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from Other Funds	3,000,000
Net Cash Provided by Noncapital Financing Activities	<u>3,000,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	30,522
Net Cash Provided by Investing Activities	<u>30,522</u>
Net Decrease in Pooled Cash and Cash Equivalents	(8,836,566)
Pooled Cash and Cash Equivalents at Beginning of Year	24,287,776
Pooled Cash and Cash Equivalents at End of Year	<u>\$ 15,451,210</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (10,017,240)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	78,943
Change in Assets and Liabilities:	
(Increase) Decrease in Receivables	(591,100)
(Increase) Decrease in Inventories	29,687
Increase (Decrease) in Accounts Payable	(2,198,767)
Increase (Decrease) in Interfund Payables	88,511
Increase (Decrease) in Accrued Expenses	742,878
Net Cash (Used) by Operating Activities	<u>\$ (11,867,088)</u>
Noncash Investing, Capital, and Financing Activities	
Contributions of Capital Assets from Government	\$ 590
Capital Assets Retired	\$ 14,880

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
AUGUST 31, 2021

Exhibit E-1

Data Control Codes		Custodial Fund
	ASSETS	
1110	Pooled Cash and Cash Equivalents	\$ 1,266,323
1243	Due from Other Governments	<u>30,958</u>
1000	Total Assets	<u><u>1,297,281</u></u>
	LIABILITIES	
2110	Accounts Payable	<u>48,279</u>
2000	Total Liabilities	<u><u>48,279</u></u>
	NET POSITION	
3800	Restricted for student activities	<u>1,249,002</u>
	Total Net Position	<u><u>\$ 1,249,002</u></u>

KATY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Exhibit E-2

<u>Data Control Codes</u>		<u>Custodial Fund</u>
	ADDITIONS	
5700	Revenues from Student and Staff Activities	\$ 961,071
5020	Total Contributions	<u>961,071</u>
5742	Investment Earnings	<u>7,177</u>
5740	Total Additions	<u>968,248</u>
	DEDUCTIONS	
6400	Payments for Student and Staff Activities	<u>1,092,564</u>
	Total Deductions	<u>1,092,564</u>
CN	Change in Net Position	(124,316)
NB	Total Net Position - September 1 (Beginning)	<u>1,373,318</u>
NE	Total Net Position - August 31 (Ending)	<u>\$ 1,249,002</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

B. Government-wide and Fund Financial Statements

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

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

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

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

The Proprietary and Fiduciary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

D. Fund Accounting

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

The District reports the following Governmental Funds:

1. General Fund

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

2. Debt Service Fund

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

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

3. Capital Projects Fund

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

4. Special Revenue Fund

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

Additionally, the District reports the following Proprietary Fund:

5. Internal Service Fund

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

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

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

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

Finally, the District reports the following Fiduciary Fund:

6. Custodial Fund

The Custodial Fund is used to account for activities of student groups. The Custodial Fund accounts for resources held in a custodial capacity by the District and consist of funds that are the property of students and others and cannot be used by the District in operations.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Cash and Cash Equivalents

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

The District's investment pools are valued and reported at amortized cost as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

2. Investments

Investments consist of municipal bonds, treasury coupon securities, and federal agency coupon securities. The District's investments are carried at fair value based on quoted market prices at year-end, in accordance with U.S. generally accepted accounting principles. Investments having a maturity of three months or less when purchased are reported as cash and cash equivalents.

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

3. Short-Term Interfund Receivables/Payables

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

4. Inventories and Prepaid Items

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

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

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets

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

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

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

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

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

Land and construction in progress are not depreciated.

6. Deferred Outflows/Inflows of Resources

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

- Deferred outflows loss on refunding - The loss on refunding bonds is reported in the Government-wide Statement of Net Position in this category and will be amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows related to TRS - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between expected and actual actuarial experiences; 2) changes in actuarial assumptions; 3) net difference between projected and actual earnings on pension plan investments 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.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Deferred Outflows/Inflows of Resources (continued)

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

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

- Deferred inflows gain on refunding - The gain on refunding bonds is reported in the Government-wide Statement of Net Position in this category and will be amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows related to TRS - Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) differences between expected and actual actuarial experiences; and 2) changes in actuarial assumptions. 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) differences between expected and actual actuarial experiences; and 2) changes in actuarial assumptions. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEBs through the OPEB plan.

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

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.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Other Post-Employment Benefits

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

9. Long-Term Obligations

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

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

10. Transactions Between Funds

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

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

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

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, 2021, 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.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Compensated Absences – Accumulated Vacation Pay and Sick Leave (continued)

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

12. Fund Balance Classifications

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

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

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

Committed fund balances are amounts constrained to specific purposes by the District itself, using its highest decision-making authority (the Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level of action to remove or change the constraint. The General Fund has committed \$15,000,000 for financial impacts of the COVID-19 Pandemic and \$5,000,000 for self-insurance purposes. The District has committed the fund balance in the Campus Activity Fund for uses benefitting the respective campuses where the funds were raised.

Assigned fund balances are the amount the District intends to use for a specific purpose. The Board of Trustees delegates the responsibility to assign fund balances to the Superintendent or his designees. The District has assigned fund balances in the General Fund in the amount of \$60,160,195 which is detailed in Note 12.

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

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

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

13. Use of Estimates

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

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

14. Data Control Codes

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

15. Implementation of New Accounting Standards

GASB Statement No. 98, The Annual Comprehensive Financial Report. This statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021 but earlier application is encouraged. The District implemented this statement in fiscal year 2021.

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

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

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

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

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

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

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

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

The Capital Projects Fund budget is prepared on a project basis based on the proceeds available from bond issues and planned expenditures outlined in applicable bond ordinances. Capital Projects Fund equity, which represents unexpended appropriations, is re-appropriated in the subsequent fiscal year's budget until available funds for acquisition and construction of facilities have been utilized. Each major construction contract is approved based on the existing availability of bond proceeds and/or approved but unissued bonds. The non-budgeted Special Revenue programs (primarily federal, state, and local grant programs) utilize a managerial type of 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, 2021, the District did not have any expenditures over appropriations in major funds.

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

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

A. Budgetary Data (continued)

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

	Special Revenue Fund	Unbudgeted Programs	Budgeted Programs
Revenues	\$ 89,833,288	\$ 80,417,355	\$ 9,415,933
Expenditures	89,584,886	81,546,525	8,038,361
Revenues Over (Under) Expenditures	248,402	(1,129,170)	1,377,572
Other Sources (Uses)	(500,000)	(1,455,087)	955,087
Net Change in Fund Balances	(251,598)	(2,584,257)	2,332,659
Fund Balance Beginning	22,549,898	14,516,555	8,033,343
Fund Balance Ending	<u>\$ 22,298,300</u>	<u>\$ 11,932,298</u>	<u>\$ 10,366,002</u>

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

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

Fund	Appropriations as of September 1, 2020 (Original Budget)	Supplemental Appropriations and Revisions	Appropriations as of August 31, 2021 (Amended Budget)
General Fund	\$ 836,419,794	\$ (5,643,369)	\$ 830,776,425
Special Revenue Fund	36,607,380	(28,097,689)	8,509,691
Debt Service Fund	172,650,000	(1,378,645)	171,271,355
Total all Budgeted Funds	<u>\$ 1,045,677,174</u>	<u>\$ (35,119,703)</u>	<u>\$ 1,010,557,471</u>

B. Encumbrances

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

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 4 – DEPOSITS (CASH) AND INVESTMENTS

A. Deposits (Cash)

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

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

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

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

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

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

At August 31, 2021 the carrying amount on the District’s books of combined deposits was \$245,635,422. The difference between the District’s carrying amount and the cash in bank is a result of normal operating timing differences. As of August 31, 2021, 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	\$ 253,082,026	\$ 405,680,401	\$ 500,000	August 31, 2021

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

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

B. Investments

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

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

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

1. Obligations of, or guaranteed by, the U.S. Government and its agencies and instrumentalities as permitted by Government Code 2256.009. This excludes collateralized mortgage obligations. Maximum maturity shall be three years.
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010.
3. Fully Collateralized repurchase agreements as permitted by Government Code 2256.011.
4. A1/P1 Commercial paper as defined by Government Code 2256.013 and not to exceed 270 days to maturity.
5. No-load money market mutual funds as permitted by Government Code 2256.014.
6. Constant dollar public funds investment pools as permitted by Government Codes 2256.016 – 2256.019.

A summary of the District’s cash and investments at August 31, 2021 is shown below.

	Cash on Hand	Bank Deposits	Money Market	Investment Pools	Securities	Total
General	\$ 39,641	\$ 177,184,352	\$ 82,763	\$ 114,728,791	\$ 31,787,411	\$ 323,822,958
Debt Service		1,712,079		61,782,873		63,494,952
Capital Projects		42,904,842		27		42,904,869
Special Revenue Fund	17,292	17,312,886		6,384,124		23,714,302
Total Governmental Funds	56,933	239,114,159	82,763	182,895,815	31,787,411	453,937,081
Internal Service Funds		5,254,940		10,196,270		15,451,210
Total Governmental Activities	56,933	244,369,099	82,763	193,092,085	31,787,411	469,388,291
Fiduciary Fund						
Custodial		1,266,323				1,266,323
Total	\$ 56,933	\$ 245,635,422	\$ 82,763	\$ 193,092,085	\$ 31,787,411	\$ 470,654,614

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

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

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

B. Investments (continued)

The District generally holds all securities to maturity. The District did not purchase any derivative instrument investment products during the current year nor participate in any reverse repurchase agreements or security lending agreements during the fiscal year 2021.

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, 2021:

Investment Type	Fair Value	Percent of Investments	Weighted Avg. Maturity
Money Market	\$ 82,763	0.0%	1 day
Local Government Investment Pools: *			
Lone Star - Public Funds Investment Pool	6,401,706	2.8%	45 days
TexPool - Public Funds Investment Pool	146,950,391	65.3%	30 days
Texas CLASS - Public Funds Investment Pool	39,739,988	17.7%	53 days
Total Local Government Investment Pools	<u>193,092,085</u>		
Federal Agency Coupon Securities	6,806,589	3.0%	748 days
Treasury Coupon Securities	4,531,953	2.0%	988 days
Municipal Bonds	20,448,869	9.1%	434 days
Total Investments	<u><u>\$ 224,962,259</u></u>	<u><u>100.0%</u></u>	

* Per GASB 79, valued at amortized cost.

The value of District portions in TexPool, Texas CLASS, and Lone Star are the same as the value of the Shares. The external pooled funds use amortized cost rather than fair value in their computation of 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 fair value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement, will decline. Market risk is not depicted in this note.

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

The District’s investment policy permits investment pools authorized by government codes 2256.016 – 2256.019 which requires investment pools to be continuously rated no lower than AAA or AAAM or at an equivalent rating by at least one nationally recognized rating service. As of August 31, 2021, the District’s investments, TexPool, Texas CLASS, and Lone Star Public Funds Investment Pools were all rated AAAM.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

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

A. Investments (continued)

Credit Risk Related to Investments (continued)

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

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

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amount. These pools do not impose any liquidity fees or redemption gates. The District's municipal bonds are reported at fair value using Level 2 inputs, which are based on quoted prices for similar assets or liabilities in active markets: quoted prices for identical or similar assets in markets that are not active: and inputs other than quoted prices e.g. interest rates and yield curves. The District's money market, federal agency coupon securities, and treasury coupon securities are reported at fair value using Level 1 inputs, which are based on observable, quoted prices for identical assets or liabilities in active markets. There has been no change in valuation technique for the current year.

Interest Rate Risk

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

As of August 31, 2021, the District's investments included TexPool, Texas CLASS, and Lone Star Public Funds Investment Pools. The investment pools investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

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

Custodial Credit Risk

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

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

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 2020-21 school year were \$0.9988 and \$0.39 respectively per \$100 of assessed valuation. The 2020-21 assessed valuation was \$44,629,636,600 and resulted in a final adjusted tax levy of \$609,982,086.

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, 2021 consisted of the following:

	General Fund	Debt Service Fund	Total
Property Taxes Receivable-Current Year Levy	\$ 3,682,963	\$ 1,438,081	\$ 5,121,044
Property Taxes Receivable-Prior Years' Levies	4,812,168	1,663,168	6,475,336
Total Property Taxes Receivable	<u>8,495,131</u>	<u>3,101,249</u>	<u>11,596,380</u>
Penalty and Interest on Delinquent Property Taxes	4,028,708	1,406,187	5,434,895
Total Property Taxes and Penalty and Interest	<u>12,523,839</u>	<u>4,507,436</u>	<u>17,031,275</u>
Less Allowance for Uncollectible Taxes	3,583,287	1,283,704	4,866,991
Net Property Taxes Receivable	<u>\$ 8,940,552</u>	<u>\$ 3,223,732</u>	<u>\$ 12,164,284</u>

Appraisal District

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code which established an appraisal district and an appraisal review board in each county in the State of Texas. The District has property in Harris, Fort Bend, and Waller Counties. Beginning January 1, 2008, the District contracted with each county for the appraisal of property for all taxing units in the county’s boundaries, including the District. The District paid Harris County Appraisal District, Fort Bend County Appraisal District, and Waller County Appraisal District \$2,556,827, \$1,703,291 and \$350,266 respectively in fiscal 2021 for appraising property.

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

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

Amounts Due To/From Other Funds at August 31, 2021 include the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 24,315,665	\$ 120,621
Debt Service Fund		347,756
Capital Projects Fund	38	6,161,924
Special Revenue Fund	486	17,806,472
Total - Governmental Funds	<u>24,316,189</u>	<u>24,436,773</u>
Internal Service Funds	120,584	
Total - All Funds	<u>\$ 24,436,773</u>	<u>\$ 24,436,773</u>

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

Transfers between funds in fiscal year 2021 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 500,000	\$ 3,000,000
Debt Service Fund	75,838	
Capital Projects Fund		75,838
Special Revenue Fund:		
School Breakfast and National School Lunch Program	955,087	
Summer Food Service Program for Children		955,087
Tax Increment Reinvestment Zone		500,000
Total - Governmental Funds	<u>1,530,925</u>	<u>4,530,925</u>
Internal Service Funds	3,000,000	
Total - All Funds	<u>\$ 4,530,925</u>	<u>\$ 4,530,925</u>

Transfers are used to: 1) move interest revenues from the Capital Projects Fund where they are collected to the Debt Service Fund for payment of principal and interest, 2) transfer funds from Summer Food Service Program for Children to the School Breakfast and National School Lunch Program to close the summer program, 3) provide supplemental funding from the General Fund to the Health Insurance Internal Service Fund and Special Revenue Funds, and 4) to transfer funds from the Special Revenue grant programs to reimburse for prior expenditures originally charged to the General Fund.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 7 – AMOUNTS DUE FROM AND TO OTHER GOVERNMENTS

Receivables Due from Other Governments at August 31, 2021 consisted of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Due from State Agencies:				
State Grant Expenditure Reimbursement	\$ 1,475,754	\$	\$ 21,214,532	\$ 22,690,286
State Summary of Finances	13,268,947			13,268,947
Due from Federal Agencies:				
Federal Grant Expenditure Reimbursement	40,778	103,018		143,796
Due from Local Agencies:				
Local Grant Expenditure Reimbursement			41,772	41,772
Total Due from Other Governments	<u>\$ 14,785,479</u>	<u>\$ 103,018</u>	<u>\$ 21,256,304</u>	<u>\$ 36,144,801</u>

Payables Due to Other Governments at August 31, 2021 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Due to State Agencies:				
State Comptroller	\$	\$	\$ 171	\$ 171
Texas Education Agency		242,978		242,978
Due to Federal Agencies:				
Federal Emergency Management Agency	1,455			1,455
Due to Local Agencies:				
Katy Development Authority	4,346,913			4,346,913
	<u>\$ 4,348,368</u>	<u>\$ 242,978</u>	<u>\$ 171</u>	<u>\$ 4,591,517</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the governmental activities of the District for the year ended August 31, 2021 is as follows:

	Balance September 1, 2020	Additions	Retirements and Transfers	Balance August 31, 2021
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$ 95,017,037	\$ 146,991	\$	\$ 95,164,028
Construction in Progress	33,701,043	76,766,536	(90,508,562)	19,959,017
Total Capital Assets, not being Depreciated	<u>128,718,080</u>	<u>76,913,527</u>	<u>(90,508,562)</u>	<u>115,123,045</u>
Capital Assets being Depreciated:				
Buildings and Improvements	2,468,059,608	11,462,349	81,957,273	2,561,479,230
Furniture and Equipment	217,734,573	25,274,363	(6,166,114)	236,842,822
Vehicles	68,932,121	1,423,289	(4,542,706)	65,812,704
Library Books and Media	5,005,438	375,712	(472,828)	4,908,322
Total Capital Assets, being Depreciated at Historical Cost	<u>2,759,731,740</u>	<u>38,535,713</u>	<u>70,775,625</u>	<u>2,869,043,078</u>
Total Capital Assets	<u>2,888,449,820</u>	<u>115,449,240</u>	<u>(19,732,937)</u>	<u>2,984,166,123</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	(585,898,667)	(63,316,578)	6,023,375	(643,191,870)
Furniture and Equipment	(101,216,824)	(23,687,065)	5,783,870	(119,120,019)
Vehicles	(30,759,383)	(4,296,219)	3,905,093	(31,150,509)
Library Books and Media	(2,407,905)	(646,858)	476,535	(2,578,228)
Total Accumulated Depreciation	<u>(720,282,779)</u>	<u>(91,946,720)</u>	<u>16,188,873</u>	<u>(796,040,626)</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 2,168,167,041</u>	<u>\$ 23,502,520</u>	<u>\$ (3,544,064)</u>	<u>\$ 2,188,125,497</u>

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

	Balance September 1, 2020	Additions	Retirements and Transfers	Balance August 31, 2021
Capital Lease Assets				
Buildings and Improvements	\$ 24,625,372	\$	\$	\$ 24,625,372
Furniture and Equipment	327,025			327,025
Total Capital Lease Assets	<u>24,952,397</u>			<u>24,952,397</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	(7,543,721)	(505,216)	(37,979)	(8,086,916)
Furniture and Equipment	(263,028)	(5,459)		(268,487)
Total Accumulated Depreciation	<u>(7,806,749)</u>	<u>(510,675)</u>	<u>(37,979)</u>	<u>(8,355,403)</u>
Capital Leases, Net	<u>\$ 17,145,648</u>	<u>\$ (510,675)</u>	<u>\$ (37,979)</u>	<u>\$ 16,596,994</u>

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 – CAPITAL ASSETS (continued)

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

Governmental Activities Depreciation Expense:	
Instruction	\$ 46,197,273
Instructional Resources and Media Services	2,564,002
Curriculum and Instructional Staff Development	513,092
Instructional Leadership	425,978
School Leadership	2,344,483
Guidance, Counseling, and Evaluation Services	586,302
Health Services	320,733
Student Transportation	5,310,088
Food Service	4,795,684
Extracurricular Activities	12,270,995
General Administration	2,810,347
Facilities Maintenance and Operations	12,829,090
Security and Monitoring Services	438,473
Data Processing Services	540,180
Total Depreciation Expense Governmental Activities	<u>\$ 91,946,720</u>

Construction in progress and remaining commitments under related construction contracts at August 31, 2021 are as follows:

Construction in Progress:

<u>Project</u>	<u>Contract Expenditures</u>	<u>Other Project Costs</u>	<u>Construction in Progress</u>
Elementary #44	\$ 5,372,768	\$ 144,889	\$ 5,517,657
Elementary #45	69,105		69,105
Junior High #18	475,674	5,933	481,607
High School #10	1,825,226	1,447,165	3,272,391
Katy Elementary Renovation	244,595	54,000	298,595
Winborn Elementary Renovation	26,933	230	27,163
Raines Academy Expansion	6,759,484	1,644,695	8,404,179
Northwest Transportation Center	303,913		303,913
Building Controls Upgrades	1,183,300	401,107	1,584,407
	<u>\$ 16,260,998</u>	<u>\$ 3,698,019</u>	<u>\$ 19,959,017</u>

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 8 – CAPITAL ASSETS (continued)

Contract and related commitments:

Project	Authorized Contract	Contract Expenditures	Remaining Commitment
Elementary #44	\$ 32,186,358	\$ 5,372,768	\$ 26,813,590
Elementary #45	348,552	69,105	279,447
Junior High #18	2,061,793	475,674	1,586,119
High School #10	7,936,965	1,825,226	6,111,739
Katy Elementary Renovation	1,407,000	244,595	1,162,405
Winborn Elementary Renovation	1,097,300	26,933	1,070,367
Raines Academy Expansion	12,505,141	6,759,484	5,745,657
Northwest Transportation Center	1,518,690	303,913	1,214,777
Building Controls Upgrades	1,809,000	1,183,300	625,700
	\$ 60,870,799	\$ 16,260,998	\$ 44,609,801

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 as of August 31, 2021, the District has \$40,000,000 of authorized but unissued bonds remaining from this authorization. In May 2021 voters authorized \$676,225,000 of General Obligation Bonds, and as of August 31, 2021, the District had not yet issued any bonds from this authorization.

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

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 9 – LONG-TERM DEBT (continued)

Changes in Long-Term Debt

A summary of long-term debt transactions of the District for the year ended August 31, 2021 is as follows:

	<u>Balance at September 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at August 31, 2021</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 1,888,460,000	\$ 101,000,000	\$ 190,250,000	\$ 1,799,210,000	\$ 56,665,000
Capital Appreciation Bonds	246,959	5,904,919	4,271,648	1,880,230	1,603,863
Accreted Interest on Capital Appreciation Bonds	93,522	95,418	74,382	114,558	114,558
Imputed Borrowing	20,645,132		20,645,132		
Bond Issuance Premiums	209,705,933	16,440,336	11,742,195	214,404,074	
Capital Appreciation Bond Issuance Premiums	5,901,476	13,391,644	3,973,749	15,319,371	
Total Bonds Payable	<u>2,125,053,022</u>	<u>136,832,317</u>	<u>230,957,106</u>	<u>2,030,928,233</u>	<u>58,383,421</u>
Capital Leases	7,455,000		1,405,000	6,050,000	1,445,000
Compensated Absences	33,037,942		1,581,788	31,456,154	925,367
Total	<u>\$ 2,165,545,964</u>	<u>\$ 136,832,317</u>	<u>\$ 233,943,894</u>	<u>\$ 2,068,434,387</u>	<u>\$ 60,753,788</u>

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

Outstanding bonded debt at August 31, 2021 consisted of the following:

<u>Issue</u>	<u>Series Description</u>	<u>Interest Rate</u>	<u>Matures</u>	<u>Debt Outstanding</u>
\$ 147,680,000	2012-A Unlimited Tax School Building & Refunding Bonds	4.00-5.00	2022	\$ 6,130,000
103,000,000	2013 Unlimited Tax School Building Bonds	5.00	2024	6,125,000
133,970,000	2014-A Unlimited Tax Refunding Bonds	3.00-5.00	2036	106,630,000
18,150,000	2014-B Limited Tax Refunding Bonds	3.00-5.00	2028	10,715,000
155,310,000	2015-A Unlimited Tax School Building Bonds	3.00-5.00	2045	133,250,000
52,955,000	2015-B Unlimited Tax Refunding Bonds	4.00-5.00	2037	52,245,000
245,095,000	2016-A Unlimited Tax School Building Bonds	4.00-5.00	2046	224,785,000
23,515,000	2016-B Unlimited Tax Refunding Bonds	3.00-5.00	2038	23,065,000
11,510,000	2016-C Limited Tax Refunding Bonds	5.00	2024	1,130,000
152,315,000	2016-D Unlimited Tax Refunding Bonds	3.00-5.00	2032	123,935,000
261,640,000	2017 Unlimited Tax School Building Bonds	4.00-5.00	2047	235,725,000
186,225,000	2018 Unlimited Tax School Building Bonds	3.00-5.00	2048	173,005,000
190,695,000	2019 Unlimited Tax School Building Bonds	4.00-5.00	2049	173,670,000
169,169,942	2019-A Unlimited Tax Refunding Bonds, Taxable Series	1.867-4.00	2043	166,570,631
135,490,000	2019-B Unlimited Tax Refunding Bonds	4.00-5.00	2041	130,950,000
141,240,000	2020 Unlimited Tax School Building Bonds	3.00-5.00	2045	130,305,000
169,169,942	2021-A Unlimited Tax Refunding Bonds	0.20-5.00	2036	75,949,599
135,490,000	2021-B Unlimited Tax Refunding Bonds, Taxable Series	1.906-3.00	2036	26,905,000
	Total Bonded Debt			<u>1,801,090,230</u>
	Plus Accreted Interest on CABs			114,558
	Plus Unamortized Premiums			229,723,445
	Total Bonds Payable			<u>2,030,928,233</u>
	Less Amounts Due Within One Year			<u>(58,383,421)</u>
	Total Bonded Debt Long-Term			<u>\$ 1,972,544,812</u>

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 9 – LONG-TERM DEBT (continued)

Annual requirements to amortize all bonded long-term debt outstanding (including accretion) as of August 31, 2021 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 58,268,863	\$ 82,306,820	\$ 140,575,683
2023	57,949,907	77,749,436	135,699,343
2024	66,226,460	75,051,806	141,278,266
2025	65,225,000	67,327,137	132,552,137
2026	66,105,000	64,230,545	130,335,545
2027	69,075,000	60,981,870	130,056,870
2028	72,420,000	57,588,195	130,008,195
2029	73,035,000	54,286,920	127,321,920
2030	73,865,000	51,062,983	124,927,983
2031	72,340,000	47,827,816	120,167,816
2032	72,980,000	44,769,812	117,749,812
2033	68,670,000	41,937,346	110,607,346
2034	71,390,000	39,218,221	110,608,221
2035	74,110,000	36,499,989	110,609,989
2036	76,980,000	33,627,817	110,607,817
2037	69,130,000	30,693,678	99,823,678
2038	68,410,000	27,794,298	96,204,298
2039	67,935,000	24,815,588	92,750,588
2040	70,995,000	21,751,959	92,746,959
2041	73,825,000	18,604,132	92,429,132
2042	71,160,000	15,499,753	86,659,753
2043	67,170,000	12,553,771	79,723,771
2044	70,020,000	9,689,150	79,709,150
2045	72,970,000	6,739,075	79,709,075
2046	51,700,000	4,199,400	55,899,400
2047	41,185,000	2,341,700	43,526,700
2048	26,495,000	988,100	27,483,100
2049	11,455,000	229,100	11,684,100
	<u>1,801,090,230</u>	<u>1,010,366,417</u>	<u>2,811,456,647</u>
Less: Current Portion	58,268,863	82,306,820	140,575,683
Long Term Debt	<u>\$ 1,742,821,367</u>	<u>\$ 928,059,597</u>	<u>\$ 2,670,880,964</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 9 – LONG-TERM DEBT (continued)

Interest Rate Swap Agreements

Variable Interest Rate Bonds Synthetic Fixed Rate Swaps

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

In July 2012, the District refunded the 2004-C Bonds with the \$115,000,000 Variable Rate Unlimited Tax Refunding Bonds, Series 2012-C ("2012-C Bonds"). The 2012-C Bonds were then refunded in March 2015 with the \$115,000,000 Variable Rate Unlimited Tax Refunding Bonds, Series 2015-C ("2015-C Bonds"). In August 2019, the District converted the \$112,500,000 outstanding balance of the 2015-C Bonds from the Initial Rate Period to a LIBOR Index Rate Period for a period from August 15, 2019, through August 15, 2021, to continue to mitigate bank risk, maintain the effectiveness of the hedging instrument, and lower borrowing costs.

Current Year Refunding and Swap Termination

The District simultaneously executed two refunding bond issues: 1) Unlimited Tax Refunding Bonds, Series 2021-A, and 2) Unlimited Tax Refunding Bonds, Taxable Series 2021-B, both of which settled on July 14, 2021.

The Series 2021-A issuance refunded the \$107,950,000 of outstanding principal (2021 thru 2036 maturities) from the District's Variable Rate Unlimited Tax Refunding Bonds, Series 2015-C. The Series 2021-A refunding resulted in total debt service savings of \$32,302,333 and an economic gain of \$28,031,050. The Taxable Series 2021-B funded the swap termination payments that totaled \$28,092,000. The Series 2021-A debt service savings was greater than the Taxable Series 2021-B total principal plus interest which resulted in a savings to the District of \$32,986 and an economic gain of \$29,522.

In the aggregate, the Series 2021-A and Taxable Series 2021-B refunding bond issues achieved a debt service savings and economic gain that allowed for the District to terminate their two swap agreements with counterparties JP Morgan Chase Bank, N.A. and Bank of America, N.A.

The Series 2021-A bonds have an average interest rate of 3.64%, while the Series 2021-B bonds have an average interest rate of 2.46%. The refunded Series 2015-C bonds were paying variable rate interest based on 67% of the one-month London Interbank Offered Rate (LIBOR) Index. Under the terms of the swaps, the District was paying a fixed rate of 3.92% and receiving a floating rate equal to 67% of the one-month LIBOR Index. The deferred charge on the Series 2021-A and Series 2021-B refunding bonds were \$38,148 and \$28,092,000, respectively, and both are being amortized over fifteen years.

Accreted Interest on Capital Appreciation Bonds

A portion of the Series 2019-A and 2021-A bonds were capital appreciation bonds. At August 31, 2021, these obligations had an original principal value of \$1,880,230 and a maturity value of \$17,415,000. The interest on these obligations will be paid upon maturity in the fiscal years ending August 31, 2022, through August 31, 2024, and interest rates on these bonds range from 0.200% to 1.988%. The accreted value of these bonds at August 31, 2021 is \$17,199,600 including accreted interest on these bonds of \$114,558, which is reflected in the accompanying general long-term debt accounts.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 9 – LONG-TERM DEBT (continued)

Current Year Cash Defeasance and Prior Year Advanced Refunding of General Long-Term Debt

In February 2021 the District defeased \$12,165,000 of outstanding bonds consisting of \$7,125,000 of the Series 2012-A Unlimited Tax School Building and Refunding Bonds and \$5,040,000 of the Series 2013 Unlimited Tax School Building Bonds. The 2012-A Bonds were scheduled to mature in fiscal year ending 2022 and the Series 2013 Bonds were scheduled to mature in fiscal year ending 2023. District cash was deposited into an irrevocable trust to provide for all future debt service payments on the old bonds.

The District had also defeased certain outstanding School Building and Refunding Bonds in prior years by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds.

The respective trust account assets and the liability for the defeased bonds are not included in the District's Financial Statements. At August 31, 2021, approximately \$181.3 million of previously refunded bonds outstanding are considered defeased.

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, 2021 were \$24,952,397. Of that amount \$24,625,372 is classified as Buildings and Improvements and \$327,025 as Furniture and Equipment.

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

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

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

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

Capital Lease Arrangement (continued)

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

Significant aspects of the bonds/capital lease obligation of the District as of August 31, 2021 are shown below:

<u>Series</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Maturity Date Serially, Beginning/Ending</u>	<u>Interest Payment Dates</u>	<u>Callable Dates</u>
2012	\$ 6,050,000	2.88%	5/15/22 to 5/15/25	May 15/November 15	2020*

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

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

<u>Fiscal Year Ended August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
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	6,050,000	442,080	6,492,080
Less: Current Portion	1,445,000	174,240	1,619,240
Long Term Lease	\$ 4,605,000	\$ 267,840	\$ 4,872,840

The average annual debt service on the bonds is \$1,623,020 through maturity. The maximum annual debt service on the bonds is \$1,625,504 through maturity.

Through the fiscal year ended August 31, 2021, the District has paid \$58,262,690 in collected tax increments and state revenues to the KDA. The District will pay additional tax increments of \$2,663,618 collected in fiscal 2020-21 and state revenues of \$1,683,295 to the KDA in fiscal 2021-22, and these amounts have been included as a liability in these financial statements. The District estimates that it will collect an additional \$5,267,674 in tax increments and state revenues in fiscal 2021-22 to be paid to the KDA in the 2022-23 fiscal year. The tax increment base value is \$4,397,510 and the certified taxable value before the increment in the Zone for the 2021 tax year is \$362,351,905. The District has received \$21,665,407 in tax collections in excess of bond payment requirements and related expenses. These proceeds have been placed in a special revenue fund to be used within the TIRZ at the discretion of the District.

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

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

Other Significant Information

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

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

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

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

NOTE 11 – UNEARNED REVENUES AND DEFERRED INFLOWS OF RESOURCES

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Government funds also record unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue at August 31, 2021 reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Deferred Inflows of Resources		
Net Property Taxes Receivable (General Fund)	\$ 8,940,552	\$
Net Property Taxes Receivable (Debt Service Fund)	3,223,732	
Unearned Revenue		
Proceeds-Expenditure Driven State Grants (Special Revenue Fund)		1,080,986
Revenues and Inventory Received Prior to Meeting all Expenditure Requirements (General Fund)		188,939
Total	<u>\$ 12,164,284</u>	<u>\$ 1,269,925</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 12 – FUND EQUITY

Nonspendable, Restricted, Committed and Assigned Fund Balance

A summary of nonspendable, restricted, committed and assigned fund balance at August 31, 2021 is as follows:

Fund Balances:	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>
Nonspendable:				
Inventory	\$ 1,831,920	\$	\$	\$ 318,344
Prepaid Items	1,123,486			500
Total Nonspendable	<u>\$ 2,955,406</u>	<u>\$</u>	<u>\$</u>	<u>\$ 318,844</u>
Restricted for:				
Long-Term Debt	\$	\$ 62,901,768	\$	\$
Capital Acquisitions and Contracts			16,032,171	
Food Services				10,047,658
Tax Increment Reinvestment Zone				3,280,188
Other Grant Programs				803,765
Total Restricted	<u>\$</u>	<u>\$ 62,901,768</u>	<u>\$ 16,032,171</u>	<u>\$ 14,131,611</u>
Committed to:				
Self Funded Insurance	\$ 5,000,000	\$	\$	\$
COVID-19 Pandemic Financial Impacts	15,000,000			
Campus Activity Funds				7,847,845
Total Committed	<u>\$ 20,000,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 7,847,845</u>
Assigned to:				
Maintain Debt Service Rate	\$ 4,800,000	\$	\$	\$
Maintain Compensation Plan	15,000,000			
Opening Additional Schools	2,953,626			
Maintain Services after ESSER Grant	5,000,000			
Maintain Technology Retrofit Schedule	15,000,000			
Capital/Technology Expenditures and Inflation	10,000,000			
Address Current/Future Legislative Impacts	5,000,000			
Other Assignments-Encumbrances	2,406,569			
Total Assigned	<u>\$ 60,160,195</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTE 13 – NET INVESTMENT IN CAPITAL ASSETS

The net investment in capital assets at August 31, 2021, consists of the following:

Governmental activities capital assets, net of accumulated depreciation	\$ 2,188,125,497
Capital related debt:	
Bonds payable (note 9, less accreted interest)	(2,030,813,675)
Capital lease payable	(6,050,000)
Net deferred gains/loss on refunding	42,818,309
Unspent bond proceeds	16,032,171
Capital related accounts and retainage payable	(1,217,142)
Net Investment in Capital Assets	<u>\$ 208,895,160</u>

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 14 – REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Property Taxes	\$ 435,356,156	\$ 169,935,337	\$	\$	\$ 605,291,493
Penalties, Interest, and Other Tax Related Income	2,318,927	872,342			3,191,269
Summer School, Tuition and Fees	3,066,815				3,066,815
Investment Income	1,331,365	106,934	75,838	49,510	1,563,647
Food Sales				3,376,296	3,376,296
Facility Rental	1,963,617				1,963,617
Co-curricular Student Activities	2,115,098				2,115,098
Other	2,937,440			12,921,575	15,859,015
Total	<u>\$ 449,089,418</u>	<u>\$ 170,914,613</u>	<u>\$ 75,838</u>	<u>\$ 16,347,381</u>	<u>\$ 636,427,250</u>

NOTE 15 – 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, 2021, follows:

<u>Program or Source</u>	<u>ALN Number</u>	<u>Amount</u>
Naval Junior Reserve Officers Training Program	n/a	\$ 79,663
Federal Flood Control Funds	12.112	1
SHARS	93.778	7,995,733
E-Rate School and Libraries Universal Support	n/a	40,778
COVID Relief Fund passed through Fort Bend County for reimbursement of expenditures from prior fiscal year	21.019	115,232
COVID Relief Fund passed through Texas Department of Emergency Management for reimbursement of expenditures from prior fiscal year	21.019	480,853
ESSER I Prior Purchase Reimbursement Program pre-award costs of expenditures from prior fiscal year	84.425D	1,745,933
Immediate Aid to Restart School Operations	84.938A	24,001
Indirect Costs		
National School Breakfast Program	10.553	67,618
National School Lunch Program	10.555	412,129
Summer Food Service Program	10.559	1,765,011
ESEA Title I, Part A - Improving Basic Programs	84.010A	235,424
IDEA Part B - Formula	84.027A	386,575
IDEA Part B - Preschool	84.173A	4,757
IDEA Part B - Discretionary	84.027A	6,262
Texas Education for Homeless Children & Youth	84.196A	2,579
Carl D. Perkins Basic Grant	84.048A	15,437
ESEA Title II, Part A - Supporting Effective Instruction	84.367A	20,333
ESEA Title III, Part A	84.365A	72,801
Title IV, Part A, Subpart 1, Student Support	84.424A	6,158
Early Childhood Intervention	Various	48,219
ESSER I Cares Act	84.425D	677,396
Immediate Aid to Restart School Operations	84.938A	834
IDEA Part C - Deaf	84.181A	122
Total		<u>\$ 14,203,849</u>

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 16 – 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 Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

Benefit Provisions

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

Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

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

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 16 – RETIREMENT PLAN (continued)

Contributions (continued)

<u>Contribution Rates</u>	<u>2020</u>	<u>2021</u>
Member (Employee)	7.7%	7.7%
Non-employer contributing agency (State)	7.5%	7.5%
District (Employer)	7.5%	7.5%

	<u>Measurement Year 2020</u>	<u>Fiscal Year 2021</u>
	<u>Contributions Required and Made</u>	<u>Pension Expense</u>
Member (Employee)	\$ 44,916,226	\$ 46,727,516
Non-employer contributing agency (State)	31,980,155	33,476,473
District (Employer)	18,473,081	20,198,052

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- 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.

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 16 – RETIREMENT PLANS (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2019, actuarial valuation rolled forward to August 31, 2020 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate	2.33% *
Last year ending August 31 in projection period (100 years)	2119
Inflation	2.3%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

* As of August 2020, the source of this rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 14, 2019.

Discount Rate

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

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

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 16 – RETIREMENT PLAN (continued)

Discount Rate (continued)

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020, are summarized below:

Asset Class	Target Allocation *	Long-Term Expected Arithmetic Real Rate of Return **	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0 %	3.9 %	0.99 %
Non-U.S. Developed	13.0	5.1	0.93
Emerging Markets	9.0	5.6	0.83
Private Equity	14.0	6.7	1.41
Stable Value			
Government Bonds	16.0	(0.7)	(0.05)
Stable Value Hedge Funds	5.0	1.9	0.11
Real Return			
Real Estate	15.0	4.6	1.01
Energy, Natural Resources	6.0	6.0	0.42
Risk Parity			
Risk Parity	8.0	3.0	0.30
Leverage			
Cash	2.0	(1.5)	(0.03)
Asset Allocation Leverage	(6.0)	(1.3)	0.08
Inflation Expectation			2.00
Volatility Drag ***			(0.67)
Total	100.0 %	33.3 %	7.33 %

* Target allocations are based on FY2020 policy model.

** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

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

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
District's proportional share of the net pension liability	\$ 370,057,093	\$ 239,987,931	\$ 134,309,584

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 16 – RETIREMENT PLAN (continued)

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

At August 31, 2021, the District reported a liability of \$239,987,931 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	\$ 239,987,931
State's proportionate share that is associated with the District	<u>415,119,555</u>
Total	<u><u>\$ 655,107,486</u></u>

The net pension liability was measured as of August 31, 2019, and rolled forward to August 31, 2020, 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, 2019, thru August 31, 2020.

At August 31, 2020, the employer’s proportion of the collective net pension liability was 0.44809% which was an increase of 0.01757% from its proportion measured as of August 31, 2019.

Changes since the Prior Actuarial Valuation –There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2021, the District recognized pension expense of \$43,054,522 and revenue of \$49,929,665 for support provided by the State.

At August 31, 2021, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 438,199	\$ (6,697,426)
Changes of assumptions	55,685,738	(23,677,188)
Net difference between projected and actual earnings on pension plan investments	4,858,349	
Changes in proportion and differences between District contributions and proportionate share of contributions	20,344,209	
District contributions subsequent to the measurement date	<u>20,198,052</u>	
Total	<u><u>\$ 101,524,547</u></u>	<u><u>\$ (30,374,614)</u></u>

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 16 – RETIREMENT PLAN (continued)

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

The \$20,198,052 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, 2022. 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:

<u>Year ending August 31,</u>	<u>Amount</u>
2022	\$ 14,678,662
2023	16,161,407
2024	14,947,623
2025	5,966,729
2026	(1,109,822)
Thereafter	307,282
	<u>\$ 50,951,881</u>

NOTE 17 – 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 TRS-Care program was established in 1986 by the Texas Legislature

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code, Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

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

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents not enrolled in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 17 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Retiree Health Plan (continued)

Benefits Provided (continued)

The premium rates for retirees are reflected in the following table.

TRS-Care Plan Monthly Premium Rates				
Effective January 1, 2020 - December 31, 2020				
	<u>Medicare</u>		<u>Non-Medicare</u>	
Retiree or Surviving Spouse	\$	135	\$	200
Retiree and Spouse		529		689
Retiree or Surviving Spouse and Children		468		408
Retiree and Family		1,020		999

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% 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 school. 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.

<u>Contribution Rates</u>	<u>2020</u>	<u>2021</u>
Active Employee	0.65%	0.65%
Non-employer contributing agency (State)	1.25%	1.25%
District (Employer)	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%

	<u>Measurement Year 2020</u>		<u>Fiscal Year 2021</u>
	<u>Contributions</u>		
	<u>Required and</u>	<u>OPEB</u>	<u>TRS</u>
	<u>Made</u>	<u>Expense</u>	<u>Contributions</u>
Active Employee	\$ 3,791,637	\$	\$ 4,002,901
Non-employer contributing agency (State)	6,253,927	(2,171,905)	10,078,981
District (Employer)	4,650,683	(15,581,651)	4,942,639

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 17 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Retiree Health Plan (continued)

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020.

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019, TRS pension actuarial valuation that was rolled forward to August 31, 2020: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Salary Increases.

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

Health Care Trend Rates - The initial medical trend rates were 9.00 percent for Medicare retirees and 7.30 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years.

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability	
Valuation Date	August 31, 2019, rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% *
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

*As of August 2020, the source of this rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 17 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Retiree Health Plan (continued)

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of .30% 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 used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability:

	Discount Rate		
	1% Decrease 1.33%	Current Rate 2.33%	1% Increase 3.33%
District's proportional share of the net OPEB liability	\$ 279,327,299	\$ 232,773,193	\$ 196,002,131

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

At August 31, 2021, the District reported a liability of \$232,773,193 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	\$ 232,773,193
State's proportionate share that is associated with the District	312,791,374
Total	<u>\$ 545,564,567</u>

The Net OPEB Liability was measured as of August 31, 2019, and rolled forward to August 31, 2020, 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, 2019, thru August 31, 2020.

At August 31, 2021 the employer’s proportion of the collective Net OPEB Liability was 0.6123% which was an increase of 0.0177% from its proportion measured as of August 31, 2020.

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 17 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Retiree Health Plan (continued)

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

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

	Discount Rate		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 190,145,876	\$ 232,773,193	\$ 289,546,755

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

- The discount rate changed from 2.63% as of August 31, 2019, to 2.33% as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB Liability.
- The ultimate health care trend rate assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2021, the District recognized OPEB expense of \$43,054,522 and revenue of (\$2,171,905) for support provided by the State.

At August 31, 2021, 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	\$ 12,187,912	\$ (106,528,915)
Changes of assumptions	14,357,266	(63,920,722)
Net difference between projected and actual earnings on OPEB investments	75,643	
Changes in proportion and differences between District contributions and proportionate share of contributions	32,591,838	
District contributions subsequent to the measurement date	4,942,639	
Total	<u>\$ 64,155,298</u>	<u>\$ (170,449,637)</u>

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 17 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Retiree Health Plan (continued)

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

The \$4,942,639 reported as deferred outflows of resources related to TRS-Care resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2021. The net amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending August 31,</u>	<u>Amount</u>
2022	\$ (19,083,697)
2023	(19,093,809)
2024	(19,099,593)
2025	(19,098,009)
2026	(12,880,530)
Thereafter	(21,981,340)
	<u>\$ (111,236,978)</u>

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on-behalf of the District were \$2,728,441, \$2,781,166, and \$1,952,177, 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 2021, \$791,427 was disbursed to 135 members. No assets are being held or accumulated for future distribution. The District has accrued \$31,456,154 in the Government-wide Financial Statements to pay for compensated absences.

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 18 – RISK MANAGEMENT

The District is exposed to various risks related to torts: theft of, damage to and destruction of assets, errors and omissions, natural disasters, health and welfare of employees for which the District carries commercial insurance or self-insures.

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

The District purchases commercial insurance for property loss with limits of \$250 million and \$50 million for named windstorms. The policy covers up to \$50 million per year for flood losses. In addition, the policy covers \$5 million for the one property currently in a flood plain. Casualty risks are insured by a risk pool through an Interlocal agreement with Texas Association of School Boards (TASB), with limits of \$1 million per occurrence and \$3 million aggregate for commercial general liability and a \$0.5 million combined single limit automobile policy. Professional liability risks are insured with limits of \$1 million. Within these policy limits, the District's exposure is limited to deductibles.

In addition to purchasing insurance for property, casualty, and liability risks, the District is a member of the Texas Association of School Boards Property/Casualty Joint Account, a public entity risk pool. The District uses the risk pool for its unemployment insurance coverage. The District's participation in the risk pool is limited to payment premiums for its unemployment coverage. The risk pool is fully funded through annual premiums, and excess loss policies are purchased by the pool as considered necessary.

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

A presidential declaration made federal assistance available including direct federal assistance under the Public Assistance Program. The District utilized its general fund balance to initially cover Hurricane Harvey related expenses received reimbursement from the Federal Emergency Management Agency (FEMA) for eligible disaster-related expenses. The District recognized federal revenue of \$4,636,413 in funds received from FEMA and \$25,000,000 in insurance proceeds during 2017-2018, 2018-2019, and 2019-2020 fiscal years.

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

Health Insurance

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

An accrual for incurred but not reported claims in the amount of \$5.3 million has been recorded in the fund as of August 31, 2021. Claims payable, including an estimate of claims incurred but not reported, was actuarially determined based on an estimate of the remaining liability of known claims.

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 18 – RISK MANAGEMENT (continued)

Health Insurance (continued)

At August 31, 2021, the fund had net position of \$9,763,217. 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, 2021 and 2020 are as follows:

	Health Insurance	
	2021	2020
Beginning Accrual	\$ 5,393,000	\$ 5,050,000
Current Estimates	66,305,938	57,174,288
Payments for Claims	<u>(66,382,938)</u>	<u>(56,831,288)</u>
Ending Accrual	<u>\$ 5,316,000</u>	<u>\$ 5,393,000</u>

Workers' Compensation

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

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

Workers' Compensation liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but were not reported until after August 31, 2021. 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 2021 compared to 2020 are as follows:

	Workers' Compensation	
	2021	2020
Beginning Accrual	\$ 511,751	\$ 1,198,501
Current Estimates	1,828,256	327,461
Payments for Claims	<u>(1,008,378)</u>	<u>(1,014,211)</u>
Ending Accrual	<u>\$ 1,331,629</u>	<u>\$ 511,751</u>

At August 31, 2021, the District had \$2.5 million in cash available for payment of Workers' Compensation claims. The District has also purchased an excess Workers' Compensation policy for coverage relating to excessive Workers' Compensation claims. The District has a \$550,000 Self-Insured Retention (SIR) per any one occurrence. The policy has an obligation to pay all costs required by the Texas Workers' Compensation Act in excess of the District's SIR for each workers' compensation occurrence.

KATY INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

NOTE 19 – 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, 2021. Based on arbitrage calculations as of August 31, 2021 there was no arbitrage liability.

NOTE 20 – 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, 2021, of the SSA are summarized below:

	<u>Katy ISD</u>	<u>Bellville ISD</u>	<u>Brazos ISD</u>	<u>Royal ISD</u>	<u>Sealy ISD</u>
IDEA-B Discretionary, Deaf	\$ 158,829	\$ 5,673	\$ 1,891	\$ 13,236	\$ 7,563
IDEA-C Early Intervention	2,958	106	35	246	141
Regional Day School For the Deaf	582,289	20,796	6,932	48,524	27,728
Local Share, Deaf	744,261	26,502	8,834	61,839	35,337
	<u>\$ 1,488,337</u>	<u>\$ 53,077</u>	<u>\$ 17,692</u>	<u>\$ 123,845</u>	<u>\$ 70,769</u>

NOTE 21 – 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 22 – SUBSEQUENT EVENTS

Bond Sales

In September 2021 the District issued \$38,915,000 in Variable Rate Unlimited Tax School Building Bonds, Series 2021-C. The bonds have an average coupon interest rate of 1.50% and were issued as the final sale of the \$609,200,000 authorization approved in 2017.

Also in December 2021, the District issued \$134,815,000 in Unlimited Tax School Building Bonds, Series 2021-D. The bonds have an average coupon interest rate of 3.14% and were issued as the first sale of the \$676,225,000 authorization approved in May of 2021.

COVID-19 Pandemic

The full extent of the ongoing impact of COVID-19 on the District’s 2021-22 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

Required Supplementary Information



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KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ORIGINAL BUDGET, AMENDED FINAL, AND ACTUAL - GENERAL FUND
YEAR ENDED AUGUST 31, 2021
 With comparative actual balances for the Year Ended August 31, 2020

Data Control Codes		2021	
		Budgeted Amounts	
		Original	Final
REVENUES			
5700	Local, Intermediate, and Out-of-State	\$ 449,171,821	\$ 448,615,684
5800	State Program Revenues	380,730,389	349,287,497
5900	Federal Program Revenues	9,608,187	14,009,618
5020	Total Revenues	839,510,397	811,912,799
EXPENDITURES			
Current:			
0011	Instruction	542,005,395	522,430,271
0012	Instructional Resources and Media Services	9,071,541	9,354,058
0013	Curriculum and Instructional Staff Development	11,857,960	11,676,769
0021	Instructional Leadership	6,708,911	6,913,631
0023	School Leadership	46,378,041	47,533,204
0031	Guidance, Counseling, and Evaluation Services	41,031,235	40,063,882
0032	Social Work	415,856	554,015
0033	Health Services	9,248,451	9,401,211
0034	Student Transportation	23,097,560	21,810,682
0036	Extracurricular Activities	17,072,204	18,280,554
0041	General Administration	15,012,340	15,201,952
0051	Facilities Maintenance and Operations	75,143,241	85,966,677
0052	Security and Monitoring Services	10,857,520	10,781,604
0053	Data Processing Services	15,810,630	16,470,559
0061	Community Services	329,699	302,064
0081	Facilities Acquisition and Construction	1,026,537	3,042,619
0093	Payments to Fiscal Agents SSA	921,236	921,236
0095	Payments to JJAEP	123,577	123,577
0097	Payments to Tax Increment Reinvestment Zone	5,119,860	5,264,860
0099	Other Intergovernmental Charges	5,188,000	4,683,000
6030	Total Expenditures	836,419,794	830,776,425
1100	Excess (Deficiency) of Revenues Over Expenditures	3,090,603	(18,863,626)
OTHER FINANCING SOURCES/(USES)			
7912	Sales of Real and Personal Property		182,703
7915	Transfers In	500,000	500,000
8911	Transfers Out	(3,000,000)	(3,000,000)
7080	Total Other Financing Sources/(Uses)	(2,500,000)	(2,317,297)
1200	Net Change in Fund Balances	590,603	(21,180,923)
0100	Fund Balances - Beginning	295,443,119	295,443,119
3000	Fund Balances - Ending	\$ 296,033,722	\$ 274,262,196

See accompanying notes to the Required Supplementary Information

		2020	
Actual	Variance with Final Budget Positive (Negative)	Actual	
\$ 449,089,418	\$ 473,734	\$ 442,751,381	
369,328,110	20,040,613	370,816,001	
14,203,849	194,231	10,295,943	
<u>832,621,377</u>	<u>20,708,578</u>	<u>823,863,325</u>	
521,820,428	609,843	500,502,926	
9,247,707	106,351	8,617,139	
11,096,239	580,530	9,988,031	
6,506,395	407,236	6,491,536	
46,995,228	537,976	44,308,301	
39,465,701	598,181	36,323,469	
479,944	74,071	64,230	
9,115,603	285,608	8,590,476	
19,373,833	2,436,849	18,584,699	
17,374,571	905,983	16,010,545	
14,187,431	1,014,521	12,846,638	
82,768,762	3,197,915	79,609,885	
10,448,604	333,000	10,046,278	
16,398,709	71,850	14,763,537	
177,102	124,962	218,953	
2,838,121	204,498	3,470,850	
742,071	179,165	548,742	
6,500	117,077	9,800	
4,346,913	917,947	4,043,089	
4,610,384	72,616	4,489,151	
<u>818,000,246</u>	<u>12,776,179</u>	<u>779,528,275</u>	
14,621,131	33,484,757	44,335,050	
233,573	50,870	93,580	
500,000		1,214,879	
(3,000,000)		(8,318,230)	
<u>(2,266,427)</u>	<u>50,870</u>	<u>(7,009,771)</u>	
12,354,704	33,535,627	37,325,279	
295,443,119		258,117,840	
<u>\$ 307,797,823</u>	<u>\$ 33,535,627</u>	<u>\$ 295,443,119</u>	

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KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021

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, 2021, the District did not have any expenditures over appropriations on all required legally adopted budgets.

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
FOR THE LAST SEVEN MEASUREMENT YEARS ENDED AUGUST 31

	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's Proportion of the Net Pension Liability	0.23%	0.40%	0.39%
District's Proportionate Share of Net Pension Liability	\$ 61,442,566	\$ 141,271,770	\$ 148,128,053
State's Proportionate Share of the Net Pension Liability associated with the District	<u>217,114,716</u>	<u>267,896,675</u>	<u>287,808,897</u>
Total	<u>\$ 278,557,282</u>	<u>\$ 409,168,445</u>	<u>\$ 435,936,950</u>
District's Covered Payroll	\$ 384,948,688	\$ 426,358,194	\$ 452,806,263
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	15.96%	33.13%	32.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability *	83.25%	78.43%	78.00%
Plan's Net Pension Liability as a Percentage of Covered Payroll *	72.89%	91.94%	92.75%

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

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

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
0.40%	0.43%	0.43%	0.45%
\$ 129,492,973	\$ 236,900,889	\$ 223,796,599	\$ 239,987,931
<u>243,448,882</u>	<u>415,190,842</u>	<u>390,749,576</u>	<u>415,119,555</u>
<u>\$ 372,941,855</u>	<u>\$ 652,091,731</u>	<u>\$ 614,546,175</u>	<u>\$ 655,107,486</u>
\$ 475,674,264	\$ 504,268,992	\$ 526,358,404	\$ 612,268,883
27.22%	46.98%	42.52%	39.20%
82.17%	73.74%	75.24%	75.54%
75.93%	126.11%	114.93%	110.36%

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 3,783,874	\$ 4,751,427	\$ 5,831,753	\$ 11,839,803
Contribution in Relation to the Contractually Required Contribution	<u>3,783,874</u>	<u>4,751,427</u>	<u>5,831,753</u>	<u>11,839,803</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered Payroll	\$ 328,345,312	\$ 352,558,343	\$ 384,948,688	\$ 426,358,194
Contributions as a Percentage of Covered Payroll	1.15%	1.35%	1.51%	2.78%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 12,454,547	\$ 13,273,105	\$ 14,500,023	\$ 15,056,236	\$ 18,473,081	\$ 20,198,052
<u>12,454,547</u>	<u>13,273,105</u>	<u>14,500,023</u>	<u>15,056,236</u>	<u>18,473,081</u>	<u>20,198,052</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 452,806,263	\$ 475,674,264	\$ 504,268,992	\$ 526,358,404	\$ 579,192,169	\$ 612,268,883
2.75%	2.79%	2.88%	2.86%	3.19%	3.30%

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021

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 assumptions from the prior actuary valuation.

Changes in Benefit Terms

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

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

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

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

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

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

2020

0.61%

\$ 232,773,193

312,791,374

\$ 545,564,567

\$ 579,192,169

40.19%

4.99%

101.46%

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,920,613	\$ 2,000,191	\$ 2,242,087	\$ 2,493,897
Contribution in Relation to the Contractually Required Contribution	<u>1,920,613</u>	<u>2,000,191</u>	<u>2,242,087</u>	<u>2,493,897</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered Payroll	\$ 328,345,312	\$ 352,558,343	\$ 384,948,688	\$ 426,358,194
Contributions as a Percentage of Covered Payroll	0.58%	0.57%	0.58%	0.58%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 2,648,206	\$ 2,812,442	\$ 4,046,597	\$ 4,217,204	\$ 4,650,683	\$ 4,942,639
<u>2,648,206</u>	<u>2,812,442</u>	<u>4,046,597</u>	<u>4,217,204</u>	<u>4,650,683</u>	<u>4,942,639</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 452,806,263	\$ 475,674,264	\$ 504,268,992	\$ 526,358,404	\$ 579,192,169	\$ 612,268,883
0.58%	0.59%	0.80%	0.80%	0.80%	0.81%

KATY INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY OTHER POST-EMPLOYMENT
BENEFIT INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021

Changes Since Prior Actuarial Valuation

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

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Changes in Benefit Terms

There were no changes in benefit terms since the Prior Measurement Date.

Other Supplementary Information



KAY

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

GENERAL FUND

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

KATY INDEPENDENT SCHOOL DISTRICT
COMPARATIVE BALANCE SHEET
GENERAL FUND
AUGUST 31, 2021 and 2020

Exhibit G-1

Data Control Codes	August 31, 2021	August 31, 2020
ASSETS		
1110 Pooled Cash and Cash Equivalents	\$ 292,035,547	\$ 303,450,581
1120 Current Investments	8,081,348	7,383,176
Receivables:		
1225 Property Taxes Receivable (net)	8,940,552	8,755,675
1240 Due from Other Governments	14,785,479	16,070,572
1250 Accrued Interest	1,291	6,841
1260 Due from Other Funds	24,315,665	788,167
1290 Other Receivables	398,366	272,745
1300 Inventories, at Cost	1,831,920	1,206,203
1410 Prepaid Items	1,123,486	1,055,528
1910 Long-Term Investments	23,706,063	22,232,731
1000 Total Assets	\$ 375,219,717	\$ 361,222,219
LIABILITIES		
Current Liabilities:		
2110 Accounts Payable	\$ 15,991,383	\$ 20,323,324
2150 Payroll Withholding Payable	7,408,240	6,351,927
2160 Accrued Wages Payable	29,780,394	25,283,327
2170 Due to Other Funds	120,621	
2180 Due to Other Governments	4,348,368	4,121,931
2200 Accrued Expenditures	643,397	891,445
2300 Unearned Revenue	188,939	51,471
2000 Total Liabilities	58,481,342	57,023,425
DEFERRED INFLOWS OF RESOURCES		
2600 Unavailable Revenue - Property Taxes	8,940,552	8,755,675
2600 Total Deferred Inflows or Resources	8,940,552	8,755,675
FUND BALANCE		
Fund Balances:		
3410/30 Nonspendable	2,955,406	2,261,731
3540 Committed	20,000,000	21,000,000
3580 Assigned	60,160,195	50,761,742
3600 Unassigned	224,682,222	221,419,646
3000 Total Fund Balance	307,797,823	295,443,119
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 375,219,717	\$ 361,222,219

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

Exhibit G-2

YEAR ENDED AUGUST 31, 2021

with comparative actual balances for the year ended August 31, 2020

	2021		Variance Positive (Negative)	2020
	Budget	Actual		Actual
Local Sources				
Real and Personal Property Taxes	\$ 434,872,094	\$ 435,011,465	\$ 139,371	\$ 427,421,305
Taxes Collected on Tax				
Increment Zone	2,663,617	2,663,618	1	2,662,131
Tuition and Fees from Patrons	2,984,305	3,066,815	82,510	2,065,648
Investment Income	1,300,000	1,331,365	31,365	4,239,681
Rental Income	1,840,574	1,963,617	123,043	2,091,821
Athletics	1,987,990	2,115,098	127,108	1,810,719
Other	2,967,104	2,937,440	(29,664)	2,460,076
Revenues - Local Sources	<u>448,615,684</u>	<u>449,089,418</u>	<u>473,734</u>	<u>442,751,381</u>
State Sources				
Per Capita and Foundation	304,900,128	324,709,883	19,809,755	326,995,618
TRS On-Behalf Benefit	43,366,807	43,555,453	188,646	42,946,749
Other State Revenue	1,020,562	1,062,774	42,212	873,634
Revenues - State Sources	<u>349,287,497</u>	<u>369,328,110</u>	<u>20,040,613</u>	<u>370,816,001</u>
Federal Sources				
Indirect Costs - Federal Grants	3,378,547	3,721,655	343,108	2,691,334
Federal Grants	2,643,941	2,486,461	(157,480)	62,650
SHARS	7,987,130	7,995,733	8,603	6,737,906
Build America Bonds Subsidy				804,053
Revenues - Federal Sources	<u>14,009,618</u>	<u>14,203,849</u>	<u>194,231</u>	<u>10,295,943</u>
Total Revenues	<u>\$ 811,912,799</u>	<u>\$ 832,621,377</u>	<u>\$ 20,708,578</u>	<u>\$ 823,863,325</u>

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED AUGUST 31, 2021
with comparative actual balances for the year ended August 31, 2020

Exhibit G-3
Page 1 of 4

Function	2021		Variance Positive (Negative)	2020
	Budget	Actual		Actual
Instruction and Instruction-Related Services				
Instruction				
6100 Payroll Costs	\$ 500,707,718	\$ 504,121,689	\$ (3,413,971)	\$ 477,828,042
6200 Purchased and Contracted Services	3,294,844	2,996,502	298,342	3,358,781
6300 Supplies and Materials	17,822,231	14,186,022	3,636,209	18,790,244
6400 Other Operating Expenditures	467,399	379,397	88,002	424,898
6600 Capital Outlay	138,079	136,818	1,261	100,961
Total Instruction	522,430,271	521,820,428	609,843	500,502,926
Instructional Resources and Media Services				
6100 Payroll Costs	8,309,043	8,188,540	120,503	7,843,248
6200 Purchased and Contracted Services	3,304	1,404	1,900	3,185
6300 Supplies and Materials	1,029,571	1,049,699	(20,128)	762,828
6400 Other Operating Expenditures	12,140	8,064	4,076	7,878
Total Instructional Resources/Media Svc.	9,354,058	9,247,707	106,351	8,617,139
Curriculum and Instructional Staff Development				
6100 Payroll Costs	9,795,955	9,683,677	112,278	8,617,049
6200 Purchased and Contracted Services	333,334	231,600	101,734	294,816
6300 Supplies and Materials	591,044	501,891	89,153	379,057
6400 Other Operating Expenditures	956,436	679,071	277,365	697,109
Total Curriculum/Instr. Staff Development	11,676,769	11,096,239	580,530	9,988,031
Total Instruction and Instruction-Related Services				
	543,461,098	542,164,374	1,296,724	519,108,096
Instruction and School Leadership				
Instructional Leadership				
6100 Payroll Costs	6,346,928	6,264,645	82,283	6,270,127
6200 Purchased and Contracted Services	279,608	67,420	212,188	64,180
6300 Supplies and Materials	172,901	114,797	58,104	78,006
6400 Other Operating Expenditures	114,194	59,533	54,661	79,223
Total Instructional Leadership	6,913,631	6,506,395	407,236	6,491,536
School Leadership				
6100 Payroll Costs	46,376,390	46,034,667	341,723	43,461,991
6200 Purchased and Contracted Services	42,769	6,915	35,854	44,285
6300 Supplies and Materials	500,913	465,546	35,367	457,443
6400 Other Operating Expenditures	613,132	488,100	125,032	344,582
Total School Leadership	47,533,204	46,995,228	537,976	44,308,301
Total Instruction and School Leadership				
	54,446,835	53,501,623	945,212	50,799,837

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

Exhibit G-3
Page 2 of 4

YEAR ENDED AUGUST 31, 2021
with comparative actual balances for the year ended August 31, 2020

	2021		Variance Positive (Negative)	2020
	Budget	Actual		Actual
Support Services - Student				
Guidance, Counseling and Evaluation Services				
6100 Payroll Costs	\$ 37,433,401	\$ 37,105,566	\$ 327,835	\$ 34,093,917
6200 Purchased and Contracted Services	843,854	722,921	120,933	695,055
6300 Supplies and Materials	1,610,278	1,542,018	68,260	1,340,330
6400 Other Operating Expenditures	176,349	95,196	81,153	194,167
Total Guidance, Counsel. and Eval. Services	<u>40,063,882</u>	<u>39,465,701</u>	<u>598,181</u>	<u>36,323,469</u>
Social Work Services				
6100 Payroll Costs	538,125	479,479	58,646	58,866
6300 Supplies and Materials	9,840	105	9,735	4,163
6400 Other Operating Expenditures	6,050	360	5,690	1,201
Total Social Work Services	<u>554,015</u>	<u>479,944</u>	<u>74,071</u>	<u>64,230</u>
Health Services				
6100 Payroll Costs	8,313,376	8,221,776	91,600	7,539,637
6200 Purchased and Contracted Services	395,000	316,956	78,044	236,646
6300 Supplies and Materials	669,852	567,276	102,576	791,757
6400 Other Operating Expenditures	22,983	9,595	13,388	8,671
6600 Capital Outlay				13,765
Total Health Services	<u>9,401,211</u>	<u>9,115,603</u>	<u>285,608</u>	<u>8,590,476</u>
Student Transportation				
6100 Payroll Costs	15,881,618	15,429,244	452,374	15,592,462
6200 Purchased and Contracted Services	3,159,366	2,141,726	1,017,640	956,935
6300 Supplies and Materials	2,448,577	1,633,738	814,839	1,635,048
6400 Other Operating Expenditures	321,121	169,125	151,996	390,343
6600 Capital Outlay				9,911
Total Student Transportation	<u>21,810,682</u>	<u>19,373,833</u>	<u>2,436,849</u>	<u>18,584,699</u>
Extracurricular Activities				
6100 Payroll Costs	11,220,731	11,062,911	157,820	10,564,477
6200 Purchased and Contracted Services	1,271,819	1,166,662	105,157	1,046,882
6300 Supplies and Materials	2,869,273	2,391,083	478,190	2,132,894
6400 Other Operating Expenditures	1,906,375	1,778,828	127,547	1,529,982
6600 Capital Outlay	1,012,356	975,087	37,269	736,310
Total Extracurricular Activities	<u>18,280,554</u>	<u>17,374,571</u>	<u>905,983</u>	<u>16,010,545</u>
Total Support Services - Student	<u>90,110,344</u>	<u>85,809,652</u>	<u>4,300,692</u>	<u>79,573,419</u>
Administrative Support Services				
General Administration				
6100 Payroll Costs	11,342,640	11,201,647	140,993	10,601,838
6200 Purchased and Contracted Services	1,246,151	1,065,023	181,128	1,000,138
6300 Supplies and Materials	534,604	339,145	195,459	258,316
6400 Other Operating Expenditures	2,062,841	1,566,702	496,139	986,346
6600 Capital Outlay	15,716	14,914	802	
Total Administrative Support Services	<u>15,201,952</u>	<u>14,187,431</u>	<u>1,014,521</u>	<u>12,846,638</u>

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

Exhibit G-3
Page 3 of 4

YEAR ENDED AUGUST 31, 2021
with comparative actual balances for the year ended August 31, 2020

	<u>2021</u>		<u>Variance</u>	<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>Actual</u>
			<u>(Negative)</u>	
Support Services - Nonstudent Based				
Facilities Maintenance and Operations				
6100 Payroll Costs	\$ 39,183,931	\$ 38,940,862	\$ 243,069	\$ 36,839,940
6200 Purchased and Contracted Services	30,494,956	28,841,078	1,653,878	29,769,837
6300 Supplies and Materials	8,255,759	7,814,708	441,051	8,177,622
6400 Other Operating Expenditures	4,999,637	4,695,501	304,136	4,188,480
6600 Capital Outlay	3,032,394	2,476,613	555,781	634,006
Total Facilities Maintenance and Operations	<u>85,966,677</u>	<u>82,768,762</u>	<u>3,197,915</u>	<u>79,609,885</u>
Security and Monitoring Services				
6100 Payroll Costs	10,034,327	9,969,913	64,414	9,126,446
6200 Purchased and Contracted Services	235,098	181,241	53,857	191,306
6300 Supplies and Materials	336,172	236,961	99,211	336,086
6400 Other Operating Expenditures	49,239	33,722	15,517	27,487
6600 Capital Outlay	126,768	26,767	100,001	364,953
Total Security and Monitoring Services	<u>10,781,604</u>	<u>10,448,604</u>	<u>333,000</u>	<u>10,046,278</u>
Data Processing Services				
6100 Payroll Costs	10,370,259	10,204,360	165,899	9,998,289
6200 Purchased and Contracted Services	741,460	708,461	32,999	371,127
6300 Supplies and Materials	5,174,501	5,331,488	(156,987)	4,320,470
6400 Other Operating Expenditures	184,339	154,400	29,939	73,651
Total Data Processing Services	<u>16,470,559</u>	<u>16,398,709</u>	<u>71,850</u>	<u>14,763,537</u>
Total Support Services - Nonstudent Based	<u>113,218,840</u>	<u>109,616,075</u>	<u>3,602,765</u>	<u>104,419,700</u>
Ancillary Services				
Community Services				
6100 Payroll Costs	172,897	155,729	17,168	139,867
6200 Purchased and Contracted Services	47,272	6,711	40,561	35,822
6300 Supplies and Materials	68,220	8,879	59,341	34,896
6400 Other Operating Expenditures	13,675	5,783	7,892	8,368
Total Ancillary Services	<u>302,064</u>	<u>177,102</u>	<u>124,962</u>	<u>218,953</u>

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

Exhibit G-3
Page 4 of 4

YEAR ENDED AUGUST 31, 2021
with comparative actual balances for the year ended August 31, 2020

	2021		Variance Positive (Negative)	2020
	Budget	Actual		Actual
Capital Outlay				
Facilities Acquisition and Construction				
6100 Payroll Costs	\$ 717,649	\$ 664,384	\$ 53,265	\$ 762,718
6200 Purchased and Contracted Services				2,369
6300 Supplies and Materials	100,000		100,000	
6400 Other Operating Expenditures	8,800	6,130	2,670	1,622
6600 Capital Outlay	2,216,170	2,167,607	48,563	2,704,141
Total Capital Outlay	<u>3,042,619</u>	<u>2,838,121</u>	<u>204,498</u>	<u>3,470,850</u>
Intergovernmental Charges				
Payments to Fiscal Agents				
6400 Other Operating Expenditures	921,236	742,071	179,165	548,742
Payments to JJAEP				
6200 Purchased and Contracted Services	123,577	6,500	117,077	9,800
Payments to Tax Increment Reinvestment Zone				
6400 Other Operating Expenditures	5,264,860	4,346,913	917,947	4,043,089
Other Intergovernmental Charges				
6200 Purchased and Contracted Services	4,683,000	4,610,384	72,616	4,489,151
Total Intergovernmental Charges	<u>10,992,673</u>	<u>9,705,868</u>	<u>1,286,805</u>	<u>9,090,782</u>
6030 Total Expenditures	<u>\$ 830,776,425</u>	<u>\$ 818,000,246</u>	<u>\$ 12,776,179</u>	<u>\$ 779,528,275</u>

DEBT SERVICE FUND

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

KATY INDEPENDENT SCHOOL DISTRICT
COMPARATIVE BALANCE SHEET
DEBT SERVICE FUND
AUGUST 31, 2021 and 2020

Exhibit H-1

Data Control Codes	August 31, 2021	August 31, 2020
ASSETS		
1110 Pooled Cash and Cash Equivalents	\$ 63,494,952	\$ 60,681,083
Receivables:		
1225 Property Taxes Receivable (net)	3,223,732	3,045,814
1290 Other Receivables (Net)		4,984
1000 Total Assets	<u>\$ 66,718,684</u>	<u>\$ 63,731,881</u>
LIABILITIES		
Current Liabilities:		
2110 Accounts Payable	\$ 2,450	\$
2170 Due to Other Funds	347,756	23,266
2180 Due to Other Governments	242,978	84,680
2000 Total Liabilities	<u>593,184</u>	<u>107,946</u>
DEFERRED INFLOWS OF RESOURCES		
2600 Unavailable Revenue - Property Taxes	<u>3,223,732</u>	<u>3,045,814</u>
FUND BALANCE		
Restricted For:		
3480 Retirement of Long-term Debt	<u>62,901,768</u>	<u>60,578,121</u>
3000 Total Fund Balance	<u>62,901,768</u>	<u>60,578,121</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 66,718,684</u>	<u>\$ 63,731,881</u>

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – ORIGINAL BUDGET, AMENDED FINAL, AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED AUGUST 31, 2021
with comparative actual balances for the year ended August 31, 2020

Data Control Codes		2021	
		Budgeted Amounts	
		Original	Final
	REVENUES		
5700	Local, Intermediate, and Out-of-State	\$ 171,546,253	\$ 170,859,660
5800	State Program Revenues	1,679,282	1,512,506
5020	Total Revenues	<u>173,225,535</u>	<u>172,372,166</u>
	EXPENDITURES		
	Debt Service:		
0071	Principal on Long-Term Debt	88,106,328	74,406,648
0072	Interest on Long-Term Debt	84,121,424	82,466,750
0073	Bond Issuance Costs and Fees	422,248	14,397,957
6030	Total Expenditures	<u>172,650,000</u>	<u>171,271,355</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>575,535</u>	<u>1,100,811</u>
	OTHER FINANCING SOURCES/(USES)		
7901	Refunding Bonds Issued		106,904,919
7915	Transfers In	200,000	75,706
7916	Premium on Issuance of Bonds		29,831,980
8940	Payment to Bond Refunding Escrow Agent		(136,071,176)
7080	Total Other Financing Sources/(Uses)	<u>200,000</u>	<u>741,429</u>
1200	Net Change in Fund Balance	775,535	1,842,240
0100	Fund Balances - Beginning	<u>60,578,121</u>	<u>60,578,121</u>
3000	Fund Balances - Ending	<u>\$ 61,353,656</u>	<u>\$ 62,420,361</u>

		<u>2020</u>
<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual</u>
\$ 170,914,613	\$ 54,953	\$ 160,212,115
1,542,584	30,078	1,747,447
<u>172,457,197</u>	<u>85,031</u>	<u>161,959,562</u>
74,406,648		76,867,982
82,371,734	95,016	78,974,820
<u>14,096,729</u>	<u>301,228</u>	<u>161,389,116</u>
<u>170,875,111</u>	<u>396,244</u>	<u>317,231,918</u>
<u>1,582,086</u>	<u>481,275</u>	<u>(155,272,356)</u>
106,904,919		304,659,942
75,838	132	1,960,689
29,831,980		36,387,953
<u>(136,071,176)</u>		<u>(185,668,087)</u>
<u>741,561</u>	<u>132</u>	<u>157,340,497</u>
2,323,647	481,407	2,068,141
<u>60,578,121</u>		<u>58,509,980</u>
<u>\$ 62,901,768</u>	<u>\$ 481,407</u>	<u>\$ 60,578,121</u>

CAPITAL PROJECTS FUND

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

KATY INDEPENDENT SCHOOL DISTRICT
COMPARATIVE BALANCE SHEET
CAPITAL PROJECTS FUND
AUGUST 31, 2021 and 2020

Exhibit I-1

Data Control Codes		August 31, 2021	August 31, 2020
ASSETS			
1110	Pooled Cash and Cash Equivalents	\$ 42,904,869	\$ 153,215,117
	Receivables:		
1240	Due from Other Governments	103,018	66,267
1260	Due from Other Funds	38	
1000	Total Assets	<u>\$ 43,007,925</u>	<u>\$ 153,281,384</u>
LIABILITIES			
	Current Liabilities:		
2110	Accounts Payable	\$ 20,813,830	\$ 32,447,335
2170	Due to Other Funds	6,161,924	1,172,628
2000	Total Liabilities	<u>26,975,754</u>	<u>33,619,963</u>
FUND BALANCE			
	Restricted For:		
3470	Capital Acquisitions and Contracts	16,032,171	119,661,421
3000	Total Fund Balance	<u>16,032,171</u>	<u>119,661,421</u>
4000	Total Liabilities and Fund Balance	<u>\$ 43,007,925</u>	<u>\$ 153,281,384</u>

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
YEAR ENDED AUGUST 31, 2021 and 2020

Exhibit I-2

Data Control Codes		August 31, 2021	August 31, 2020
	REVENUES		
5700	Local, Intermediate, and Out-of-State	\$ 75,838	\$ 1,156,635
5900	Federal Program Revenues	113,129	348,755
5020	Total Revenues	<u>188,967</u>	<u>1,505,390</u>
	EXPENDITURES		
0073	Bond Issuance Cost and Fees		1,184,934
0081	Facilities Acquisition and Construction:		
	Land	146,991	4,304,799
	Building and Improvements	79,212,803	114,063,943
	Furniture & Equip, Vehicles, and Library & Media	24,382,585	33,654,391
	Total Facilities Acquisition and Construction	<u>103,742,379</u>	<u>152,023,133</u>
6030	Total Expenditures	<u>103,742,379</u>	<u>153,208,067</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(103,553,412)</u>	<u>(151,702,677)</u>
	OTHER FINANCING SOURCES/(USES)		
7911	Capital Related Debt Issued		141,240,000
7916	Premium on Issuance of Bonds		19,944,934
8911	Transfers Out	(75,838)	(1,156,635)
7080	Total Other Financing Sources/(Uses)	<u>(75,838)</u>	<u>160,028,299</u>
1200	Net Change in Fund Balance	(103,629,250)	8,325,622
0100	Fund Balances - Beginning	119,661,421	111,335,799
3000	Fund Balances - Ending	<u>\$ 16,032,171</u>	<u>\$ 119,661,421</u>

SPECIAL REVENUE FUND

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

KATY INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE PROGRAM DESCRIPTIONS

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

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

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

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

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

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

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

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

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

Elementary and Secondary School Emergency Relief (ESSER) Funds – Coronavirus Aid, Relief, and Economic Security Act (CARES Act) – Funds are used for federal stimulus granted through the CARES Act to support the ability to operate and instruct students during the COVID-19 pandemic.

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

Coronavirus Relief Fund (CARES Act) – Funds are used for federal stimulus granted to LEAs through the CARES Act to support the ability to operate and instruct students during the COVID-19 pandemic.

Elementary and Secondary School Emergency Relief Fund II (ESSER II) – Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act – Funds are used for federal stimulus granted through the CRRSA Act to operate, instruct students, address learning loss, prepare school for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the COVID-19 pandemic.

KATY INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE PROGRAM DESCRIPTIONS (continued)

Elementary and Secondary School Emergency Relief Fund III (ESSER III) – American Rescue Plan Act of 2021 (ARP Act) – Funds are used for federal stimulus granted through the ARP Act to address learning loss and the disproportionate impact of the coronavirus on certain student groups, identify and provide homeless children and youth with services in light of challenges of the coronavirus, and enable homeless children and youth to attend school and participate fully in school activities.

Federally Funded Special Revenue - Funds include the reimbursement of summer school costs for Limited English Proficient Students in Kindergarten and First Grade; Early Childhood Intervention funds which are used to identify and provide needed intervention services for children from Birth to age 3 who are developmentally delayed or appear to be at risk for developmental delay; various education related costs due to disruptions of the learning environment due to Hurricane Harvey; and other federally funded special revenue that has not been specified above.

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

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

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

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

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

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

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

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

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

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

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

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

KATY INDEPENDENT SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS
 YEAR ENDED AUGUST 31, 2021

Data Control Codes	206 McKinney Vento TEHCY	211 ESEA Title I Part A	224 IDEA Part B Formula
REVENUES			
5700 Local, Intermediate, and Out-of-State	\$	\$	\$
5800 State Program Revenues			
5900 Federal Program Revenues	73,001	7,440,707	11,226,153
5020 Total Revenues	<u>73,001</u>	<u>7,440,707</u>	<u>11,226,153</u>
EXPENDITURES			
0011 Instruction	63,992	6,457,142	7,115,988
0012 Instructional Resources and Media Services			
0013 Curriculum & Instructional Staff Development	1,259	538,671	631,939
0021 Instructional Leadership		64,212	
0023 School Leadership		23,239	
0031 Guidance, Counseling, & Evaluation Services		148	3,441,329
0032 Social Work Services	6,741	20	
0033 Health Services			36,897
0034 Student Transportation			
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	1,009	357,275	
0081 Facilities Acquisition and Construction			
6030 Total Expenditures	<u>73,001</u>	<u>7,440,707</u>	<u>11,226,153</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures			
OTHER FINANCING SOURCES/(USES)			
7915 Operating Transfer In			
8911 Transfers Out			
7080 Total Other Financing Sources/(Uses)			
1200 Net Change in Fund Balance			
0100 Fund Balance - September 1 (Beginning)			
3000 Fund Balance - August 31 (Ending)	<u>\$</u>	<u>\$</u>	<u>\$</u>

225 IDEA Part B Preschool	240 Nutrition and Food Services	242 Summer Food Service Program	244 Carl D. Perkins Grant	255 ESEA Title II Part A	263 ESEA Title III Part A	266 ESSER I CARES Act
\$	\$ 3,421,222	\$	\$ 3,000	\$	\$	\$
	186,902					
<u>138,079</u>	<u>5,807,809</u>	<u>23,200,954</u>	<u>560,134</u>	<u>1,117,471</u>	<u>2,391,970</u>	<u>5,294,743</u>
<u>138,079</u>	<u>9,415,933</u>	<u>23,200,954</u>	<u>563,134</u>	<u>1,117,471</u>	<u>2,391,970</u>	<u>5,294,743</u>
138,079			347,606		727,150	5,291,812
			215,528	1,078,458	1,237,610	1,443
				39,013		
					137,872	
	8,038,361	22,245,867				
						1,488
					289,338	
<u>138,079</u>	<u>8,038,361</u>	<u>22,245,867</u>	<u>563,134</u>	<u>1,117,471</u>	<u>2,391,970</u>	<u>5,294,743</u>
	<u>1,377,572</u>	<u>955,087</u>				
	955,087					
		(955,087)				
	<u>955,087</u>	<u>(955,087)</u>				
	2,332,659					
	8,033,343					
<u>\$</u>	<u>\$ 10,366,002</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS
YEAR ENDED AUGUST 31, 2021

Data Control Codes	272 Medicaid Administrative Claiming	277 Coronavirus Relief Fund CARES Act	281 ESSER II CRRSA Act
REVENUES			
5700	\$	\$	\$
5800			
5900	228,457	7,628	4,952,830
5020	<u>228,457</u>	<u>7,628</u>	<u>4,952,830</u>
EXPENDITURES			
0011		2,372	4,835,272
0012			
0013			48,166
0021			3,238
0023			39,335
0031			22,948
0032			
0033	213,921		
0034			
0035			
0036			
0041			
0051		5,256	
0052			
0053			
0061			3,871
0081			
6030	<u>213,921</u>	<u>7,628</u>	<u>4,952,830</u>
1100			
	<u>14,536</u>		
OTHER FINANCING SOURCES/(USES)			
7915			
8911			
7080			
1200	14,536		
0100	618,470		
3000	<u>\$ 633,006</u>	<u>\$</u>	<u>\$</u>

282 ESSER III ARP Act	289 Federally Funded Special Rev.	315 SSA IDEA B Discretionary	340 SSA IDEA C Early Intervention	385 State Visually Impaired	397 Advanced Placement Incentive
\$	\$ 97,034	\$	\$	\$	\$
	399,252			20,000	19,350
725,163	1,723,526	187,192	3,486		
<u>725,163</u>	<u>2,219,812</u>	<u>187,192</u>	<u>3,486</u>	<u>20,000</u>	<u>19,350</u>
498,674	1,775,196	180,214	3,486	20,000	
56,183	30,936				19,350
23,124	364,700				
12,220	306				
113,618	35,556				
	1,075				
	11,063	6,978			
9,953					
11,391	980				
<u>725,163</u>	<u>2,219,812</u>	<u>187,192</u>	<u>3,486</u>	<u>20,000</u>	<u>19,350</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – SPECIAL REVENUE FUND PROGRAMS
YEAR ENDED AUGUST 31, 2021

Data Control Codes	410 Instructional Materials Allotment	429 State Funded Special Revenue	435 SSA Regional Deaf CO-OP
REVENUES			
5700 Local, Intermediate, and Out-of-State	\$ 99,606	\$	\$
5800 State Program Revenues	5,854,892	1,238,439	686,269
5900 Federal Program Revenues			
5020 Total Revenues	<u>5,954,498</u>	<u>1,238,439</u>	<u>686,269</u>
EXPENDITURES			
0011 Instruction	5,860,412	95,017	603,654
0012 Instructional Resources and Media Services		289	
0013 Curriculum & Instructional Staff Development			
0021 Instructional Leadership			
0023 School Leadership			
0031 Guidance, Counseling, & Evaluation Services		817,782	
0032 Social Work Services			
0033 Health Services			82,615
0034 Student Transportation			
0035 Food Services			
0036 Extracurricular Activities			
0041 General Administration			
0051 Facilities Maintenance and Operations			
0052 Security and Monitoring Services		8,351	
0053 Data Processing Services			
0061 Community Services			
0081 Facilities Acquisition and Construction		317,000	
6030 Total Expenditures	<u>5,860,412</u>	<u>1,238,439</u>	<u>686,269</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>94,086</u>		
OTHER FINANCING SOURCES/(USES)			
7915 Operating Transfer In			
8911 Transfers Out			
7080 Total Other Financing Sources/(Uses)			
1200 Net Change in Fund Balance	94,086		
0100 Fund Balance - September 1 (Beginning)	76,673		
3000 Fund Balance - August 31 (Ending)	<u>\$ 170,759</u>	<u>\$</u>	<u>\$</u>

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, 2021
\$ 876,773	\$ 8,808,484	\$ 188,944	\$ 2,573,485	\$ 278,833	\$ 16,347,381
	1,500				8,405,104
<u>876,773</u>	<u>8,809,984</u>	<u>188,944</u>	<u>2,573,485</u>	<u>278,833</u>	<u>65,080,803</u>
					<u>89,833,288</u>
712,798	1,181,977	58,102	132,499	277,136	36,378,578
	351,793				352,082
105	121,601	2,741	45,886		4,029,876
102,853	17,236		88,211		663,574
	541,584	375	2,675		658,747
30,964	1,870	41,121			4,505,336
					7,836
30,053	2,701		1,830		386,058
	2,124				139,996
		25,186			30,309,414
	5,620,132	3,844		1,697	5,625,673
	270		105,018		115,241
	164,997				171,741
	10,874	57,575	23,496		100,296
			31,353		42,744
	56,946				709,419
	225,752		4,845,523		5,388,275
<u>876,773</u>	<u>8,299,857</u>	<u>188,944</u>	<u>5,276,491</u>	<u>278,833</u>	<u>89,584,886</u>
	510,127		(2,703,006)		248,402
					955,087
			(500,000)		(1,455,087)
			(500,000)		(500,000)
	510,127		(3,203,006)		(251,598)
	7,338,218		6,483,194		22,549,898
<u>\$</u>	<u>\$ 7,848,345</u>	<u>\$</u>	<u>\$ 3,280,188</u>	<u>\$</u>	<u>\$ 22,298,300</u>

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ORIGINAL BUDGET, AMENDED FINAL, AND ACTUAL –
NUTRITION AND FOOD SERVICE FUND
YEAR ENDED AUGUST 31, 2021
with comparative actual balances for the Year Ended August 31, 2020

		2021	
		NUTRITION AND	
Data Control Codes		Budgeted Amounts	
		Original	Final
REVENUES			
5700	Local, Intermediate, and Out-of-State	\$ 14,621,000	\$ 3,270,404
5800	State Program Revenues	180,000	186,902
5900	Federal Program Revenues	17,696,277	4,483,047
5020	Total Revenues	<u>32,497,277</u>	<u>7,940,353</u>
EXPENDITURES			
0035	Food Services		
	Payroll Costs	15,690,648	2,814,413
	Professional and Contracted Services	112,000	42,180
	Supplies and Materials	20,758,432	5,531,377
	Other Operating Expenses	46,300	29,149
	Capital Outlay		92,572
	Total Food Service	<u>36,607,380</u>	<u>8,509,691</u>
6030	Total Expenditures	<u>36,607,380</u>	<u>8,509,691</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,110,103)</u>	<u>(569,338)</u>
OTHER FINANCING SOURCES/(USES)			
7915	Operating Transfer		819,684
	Total Other Financing Sources/(Uses)		<u>819,684</u>
1200	Net Change in Fund Balance	(4,110,103)	250,346
0100	Fund Balance - September 1 (Beginning)	<u>8,033,343</u>	<u>8,033,343</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 3,923,240</u>	<u>\$ 8,283,689</u>

FOOD SERVICE		
Actual Amounts	Variance with Final Budget Positive (Negative)	2020 Actuals
\$ 3,421,222	\$ 150,818	\$ 10,932,774
186,902		178,756
5,807,809	1,324,762	12,757,397
9,415,933	1,475,580	23,868,927
2,526,840	287,573	11,849,565
54,015	(11,835)	101,792
5,344,320	187,057	14,447,374
28,920	229	31,844
84,266	8,306	
8,038,361	471,330	26,430,575
8,038,361	471,330	26,430,575
1,377,572	1,946,910	(2,561,648)
955,087	135,403	4,000,000
955,087	135,403	4,000,000
2,332,659	2,082,313	1,438,352
8,033,343		6,594,991
\$ 10,366,002	\$ 2,082,313	\$ 8,033,343

INTERNAL SERVICE FUNDS

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

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AUGUST 31, 2021

Exhibit K-1

Data Control Codes	Governmental Activities			Total Internal Service Funds	
	Health Insurance	Workers' Compensation	Print Shop		
ASSETS					
Current Assets:					
1110	Pooled Cash and Cash Equivalents	\$ 12,299,749	\$ 2,483,297	\$ 668,164	\$ 15,451,210
1260	Due from Other Funds	120,584			120,584
1290	Other Receivables	3,968,007			3,968,007
1300	Inventories			91,711	91,711
	Total Current Assets	16,388,340	2,483,297	759,875	19,631,512
Noncurrent Assets:					
Capital Assets:					
1540	Furniture and Equipment			1,180,080	1,180,080
1573	Accumulated Depreciation			(697,606)	(697,606)
	Total Noncurrent Assets			482,474	482,474
1000	Total Assets	16,388,340	2,483,297	1,242,349	20,113,986
LIABILITIES					
Current Liabilities:					
2110	Accounts Payable	1,309,123	488,649	498,790	2,296,562
2200	Accrued Expenses	5,316,000	1,331,629		6,647,629
2000	Total Liabilities	6,625,123	1,820,278	498,790	8,944,191
NET POSITION					
3200	Investment in Capital Assets			482,474	482,474
3900	Unrestricted	9,763,217	663,019	261,085	10,687,321
3000	Total Net Position	\$ 9,763,217	\$ 663,019	\$ 743,559	\$ 11,169,795

KATY INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

Exhibit K-2

Data Control Codes	Governmental Activities			Total Internal Service Funds	
	Health Insurance	Workers' Compensation	Print Shop		
OPERATING REVENUES					
5754	Charges for Services	\$ 61,280,432	\$ 2,035,498	\$ 2,938,559	\$ 66,254,489
5020	Total Operating Revenues	<u>61,280,432</u>	<u>2,035,498</u>	<u>2,938,559</u>	<u>66,254,489</u>
OPERATING EXPENSES					
6100	Salary and Benefits	123,536			123,536
6200	Administrator Fees	4,942,192	147,110		5,089,302
6200	Claims Expense	64,048,313	1,826,829		65,875,142
6200	Repair and Maintenance Expense			13,487	13,487
6200	Equipment Rental			114,048	114,048
6200	Contracted Services	108,061		2,209,905	2,317,966
6300	Supplies	4,087	5,200	1,386,239	1,395,526
6400	Insurance Premiums	1,137,047	95,592		1,232,639
6400	Miscellaneous Operating Expenses	31,140			31,140
6400	Depreciation			78,943	78,943
6030	Total Operating Expenses	<u>70,394,376</u>	<u>2,074,731</u>	<u>3,802,622</u>	<u>76,271,729</u>
1300	Operating Income (Loss)	<u>(9,113,944)</u>	<u>(39,233)</u>	<u>(864,063)</u>	<u>(10,017,240)</u>
NONOPERATING REVENUES (EXPENSES)					
5742	Investment Income	28,667	1,228	628	30,523
8900	Net Loss on Disposal of Capital Assets			(14,880)	(14,880)
	Total Net Nonoperating Revenue (Expense)	<u>28,667</u>	<u>1,228</u>	<u>(14,252)</u>	<u>15,643</u>
	Income (Loss) before Contributions and Transfers	<u>(9,085,277)</u>	<u>(38,005)</u>	<u>(878,315)</u>	<u>(10,001,597)</u>
7900	Transfers In	3,000,000			3,000,000
7900	Capital Contributions			590	590
1300	Change in Net Position	(6,085,277)	(38,005)	(877,725)	(7,001,007)
0100	Total Net Position September 1 (Beginning)	15,848,494	701,024	1,621,284	18,170,802
3000	Total Net Position August 31 (Ending)	<u>\$ 9,763,217</u>	<u>\$ 663,019</u>	<u>\$ 743,559</u>	<u>\$ 11,169,795</u>

KATY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

Exhibit K-3

	Governmental Activities			Total Internal Service Funds
	Health Insurance	Workers' Compensation	Print Shop	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Internal Services Provided	\$ 60,777,842	\$ 2,035,498	\$ 2,938,559	\$ 65,751,899
Cash Payments to Suppliers	(35,227)	(5,200)	(1,325,986)	(1,366,413)
Cash Payments to Pay Claims	(66,382,938)	(1,008,378)		(67,391,316)
Cash Payments for Contracted Services	(5,041,916)	(179,585)	(2,283,582)	(7,505,083)
Cash Payments for Insurance Premiums	(1,137,047)	(95,592)		(1,232,639)
Cash Payments to Employees	(123,536)			(123,536)
Net Cash Provided (Used) by Operating Activities	(11,942,822)	746,743	(671,009)	(11,867,088)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Funds	3,000,000			3,000,000
Net Cash Provided by Noncapital Financing Activities	3,000,000			3,000,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	28,666	1,228	628	30,522
Net Cash Provided by Investing Activities	28,666	1,228	628	30,522
Net Increase (Decrease) in Cash and Cash Equivalents	(8,914,156)	747,971	(670,381)	(8,836,566)
Pooled Cash and Cash Equivalents at Beginning of Year	21,213,905	1,735,326	1,338,545	24,287,776
Pooled Cash and Cash Equivalents at End of Year	\$ 12,299,749	\$ 2,483,297	\$ 668,164	\$ 15,451,210
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (9,113,944)	\$ (39,233)	\$ (864,063)	\$ (10,017,240)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation			78,943	78,943
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	(591,100)			(591,100)
(Increase) Decrease in Inventories			29,687	29,687
Increase (Decrease) in Accounts Payable	(2,249,289)	(33,902)	84,424	(2,198,767)
Increase (Decrease) in Interfund Payables	88,511			88,511
Increase (Decrease) in Accrued Expenses	(77,000)	819,878		742,878
Net Cash Provided (Used) by Operating Activities	\$ (11,942,822)	\$ 746,743	\$ (671,009)	\$ (11,867,088)
Noncash Investing, Capital, and Financing Activities				
Contributions of Capital Assets from Government			\$ 590	\$ 590
Capital Assets Retired			\$ 14,880	\$ 14,880

COMPLIANCE SCHEDULES

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED
SCHOOL FIRST INDICATORS
YEAR ENDED AUGUST 31, 2021

Exhibit L-1

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end	\$ 114,558

KATY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2021

Fiscal Year	Tax Rates			Assessed/Appraised Value For School Tax Purposes	Beginning Balance September 1
	Maintenance	Debt Service	Total		
2012 and prior	Various	Various	Various	Various	\$ 1,235,902
2013	1.1266	0.4000	1.5266	\$ 22,083,259,111	311,944
2014	1.1266	0.4000	1.5266	24,283,430,990	368,942
2015	1.1266	0.4000	1.5266	28,605,871,081	514,626
2016	1.1266	0.3900	1.5166	32,904,425,128	570,045
2017	1.1266	0.3900	1.5166	36,351,443,912	827,098
2018	1.1466	0.3700	1.5166	37,980,513,157	1,265,707
2019	1.1466	0.3700	1.5166	38,946,447,913	1,539,438
2020	1.0531	0.3900	1.4431	41,628,778,765	4,408,586
2021	0.9988	0.3900	1.3888	44,629,636,600	
			1000 Totals		<u><u>\$ 11,042,288</u></u>
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code				<u><u>\$ 325,406,163</u></u>	<u><u>\$</u></u>

Note: Tax rates are per \$100 valuation.

<u>Current Year's Total Levy</u>	<u>Maintenance and Operations Collections</u>	<u>Interest and Sinking Fund Collections</u>	<u>Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance August 31</u>
\$	\$ 78,640	\$ 26,645	\$ 105,285	\$ (295,957)	\$ 834,660
	25,210	8,951	34,161	4,754	282,537
	74,575	26,478	101,053	77,092	344,981
	129,785	46,080	175,865	39,414	378,175
	134,307	46,494	180,801	24,303	413,547
	253,639	87,803	341,442	77,231	562,887
	568,453	183,436	751,889	325,643	839,461
	168,740	54,451	223,191	(308,672)	1,007,575
	(1,082,389)	(400,847)	(1,483,236)	(4,080,309)	1,811,513
<u>609,982,086</u>	<u>435,005,196</u>	<u>169,855,846</u>	<u>604,861,042</u>		<u>5,121,044</u>
<u>\$ 609,982,086</u>	<u>\$ 435,356,156</u>	<u>\$ 169,935,337</u>	<u>\$ 605,291,493</u>	<u>\$ (4,136,501)</u>	<u>11,596,380</u>
				Penalty and Interest Receivable on Taxes	5,434,895
				Less Allowance	(4,866,991)
				Total Property Taxes Receivable (net) per Exhibit C-1	<u>\$ 12,164,284</u>
<u>\$ 3,206,234</u>	<u>\$ 2,663,617</u>	<u>\$</u>	<u>\$ 2,663,617</u>	<u>\$</u>	<u>\$ 542,617</u>

STATISTICAL SECTION (UNAUDITED)

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

Financial Trends Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

FINANCIAL TRENDS INFORMATION

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 (1)</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ 25,842,564	\$ 14,038,245	\$ 18,488,857	\$ 42,267,486
Restricted	56,177,142	58,244,628	62,159,491	61,083,366
Unrestricted	<u>114,349,856</u>	<u>142,191,271</u>	<u>159,985,665</u>	<u>114,283,057</u>
Total Governmental Activities				
Net Position	<u>\$ 196,369,562</u>	<u>\$ 214,474,144</u>	<u>\$ 240,634,013</u>	<u>\$ 217,633,909</u>
Primary Government:				
Net Investment in Capital Assets	\$ 25,842,564	\$ 14,038,245	\$ 18,488,857	\$ 42,267,486
Restricted	56,177,142	58,244,628	62,159,491	61,083,366
Unrestricted	<u>114,349,856</u>	<u>142,191,271</u>	<u>159,985,665</u>	<u>114,283,057</u>
Total Primary Government				
Net Position	<u>\$ 196,369,562</u>	<u>\$ 214,474,144</u>	<u>\$ 240,634,013</u>	<u>\$ 217,633,909</u>

- (1) Includes implementation of GASB 68 in Fiscal Year 2015, the District did not restate prior periods.
(2) Includes implementation of GASB 75 in Fiscal Year 2018, the District did not restate prior periods.
(3) Includes Capital Asset prior period adjustments, the District did not restate prior periods.

Source: District Financial Statements

2016	2017	2018 (2)	2019 (3)	2020	2021
\$ 78,027,768	\$ 82,852,902	\$ 124,413,226	\$ 174,206,102	\$ 191,834,640	\$ 208,895,160
62,162,827	65,667,551	68,233,054	72,409,538	74,862,261	76,693,046
<u>124,728,667</u>	<u>122,630,464</u>	<u>(199,949,188)</u>	<u>(191,087,409)</u>	<u>(191,510,110)</u>	<u>(202,510,618)</u>
<u>\$ 264,919,262</u>	<u>\$ 271,150,917</u>	<u>\$ (7,302,908)</u>	<u>\$ 55,528,231</u>	<u>\$ 75,186,791</u>	<u>\$ 83,077,588</u>
\$ 78,027,768	\$ 82,852,902	\$ 124,413,226	\$ 174,206,102	\$ 191,834,640	\$ 208,895,160
62,162,827	65,667,551	68,233,054	72,409,538	74,855,511	76,693,046
<u>124,728,667</u>	<u>122,630,464</u>	<u>(199,949,188)</u>	<u>(191,087,409)</u>	<u>(191,503,360)</u>	<u>(202,510,618)</u>
<u>\$ 264,919,262</u>	<u>\$ 271,150,917</u>	<u>\$ (7,302,908)</u>	<u>\$ 55,528,231</u>	<u>\$ 75,186,791</u>	<u>\$ 83,077,588</u>

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

Expenses	2012	2013	2014	2015 (1)
Governmental Activities:				
Instruction	\$ 311,062,572	\$ 333,099,527	\$ 379,326,682	\$ 417,723,329
Instructional Resources and Media Services	8,525,841	9,015,595	9,458,754	10,448,836
Curriculum and Instructional Staff Development	6,942,069	7,871,530	9,222,524	11,408,842
Instructional Leadership	3,798,441	4,059,587	4,795,027	5,475,459
School Leadership	28,339,372	30,333,001	33,654,588	35,148,787
Guidance, Counseling, and Evaluation Services	19,103,538	21,261,678	23,634,110	27,693,860
Social Work				
Health Services	4,932,619	5,407,237	5,960,105	6,442,002
Student Transportation	16,917,348	17,006,681	18,117,006	19,926,295
Food Services	26,234,107	27,993,364	29,705,565	31,336,015
Extracurricular Activities	11,808,768	12,246,444	13,922,981	15,033,286
General Administration	9,799,768	9,484,422	10,445,330	11,577,316
Facilities Maintenance and Operations	45,314,890	47,106,425	52,109,678	54,724,812
Security and Monitoring Services	4,893,473	5,388,225	6,457,842	7,208,059
Data Processing Services	11,368,931	12,031,043	13,588,172	14,528,909
Community Services	1,278,824	1,036,286	900,660	797,196
Interest and Issuance Costs on Long-term Debt	50,383,193	55,659,332	56,831,827	57,765,290
Facilities Planning	2,103,510	1,502,445	841,035	1,009,182
Payments to Shared Service Arrangements	232,862	204,065	208,693	175,830
Payments to JJAEP	32,924	18,088	39,240	35,805
Payments to Tax Increment Reinvestment Zone	452,731	1,122,877	1,252,136	1,281,931
Payments to Appraisal Districts	2,348,096	2,455,136	2,604,686	3,107,984
Total Primary Government Expenses	565,873,877	604,302,988	673,076,641	732,849,025
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	907,065	1,033,348	934,922	1,104,420
Food Services	10,456,147	12,699,017	15,120,998	16,094,307
Extracurricular Activities	1,952,969	2,252,426	1,886,069	1,983,194
Facilities Maintenance and Operations	2,426,812	2,232,762	2,896,388	2,847,061
Community Services	149,276	156,057	180,555	170,961
Facilities Planning	3,325,766	1,219,902		
Other Activities	370,651	324,107	724,219	378,370
Operating Grants and Contributions	79,970,734	77,328,433	83,729,556	87,414,257
Total Primary Government Program Revenues	99,559,420	97,246,052	105,472,707	109,992,570
Net (Expense)/Revenue				
Total Primary Government Net Expense	\$ (466,314,457)	\$ (507,056,936)	\$ (567,603,934)	\$ (622,856,455)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes, Levied for General Purposes	\$ 232,528,594	\$ 248,945,316	\$ 274,072,603	\$ 319,183,036
Property Taxes, Levied for Debt Service	82,571,766	88,449,282	97,327,086	113,362,401
State Aid - Formula Grants	173,734,050	195,933,554	219,955,117	233,974,886
Investment Earnings	1,171,162	1,140,128	1,277,872	1,339,493
Miscellaneous	946,468	870,835	1,131,125	1,611,220
Extraordinary Item - Insurance Proceeds				
Special Items	7,847,541	468,634		
Total Primary Government General Revenues and Special Items	498,799,581	535,807,749	593,763,803	669,471,036
Change in Net Position				
Total Primary Government	\$ 32,485,124	\$ 28,750,813	\$ 26,159,869	\$ 46,614,581

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

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

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

Source: District Financial Statements

Exhibit II

	2016	2017	2018 (2)	2019 (3)	2020	2021
\$	463,004,721	\$ 499,089,811	\$ 332,524,107	\$ 573,349,689	\$ 621,829,003	\$ 629,002,333
	11,092,997	12,273,284	9,471,060	12,518,443	12,435,953	12,571,528
	12,571,661	12,472,927	8,688,155	14,427,816	15,295,923	16,291,059
	6,084,697	6,057,793	3,850,220	7,222,391	8,237,081	7,876,663
	39,272,358	41,475,495	28,413,536	47,260,431	51,430,448	51,969,883
	31,395,110	32,968,404	21,589,973	39,008,524	45,014,013	46,573,368
					74,476	513,260
	7,098,188	8,143,076	5,684,111	8,454,378	9,836,546	10,170,083
	21,738,829	23,746,998	20,470,400	24,784,241	24,558,497	25,354,955
	33,037,502	36,363,758	31,430,840	37,436,358	35,414,283	36,430,434
	16,523,156	21,460,317	20,168,678	32,278,464	32,949,881	35,077,169
	7,608,850	12,977,024	10,705,270	14,159,655	16,705,082	17,550,127
	66,746,993	65,888,818	71,530,944	79,395,627	93,359,935	94,370,824
	7,944,254	8,022,653	6,799,265	9,111,360	10,512,706	11,146,067
	15,527,959	14,199,302	12,486,010	13,664,335	15,766,025	17,224,554
	1,436,184	867,309	576,779	926,063	763,745	926,666
	62,022,560	64,227,782	71,117,461	74,956,508	70,438,366	69,972,933
	859,056	836,105	657,421	901,061	792,361	697,965
	330,796	315,376	428,982	630,385	548,742	742,071
	37,893	35,755	26,124	5,500	9,800	6,500
	1,500,033	1,787,431	1,951,121	2,538,535	2,424,073	2,727,209
	3,508,948	3,851,222	4,377,773	4,272,945	4,489,151	4,610,384
	<u>809,342,745</u>	<u>867,060,640</u>	<u>662,948,230</u>	<u>997,302,709</u>	<u>1,072,886,090</u>	<u>1,091,806,035</u>
	1,294,417	1,395,102	1,342,152	1,507,303	1,582,413	2,642,175
	16,060,740	16,520,390	12,306,498	15,517,404	10,866,658	3,421,222
	2,437,040	2,150,542	3,177,866	3,653,829	2,598,430	3,897,643
	2,823,800	3,029,620	3,953,990	3,548,280	2,616,700	2,607,021
	146,048	147,467	144,755	111,673	79,792	12,707
	563,700	1,455,789	679,928	911,939	874,046	594,999
	108,517,945	103,725,938	(29,607,127)	140,185,794	144,751,022	148,581,499
	<u>131,843,690</u>	<u>128,424,848</u>	<u>(8,001,938)</u>	<u>165,436,222</u>	<u>163,369,061</u>	<u>161,757,266</u>
\$	<u>(677,499,055)</u>	<u>(738,635,792)</u>	<u>(670,950,168)</u>	<u>(831,866,487)</u>	<u>(909,517,029)</u>	<u>(930,048,769)</u>
\$	365,143,237	\$ 400,420,348	\$ 425,166,477	\$ 435,057,208	\$ 430,652,708	\$ 437,859,960
	126,545,712	138,712,572	137,151,351	140,419,036	159,553,923	170,985,597
	228,854,642	199,890,131	217,776,729	256,991,049	326,995,618	324,709,883
	2,601,510	3,684,638	7,840,730	12,055,061	6,734,460	1,549,245
	1,639,307	2,159,758	2,056,393	2,211,843	2,663,063	2,834,881
			15,000,000	10,000,000		
	<u>724,784,408</u>	<u>744,867,447</u>	<u>804,991,680</u>	<u>856,734,197</u>	<u>926,599,772</u>	<u>937,939,566</u>
\$	<u>47,285,353</u>	<u>6,231,655</u>	<u>134,041,512</u>	<u>24,867,710</u>	<u>17,082,743</u>	<u>7,890,797</u>

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

Fiscal Year Ended 08/31:	2012	2013	2014	2015
General Fund				
Non-spendable	\$ 1,236,844	\$ 2,453,621	\$ 1,632,902	\$ 1,676,224
Committed	5,000,000	5,000,000	5,000,000	5,000,000
Assigned	34,873,093	22,273,650	38,313,114	33,345,793
Unassigned	85,796,245	119,478,591	122,079,868	142,300,585
Total General Fund	<u>\$ 126,906,182</u>	<u>\$ 149,205,862</u>	<u>\$ 167,025,884</u>	<u>\$ 182,322,602</u>
All Other Governmental Funds				
Non-spendable	\$ 239,268	\$ 329,238	\$ 257,088	\$ 298,222
Restricted (1)	138,769,172	163,803,381	111,246,054	217,899,330
Committed	2,807,308	2,803,515	2,968,982	3,877,399
Total All Other Governmental Funds	<u>\$ 141,815,748</u>	<u>\$ 166,936,134</u>	<u>\$ 114,472,124</u>	<u>\$ 222,074,951</u>

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

Source: District Financial Statements

2016	2017	2018	2019	2020	2021
\$ 1,682,389	\$ 1,948,897	\$ 1,848,633	\$ 2,179,115	\$ 2,261,731	\$ 2,955,406
5,000,000	5,000,000	5,000,000	5,000,000	21,000,000	20,000,000
59,718,583	45,262,824	62,918,089	52,716,009	50,761,742	60,160,195
131,220,046	150,613,416	143,728,990	198,222,716	221,419,646	224,682,222
<u>\$ 197,621,018</u>	<u>\$ 202,825,137</u>	<u>\$ 213,495,712</u>	<u>\$ 258,117,840</u>	<u>\$ 295,443,119</u>	<u>\$ 307,797,823</u>
\$ 331,870	\$ 331,544	\$ 207,179	\$ 260,761	\$ 446,821	\$ 318,844
217,167,264	221,277,995	210,979,294	184,050,525	195,011,151	93,065,550
5,187,661	5,576,420	5,842,269	5,812,699	7,331,468	7,847,845
<u>\$ 222,686,795</u>	<u>\$ 227,185,959</u>	<u>\$ 217,028,742</u>	<u>\$ 190,123,985</u>	<u>\$ 202,789,440</u>	<u>\$ 101,232,239</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
REVENUES				
Local, Intermediate, and Out-of-State	\$ 340,712,386	\$ 364,676,808	\$ 400,850,779	\$ 465,812,407
State Programs	202,618,331	225,451,668	258,627,309	272,681,653
Federal Programs	43,429,299	40,873,475	40,341,603	43,506,099
Total Revenues	<u>586,760,016</u>	<u>631,001,951</u>	<u>699,819,691</u>	<u>782,000,159</u>
EXPENDITURES				
Current:				
Instruction	285,930,849	307,311,490	352,095,091	394,990,339
Instructional Resources and Media Services	6,524,212	7,019,390	7,385,250	8,427,268
Curriculum and Instructional Staff Development	6,898,759	7,797,437	9,168,624	11,521,033
Instructional Leadership	3,736,648	3,981,530	4,766,798	5,493,216
School Leadership	26,462,148	28,383,632	31,697,268	33,625,710
Guidance, Counseling, and Evaluation Services	18,236,935	20,309,986	22,735,997	27,191,723
Social Work				
Health Services	4,159,915	4,629,497	5,156,712	5,708,886
Student Transportation	13,972,298	13,634,988	15,442,251	18,371,600
Food Services	23,048,070	24,583,868	26,092,121	27,881,956
Extracurricular Activities	9,176,420	9,925,589	11,431,026	12,633,909
General Administration	9,145,782	8,814,839	9,999,472	10,863,559
Facilities Maintenance and Operations	42,901,346	45,126,472	50,528,784	52,778,256
Security and Monitoring Services	4,847,057	5,435,400	7,077,700	7,190,977
Data Processing Services	7,436,616	8,775,464	9,910,686	10,948,978
Community Services	1,300,534	1,031,636	898,736	808,809
Debt Service:				
Principal on Long-term Debt	35,181,136	35,255,000	40,152,444	59,006,822
Interest on Long-term Debt	50,163,326	55,662,253	60,495,882	57,594,953
Bond Issuance Costs and Fees	4,243,024	1,015,900	35,575	4,117,255
Capital Outlay:				
Facilities Acquisition and Construction	199,914,742	98,070,970	60,815,880	80,781,635
Intergovernmental:				
Payments to Shared Service Arrangements	232,862	204,065	208,693	175,831
Payments to JJAEP	32,924	18,088	39,240	35,805
Payments to Tax Increment Reinvestment Zone	2,435,819	2,690,626	2,869,992	2,901,667
Other Intergovernmental Charges	2,348,096	2,455,136	2,604,686	3,107,984
Total Expenditures	<u>758,329,518</u>	<u>692,133,256</u>	<u>731,608,908</u>	<u>836,158,171</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(171,569,502)</u>	<u>(61,131,305)</u>	<u>(31,789,217)</u>	<u>(54,158,012)</u>
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued	167,785,000			320,075,000
Issuance of Capital Related Debt (General Obligation Bonds)	129,370,000	103,000,000		155,310,000
Sale of Real and Personal Property	4,259,371	80,252	145,229	171,340
Transfers In	4,081,714	3,987,659	3,914,349	3,270,784
Premium/Discount from Issuance of Bonds	29,314,822	7,779,789		61,010,989
Transfers Out	(4,081,714)	(6,487,659)	(6,914,349)	(8,270,784)
Payment to Bond Refunding Escrow Agent	(174,020,686)			(354,509,772)
Total Other Financing Sources (Uses)	<u>156,708,507</u>	<u>108,360,041</u>	<u>(2,854,771)</u>	<u>177,057,557</u>
SPECIAL ITEMS				
Insurance Recoveries		191,330		
Extraordinary Item	312,787			
Net Change in Fund Balances	<u>\$ (14,548,208)</u>	<u>\$ 47,420,066</u>	<u>\$ (34,643,988)</u>	<u>\$ 122,899,545</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	15.29%	15.32%	15.07%	15.49%

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	\$ 679,736,006	\$ 758,329,518	\$ 731,608,908	\$ 836,158,171
Less: Capital Expenditures	93,728,031	200,034,542	63,582,450	83,540,938
Total Non-Capital Expenditures	<u>\$ 586,007,975</u>	<u>\$ 558,294,976</u>	<u>\$ 668,026,458</u>	<u>\$ 752,617,233</u>

Exhibit IV

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	527,631,325	\$ 576,874,276	\$ 603,546,527	\$ 624,762,055	\$ 626,904,970	\$ 636,427,250
	265,692,757	243,863,371	260,653,526	304,288,538	384,102,509	379,275,798
	47,985,831	46,055,262	58,717,189	64,922,155	49,556,318	79,397,781
	<u>841,309,913</u>	<u>866,792,909</u>	<u>922,917,242</u>	<u>993,972,748</u>	<u>1,060,563,797</u>	<u>1,095,100,829</u>
	416,482,583	439,624,519	451,424,438	479,928,997	527,231,595	558,199,006
	8,519,921	8,599,763	9,077,874	9,129,785	9,317,884	9,599,789
	12,088,477	12,137,508	12,435,116	13,478,434	13,669,792	15,126,115
	5,797,435	5,841,285	6,105,336	6,567,554	7,055,480	7,169,969
	35,609,939	37,228,648	39,391,028	41,493,359	44,875,543	47,653,975
	29,156,552	30,580,322	31,893,274	35,313,581	40,146,576	43,971,037
					64,230	487,780
	5,960,809	6,630,238	6,982,347	7,558,316	8,780,642	9,501,661
	17,925,290	18,329,722	18,975,217	22,624,329	18,686,686	19,513,829
	28,791,021	29,818,640	29,720,128	31,562,559	29,759,832	30,309,414
	13,617,113	14,810,002	18,570,489	19,840,676	21,647,179	23,000,244
	11,010,758	11,767,473	12,997,178	13,661,788	13,194,662	14,302,672
	60,259,705	61,652,019	82,833,701	67,117,475	79,697,790	82,940,503
	8,226,561	7,806,514	8,440,652	9,029,182	10,143,419	10,548,900
	11,867,199	12,049,626	13,404,040	14,185,533	14,763,537	16,441,453
	1,395,720	865,482	767,654	859,600	677,996	886,521
	64,781,333	69,182,539	70,416,790	84,235,000	76,867,982	74,406,648
	67,048,851	71,125,300	80,326,526	81,419,061	78,974,820	82,371,734
	2,001,218	191,596,866	1,493,821	1,999,416	162,574,050	14,096,729
	290,909,587	298,649,086	234,599,020	246,026,660	159,586,725	111,968,775
	330,796	315,376	428,982	630,385	548,742	742,071
	37,893	35,755	26,124	5,500	9,800	6,500
	3,120,641	3,407,903	3,570,449	4,155,711	4,043,089	4,346,913
	3,508,948	3,851,222	4,377,773	4,272,945	4,489,151	4,610,384
	<u>1,098,448,350</u>	<u>1,335,905,808</u>	<u>1,138,257,957</u>	<u>1,195,095,846</u>	<u>1,326,807,202</u>	<u>1,182,202,622</u>
	<u>(257,138,437)</u>	<u>(469,112,899)</u>	<u>(215,340,715)</u>	<u>(201,123,098)</u>	<u>(266,243,405)</u>	<u>(87,101,793)</u>
	23,515,000	163,825,000			304,659,942	106,904,919
	245,095,000	261,640,000	186,225,000	190,695,000	141,240,000	
	151,785	161,628	3,395,097	108,452	93,580	233,573
	4,040,477	4,630,440	14,102,249	23,606,508	7,689,744	1,530,925
	35,746,877	56,189,554	15,233,976	20,037,017	56,332,887	29,831,980
	(8,040,477)	(7,630,440)	(18,102,249)	(25,606,508)	(10,689,744)	(4,530,925)
	<u>(27,459,965)</u>				<u>(185,668,087)</u>	<u>(136,071,176)</u>
	<u>273,048,697</u>	<u>478,816,182</u>	<u>200,854,073</u>	<u>208,840,469</u>	<u>313,658,322</u>	<u>(2,100,704)</u>
			15,000,000	10,000,000		
\$	<u>15,910,260</u>	<u>\$ 9,703,283</u>	<u>\$ 513,358</u>	<u>\$ 17,717,371</u>	<u>\$ 47,414,917</u>	<u>\$ (89,202,497)</u>
	16.40%	13.53%	16.84%	17.56%	13.37%	14.70%
\$	1,098,448,350	\$ 1,335,905,808	\$ 1,138,257,957	\$ 1,195,095,846	\$ 1,326,807,202	\$ 1,182,202,622
	294,411,021	299,269,468	243,365,797	251,744,339	160,884,646	115,448,650
\$	<u>804,037,329</u>	<u>\$ 1,036,636,340</u>	<u>\$ 894,892,160</u>	<u>\$ 943,351,507</u>	<u>\$ 1,165,922,556</u>	<u>\$ 1,066,753,972</u>

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REVENUE CAPACITY INFORMATION

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

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

Fiscal Year Ended 8/31:	Actual Value			
	Residential	Commercial & Industrial	Minerals	Vacant Land
2012	\$ 15,151,391,289	\$ 5,956,767,164	\$ 25,676,428	\$ 1,301,661,488
2013	16,095,198,911	6,304,330,980	18,887,750	1,435,122,329
2014	17,666,123,656	6,946,066,195	8,467,871	1,322,654,238
2015	20,601,740,928	8,432,123,480	9,125,164	1,413,972,480
2016	24,897,292,508	9,645,411,945	15,548,521	1,636,118,144
2017	27,284,043,996	10,573,764,227	9,444,271	1,797,249,063
2018	28,244,724,287	11,013,853,113	8,564,405	1,905,381,116
2019	28,705,854,459	11,282,400,231	5,165,513	1,937,103,798
2020	30,840,955,596	12,006,108,674	2,834,628	1,883,960,856
2021	32,822,863,321	13,174,194,282	2,223,260	1,807,676,152

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

Source: County Appraisal Districts

Other	Less: Exemptions	Total Assessed Value	Total Direct Rate (1)
\$ 270,073,732	\$ 1,978,048,350	\$ 20,727,521,751	\$ 1.5266
259,998,534	2,030,279,393	22,083,259,111	1.5266
282,107,473	1,941,988,443	24,283,430,990	1.5266
316,708,571	2,167,799,542	28,605,871,081	1.5266
334,145,538	3,624,091,528	32,904,425,128	1.5166
354,442,894	3,667,500,539	36,351,443,912	1.5166
371,624,924	3,563,634,688 (2)	37,980,513,157	1.5166
418,880,262	3,402,956,350	38,946,447,913	1.5166
451,870,961	3,556,951,950	41,628,778,765	1.4431
485,550,424	3,662,870,839	44,629,636,600	1.3888

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

Taxing Authority	2012	2013	2014	2015
<u>District Direct Rates:</u>				
Maintenance & Operations	\$ 1.1266	\$ 1.1266	\$ 1.1266	\$ 1.1266
Debt Service	0.4000	0.4000	0.4000	0.4000
Total District Direct Rates	\$ 1.5266	\$ 1.5266	\$ 1.5266	\$ 1.5266
<u>Overlapping Rates:</u>				
Addicks UD	\$ 0.6550	\$ 0.6550	\$ 0.6550	\$ 0.6550
Baker Road MUD	0.5650	0.5000	0.4250	0.3750
Castlewood MUD	0.8500	0.8500	0.8100	0.7000
Cimarron MUD	0.5700	0.5700	0.5700	0.5700
Cinco MUD #1	0.5950	0.5500	0.5000	0.4800
Cinco MUD #2	0.4750	0.4750	0.4750	0.4700
Cinco MUD #3	0.4800	0.4600	0.4200	0.4200
Cinco MUD #5	0.4950	0.4750	0.4450	0.4150
Cinco MUD #6	0.4800	0.4800	0.4100	0.3950
Cinco MUD #7	0.4900	0.4850	0.4850	0.4800
Cinco MUD #8	0.5950	0.8200	0.7600	0.7100
Cinco MUD #9	0.5950	0.5950	0.5700	0.5300
Cinco MUD #10	0.5900	0.5900	0.5800	0.5800
Cinco MUD #12	0.4300	0.3600	0.3600	0.3000
Cinco MUD #14	0.5950	0.5550	0.5450	0.5350
Cinco SW MUD #1	1.5000	1.5000	1.2900	1.0100
Cinco SW MUD #2	1.5000	1.4450	1.3450	1.2000
Cinco SW MUD #3	1.5000	1.5000	1.5000	1.4400
Cinco SW MUD #4	1.5000	1.4800	1.4000	1.2000
Cornerstone MUD	0.3600	0.3600	0.3600	0.3400
Fort Bend Co.	0.4998	0.4998	0.4998	0.4948
Fort Bend Co. LID #12	0.1300	0.1250	0.1250	0.1150
Fort Bend Co. MUD #34	0.6800	0.6800	0.6800	0.6800
Fort Bend Co. MUD #35	0.6300	0.6300	0.6200	0.5700
Fort Bend Co. MUD #37	0.5200	0.5200	0.5200	0.5200
Fort Bend Co. MUD #57	1.4500	1.4500	1.4000	1.2700
Fort Bend Co. MUD #58	1.5000	1.5000	1.4500	1.2800
Fort Bend Co. MUD #124	0.9900	0.9900	0.9900	0.9500
Fort Bend Co. MUD #130	0.7500	0.7400	0.7300	0.7200
Fort Bend Co. MUD #130 Defined Area	*N/A	*N/A	*N/A	*N/A
Fort Bend Co. MUD #142	1.3200	1.2700	1.1700	0.9500
Fort Bend Co. MUD #151	1.2600	1.2600	1.2600	1.2200
Fort Bend Co. MUD #156	*N/A	1.5000	1.5000	1.4500
Fort Bend Co. MUD #161	*N/A	0.9062	0.9062	0.9062
Fort Bend Co. MUD #163	*N/A	*N/A	0.9000	0.9000
Fort Bend Co. MUD #171	1.2950	1.2833	1.2650	1.2200
Fort Bend Co. MUD #172	1.2950	1.2973	1.3038	1.3226
Fort Bend Co. MUD #173	1.2950	1.2973	1.3038	1.3226
Fort Bend Co. MUD #182	*N/A	*N/A	*N/A	1.5000

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1.1266	\$ 1.1266	\$ 1.1466	\$ 1.1466	\$ 1.0531	\$ 0.9988
0.3900	0.3900	0.3700	0.3700	0.3900	0.3900
\$ 1.5166	\$ 1.5166	\$ 1.5166	\$ 1.5166	\$ 1.4431	\$ 1.3888
\$ 0.6550	\$ 0.6550	\$ 0.6450	\$ 0.6450	\$ 0.6300	\$ 0.6000
0.3400	0.3000	0.3000	0.3000	0.3000	0.3000
0.5800	0.4500	0.4300	0.4100	0.4100	0.4100
0.4200	0.3850	0.3650	0.3650	0.3650	0.3650
0.4400	0.4400	0.4300	0.4278	0.4450	0.4450
0.4500	0.3400	0.2800	0.3100	0.3700	0.3600
0.4000	0.3700	0.3550	0.3550	0.3450	0.3450
0.3800	0.3700	0.3700	0.4900	0.4400	0.4200
0.3550	0.3300	0.3300	0.3850	0.3300	0.3300
0.4800	0.4400	0.4200	0.4800	0.4200	0.4050
0.6400	0.5900	0.5800	0.9600	0.6200	0.6150
0.4300	0.4050	0.3950	0.3950	0.3950	0.3950
0.5300	0.4950	0.4950	0.5050	0.5300	0.5500
0.2700	0.2500	0.2500	0.2500	0.2500	0.2500
0.5200	0.5000	0.4900	0.4900	0.5250	0.5350
0.9050	0.8500	0.7600	0.6800	0.6600	0.6400
1.0400	0.9850	0.9400	0.9100	0.9300	0.9000
1.2000	1.1200	1.0000	0.9350	0.9300	0.9200
1.0300	0.9600	0.9100	0.8300	0.8379	0.8250
0.3300	0.3000	0.3000	0.3000	0.3000	0.3000
0.4860	0.4740	0.4690	0.4640	0.4600	0.4532
0.1000	0.0900	0.0900	0.0850	0.0800	0.0750
0.6300	0.6200	0.6100	0.6100	0.6100	0.6100
0.5150	0.4400	0.4300	0.4250	0.4250	0.4250
0.5000	0.4900	0.4900	0.4900	0.4900	0.4900
1.0500	0.9400	0.9200	0.9000	0.9000	0.8900
1.1600	1.0700	1.0200	0.9500	0.9500	0.9000
0.8600	0.8600	0.8600	0.8600	0.8600	0.8600
0.6600	0.6300	0.6300	0.6300	0.6300	0.5300
*N/A	*N/A	*N/A	*N/A	*N/A	0.8700
0.8500	0.7700	0.7500	0.7500	0.7500	0.7500
1.1100	1.0000	0.9700	0.9500	0.9300	0.8900
1.2500	1.0500	1.0500	1.0500	1.0100	0.9900
0.9000	0.9000	0.9000	0.9000	0.9000	0.9000
0.9000	0.9000	0.9000	0.9000	0.9000	0.9000
1.1600	1.1200	1.1175	1.0650	1.0742	1.0700
1.2818	1.2150	1.1850	1.1600	1.1350	1.0900
1.3393	1.3440	1.3422	1.3384	1.3338	1.2700
1.5000	1.5000	1.5000	1.3500	1.3000	1.2700

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

Taxing Authority	2012	2013	2014	2015
<i>Overlapping Rates:</i>				
Fort Bend Co. MUD #185	\$ 1.2500	\$ 1.2500	\$ 1.2000	\$ 1.1700
Fort Bend Co. MUD #199	0.6000	0.6000	0.6000	0.6000
Fort Bend Waller Co. MUD #2	*N/A	*N/A	*N/A	0.8000
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	1.4500
Fry Road MUD	0.5000	0.5000	0.5000	0.4850
Fulshear MUD #3A	*N/A	*N/A	*N/A	*N/A
Grand Lakes MUD #1	0.5400	0.5400	0.5400	0.5400
Grand Lakes MUD #2	0.4450	0.4375	0.3695	0.3500
Grand Lakes MUD #4	0.7700	0.7600	0.7300	0.6800
Grand Lakes WC & ID	0.0825	0.0825	0.0785	0.0730
Green Trails MUD	0.4000	0.2600	0.2100	0.2000
Harris Co.	0.3912	0.4002	0.4146	0.4173
Harris Co. Dept. of Education	0.0066	0.0066	0.0064	0.0060
Harris Co. Flood Contr. Dist.	0.0281	0.0281	0.0283	0.0274
Harris Co. ID #25	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #61	0.5900	0.5900	0.5900	0.5700
Harris Co. MUD #62	0.6500	0.6500	0.6500	0.6200
Harris Co. MUD #63	0.8500	0.7000	0.5900	0.5200
Harris Co. MUD #64	0.7100	0.7100	0.7100	0.6900
Harris Co. MUD #65	0.8960	0.9770	0.9700	0.9300
Harris Co. MUD #71	1.1000	1.1000	1.1000	1.0600
Harris Co. MUD #81	0.3700	0.3700	0.3700	0.3700
Harris Co. MUD #105	0.9300	0.9300	0.9300	0.9000
Harris Co. MUD #216	1.1000	1.0700	0.9900	0.9500
Harris Co. MUD #238	0.7150	0.6950	0.6850	0.6350
Harris Co. MUD #287	1.3500	1.3500	1.3500	1.3500
Harris Co. MUD #345	0.4200	0.4200	0.3800	0.3475
Harris Co. MUD #346	0.2800	0.2000	0.1000	0.1000
Harris Co. MUD #432	1.5000	1.5000	1.5000	1.5000
Harris Co. MUD #449	*N/A	*N/A	1.5000	1.5000
Harris Co. MUD #457	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #495	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #536	*N/A	*N/A	*N/A	*N/A
Harris Co. MUD #538	*N/A	*N/A	*N/A	*N/A
Harris Co. UD #6	0.2400	0.2400	0.2400	0.2350
Harris Co. WC & ID #159	*N/A	*N/A	*N/A	*N/A
Harris-Fort Bend Cos. MUD #1	0.7300	0.7000	0.6850	0.6850
Harris-Fort Bend Cos. MUD #3	1.2400	1.2400	1.1900	1.0700
Harris-Fort Bend Cos. MUD #5	0.7100	0.7100	0.7000	0.6500
Harris-Waller Cos. MUD #2	*N/A	*N/A	*N/A	0.9500

2016	2017	2018	2019	2020	2021
\$ 1.0400	\$ 1.0300	\$ 1.0200	\$ 1.0000	\$ 0.9600	\$ 0.9300
0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
0.8000	0.8000	0.8000	0.8000	0.8000	0.8000
0.9300	0.9300	0.9300	0.9300	0.9300	0.9300
1.4500	1.4500	1.4500	1.4500	1.4500	*N/A
0.4700	0.4550	0.4400	0.4300	0.4250	0.4175
*N/A	*N/A	1.5000	1.5000	1.5000	1.4500
0.5150	0.4950	0.4950	0.5700	0.5400	0.5400
0.3200	0.3075	0.3000	0.2650	0.2400	0.1800
0.6000	0.5725	0.5525	0.5000	0.5000	0.5000
0.0665	0.0650	0.0650	0.0650	0.0700	0.0700
0.1900	0.2100	0.2100	0.2100	0.2150	0.2100
0.4192	0.4166	0.4180	0.4186	0.4071	0.3912
0.0054	0.0052	0.0052	0.0052	0.0050	0.0050
0.0273	0.0283	0.0283	0.0288	0.0279	0.0314
*N/A	*N/A	*N/A	*N/A	0.9000	0.9000
0.5000	0.4900	0.4800	0.4800	0.4800	0.4600
0.5900	0.5750	0.5750	0.5550	0.5550	0.5550
0.5000	0.4100	0.3300	0.3000	0.2800	0.2500
0.6900	0.6300	0.5800	0.5800	0.5600	0.5600
0.8400	0.7300	0.6700	0.6400	0.6200	0.6000
0.9700	0.8900	0.8000	0.7900	0.7900	0.7900
0.3300	0.3300	0.3300	0.3100	0.3000	0.3000
0.8500	0.8300	0.8000	0.8000	0.7800	0.7700
0.7000	0.5600	0.5000	0.5000	0.4900	0.4900
0.6200	0.5400	0.5100	0.5000	0.4900	0.4850
1.3500	1.2700	1.2200	1.1700	1.1600	1.1400
0.3100	0.2800	0.2500	0.2200	0.1900	0.1800
0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
1.4500	1.4000	1.3800	1.3400	1.3200	1.3000
1.5000	1.4400	1.4200	1.3700	1.3200	1.2900
*N/A	1.5000	1.5000	1.5000	1.5000	1.5000
*N/A	*N/A	1.5000	1.5000	1.5000	1.5000
*N/A	1.5000	1.5000	1.5000	1.5000	1.5000
*N/A	*N/A	*N/A	1.5000	1.5000	1.5000
0.2300	0.2200	0.2200	0.2300	0.2025	0.1900
*N/A	*N/A	*N/A	*N/A	0.5000	0.5000
0.6550	0.6100	0.6200	0.6200	0.6400	0.6400
0.9700	0.9200	0.8200	0.8100	0.7300	0.7000
0.5900	0.5400	0.5150	0.5050	0.4800	0.4600
0.9500	0.9500	0.9500	0.9500	0.9500	0.9500

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

Taxing Authority	2012	2013	2014	2015
<i>Overlapping Rates:</i>				
Harris-Waller Cos. MUD #3	*N/A	*N/A	*N/A	\$ 0.9300
Houston, City of	0.6388	0.6388	0.6388	0.6311
Interstate MUD	0.4250	0.4200	0.4100	0.4050
Jackrabbit Road PUD	0.3450	0.2500	0.2500	0.3000
Katy, City of	0.5937	0.5867	0.5667	0.5467
Katy Management District #1	0.9500	0.8800	0.8200	0.8200
Longhorn Town UD	0.6500	0.6300	0.6100	0.5500
Mason Creek UD	0.3460	0.3460	0.0346	0.3345
Mayde Creek MUD	0.8960	0.9150	0.9450	0.9300
Memorial MUD	0.5500	0.5400	0.5400	0.5100
Morton Road MUD	0.8400	0.8400	0.8200	0.7500
Northwest Harris Co. MUD #12	1.0600	1.0600	1.0600	1.0400
Nottingham Country MUD	0.3950	0.3950	0.3950	0.3750
Port of Houston Authority	0.0186	0.0195	0.0172	0.0153
Ricewood MUD	0.5800	0.5800	0.5800	0.5300
Rolling Creek UD	0.9700	0.9700	0.9600	0.8800
Village at Katy DD	*N/A	*N/A	*N/A	*N/A
Waller County	0.6598	0.6611	0.6511	0.6508
Waller County ID #2	*N/A	*N/A	*N/A	*N/A
Waller County RID #1	1.2500	1.2500	1.2500	1.2500
Waller-Harris ESD 200	0.0944	0.0995	0.0995	0.0995
West Harris Co. MUD #2	0.5000	0.5000	0.5000	0.5000
West Harris Co. MUD #5	1.2000	1.2000	1.2000	1.1600
West Harris Co. MUD #7	0.9000	0.9000	0.9000	0.8500
West Harris Co. MUD #17	1.2500	1.3100	1.3100	1.2400
Westlake MUD #1	0.6400	0.6325	0.6325	0.5925
West Memorial MUD	0.4500	0.4500	0.4500	0.4500
Weston MUD	0.6100	0.6100	0.6100	0.5500
Westpark MUD	0.7500	0.6700	0.6700	0.6500
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	1.5000	1.5000
WoodCreek Reserve MUD	0.6000	0.6000	0.6000	0.5600

UD - Utility District

MUD - Municipal Utility District

PUD - Public Utility District

ID - Improvement 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

2016	2017	2018	2019	2020	2021
\$ 0.9300	\$ 0.9300	\$ 0.9300	\$ 0.9300	\$ 0.9300	\$ 0.9300
0.6011	0.5864	0.5842	0.5883	0.5679	0.5618
0.4000	0.3950	0.3900	0.3900	0.3900	0.3900
0.3000	0.3000	0.3000	0.3000	0.3000	0.2973
0.5267	0.5067	0.4867	0.4867	0.4800	0.4472
0.8200	0.8000	0.8000	0.8000	0.8000	0.8000
0.5000	0.4600	0.4500	0.4300	0.3800	0.3500
0.3230	0.3230	0.3230	0.3300	0.3510	0.3510
0.9300	0.9300	0.9200	0.8900	0.8600	0.8400
0.4800	0.4400	0.4150	0.4150	0.4050	0.4000
0.6900	0.6600	0.6400	0.6300	0.6200	0.6000
0.9800	0.9300	0.8500	0.8000	0.8000	0.7800
0.3450	0.3400	0.3400	0.3400	0.3400	0.3400
0.0134	0.0133	0.0126	0.0116	0.0107	0.0099
0.4750	0.4200	0.4000	0.3900	0.3900	0.3850
0.8500	0.7800	0.7000	0.7000	0.7000	0.6800
*N/A	*N/A	*N/A	*N/A	1.0000	1.0000
0.6204	0.6004	0.5848	0.6540	0.6301	0.5871
*N/A	*N/A	*N/A	*N/A	*N/A	0.8000
1.2500	1.2500	1.2500	1.2500	1.2500	1.1700
0.0995	0.0995	0.0995	0.0995	0.1000	0.1000
0.4800	0.4800	0.4600	0.4500	0.4300	0.4300
1.0900	1.0500	1.0100	1.0000	0.9800	0.9700
0.8400	0.7700	0.6700	0.6400	0.6100	0.6000
1.1900	1.0700	1.0450	1.0450	0.9850	0.9650
0.5625	0.5400	0.5300	0.4900	0.4800	0.4589
0.4300	0.3900	0.3900	0.3900	0.3900	0.3900
0.4800	0.4600	0.4100	0.3700	0.3500	0.3400
0.6500	0.5800	0.4600	0.4200	0.3950	0.3250
1.1500	1.0950	1.0100	1.0400	1.1400	1.1400
0.1850	0.1850	0.1850	0.1850	0.1850	0.1850
1.5000	1.5000	1.5000	1.4800	1.4600	1.4300
0.5600	0.5600	0.5200	0.5050	0.5000	0.4900

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

Exhibit VII

<u>Taxpayer</u>	<u>2021</u>			<u>2012</u>		
	<u>Assessed Value (1)</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value (2)</u>	<u>Assessed Value (1)</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value (3)</u>
Shell Oil Co.	\$ 451,416,449	1	1.01%	\$ 151,280,957	3	0.73%
Amoco Chemical Co.	432,956,826	2	0.97	384,651,333	1	1.86
Katy Mills LP	170,600,259	3	0.38	103,247,113	7	0.50
SCD Memorial Place II LLC	169,491,795	4	0.38			
Academy Corp. Ltd.	160,880,029	5	0.36	87,064,484	8	0.42
Schlumberger Technology Corp.	149,957,853	6	0.34			
Centerpoint Energy	140,074,949	7	0.31	103,396,813	6	0.50
EC Owner 1 & 2	137,584,921	8	0.31			
PR II La Centerra	103,108,210	9	0.23			
Westlake Four Owner Corp.	100,720,000	10	0.23	165,439,692	2	0.80
I10 EC Corridor LP				123,181,427	4	0.59
Conoco Phillips Co.				118,890,439	5	0.57
Wal-Mart				76,959,548	9	0.37
Sercel, Inc.				73,286,859	10	0.35
TOTALS	<u>\$ 2,016,791,291</u>		<u>4.52%</u>	<u>\$ 1,387,398,665</u>		<u>6.68%</u>

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

(2) Total assessed value equals: \$ 44,629,636,600

(3) Total assessed value equals: \$ 20,727,521,751

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
2012	\$ 314,730,030	\$ 310,257,285	98.58%	\$ 4,193,904	\$ 314,451,189	99.91%
2013	334,894,940	331,214,907	98.90	3,397,496	334,612,403	99.92
2014	366,909,756	364,521,121	99.35	2,043,654	366,564,775	99.91
2015	430,027,186	428,272,107	99.59	1,376,904	429,649,011	99.91
2016	487,698,031	487,326,155	99.92	(41,671)	487,284,484	99.92
2017	534,595,163	536,816,559	100.42	(2,784,283)	534,032,276	99.89
2018	556,996,848	560,383,716	100.61	(4,226,329)	556,157,387	99.85
2019	575,034,493	574,967,028	99.99	(940,110)	574,026,918	99.82
2020	585,926,845	585,598,568	99.94	(1,483,236)	584,115,332	99.69
2021	609,982,086	604,861,042	99.16		604,861,042	99.16

(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

DEBT CAPACITY INFORMATION

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

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

Exhibit IX

Fiscal Year Ended 8/31:	Governmental Activities				Total Primary Government	Ratio of Debt to Assessed Value (1)	Debt per ADA (2)
	General Obligation Bonds (3)	Accretion on Capital Appreciation Bonds	Bond Issuance Premiums (4)	Capital Leases			
2012	\$ 1,165,099,961	\$ 9,409,109	\$ 34,552,367	\$ 17,360,000	\$ 1,226,421,437	5.92%	\$ 20,699
2013	1,232,844,961	9,827,986	47,850,529	16,245,000	1,306,768,476	5.92	21,274
2014	1,192,692,517	8,337,728	45,512,893	15,095,000	1,261,638,138	5.20	19,697
2015	1,271,035,662	7,243,610	100,590,333	13,910,000	1,392,779,605	4.87	20,753
2016	1,449,414,330	5,602,776	128,684,350	12,690,000	1,596,391,456	4.85	22,901
2017	1,621,576,790	2,835,055	175,631,661	11,435,000	1,811,478,506	4.98	25,155
2018	1,737,385,000		182,091,664	10,145,000	1,929,621,664	5.08	26,182
2019	1,843,845,000		193,051,387	8,820,000	2,045,716,387	5.25	26,875
2020	1,888,706,959	93,522	215,607,409	7,455,000	2,111,862,890	5.07	26,701
2021	1,801,090,230	114,558	229,723,445	6,050,000	2,036,978,233	4.56	25,575

(1) See Exhibit V for assessed value data.

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

(3) General Obligation Bonds include Capital Appreciation Bonds

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

Source: District Records

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

Exhibit X

Fiscal Year Ended 8/31:	Governmental Activities				Primary Government Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (1)	Net Bonded Debt per ADA (2)
	General Obligation Bonds	Accretion on Capital Appreciation Bonds	Bond Issuance Premiums	Less Reserve for Retirement of Bonded Debt			
2012	\$ 1,165,099,961	\$ 9,409,109	\$ 34,552,367	\$ 43,645,850	\$ 1,165,415,587	5.62%	\$ 19,669
2013	1,232,844,961	9,827,986	47,850,529	49,056,113	1,241,467,363	5.62	20,210
2014	1,192,692,517	8,337,728	45,512,893	52,050,071	1,194,493,067	4.92	18,649
2015	1,271,035,662	7,243,610	100,590,333	49,777,788	1,329,091,817	4.65	19,804
2016	1,449,414,330	5,602,776	128,684,350	51,026,434	1,532,675,022	4.66	21,987
2017	1,621,576,790	2,835,055	175,631,661	53,113,798	1,746,929,708	4.81	24,259
2018	1,737,385,000		182,091,664	56,325,629	1,863,151,035	4.91	25,281
2019	1,843,845,000		193,051,387	57,944,031	1,978,952,356	5.08	25,998
2020	1,888,706,959	93,522	215,607,409	59,643,831	2,044,764,059	4.91	25,853
2021	1,801,090,230	114,558	229,723,445	62,074,135	1,968,854,098	4.41	24,719

(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, 2021

Exhibit XI
Page 1 of 3

<u>Taxing Authority</u>	<u>Gross Debt Outstanding</u>		<u>Percent Overlapping (1)</u>	<u>Amount Overlapping Gross Debt</u>
	<u>Amount</u>	<u>As Of</u>		
<u>Direct:</u>				
Katy Independent School District	\$ 2,036,978,233	8/31/2021	100.00%	\$ 2,036,978,233
<u>Overlapping:</u>				
Addicks UD	16,050,000	8/31/2021	100.00	16,050,000
Castlewood MUD	8,080,000	8/31/2021	100.00	8,080,000
Cimarron MUD	25,480,000	8/31/2021	100.00	25,480,000
Cinco MUD #1	4,717,645	8/31/2021	100.00	4,717,645
Cinco MUD #2	11,353,405	8/31/2021	100.00	11,353,405
Cinco MUD #3	6,064,135	8/31/2021	100.00	6,064,135
Cinco MUD #5	7,064,395	8/31/2021	100.00	7,064,395
Cinco MUD #6	6,697,180	8/31/2021	100.00	6,697,180
Cinco MUD #7	10,385,375	8/31/2021	100.00	10,385,375
Cinco MUD #8	12,489,220	8/31/2021	100.00	12,489,220
Cinco MUD #9	7,444,465	8/31/2021	100.00	7,444,465
Cinco MUD #10	9,911,015	8/31/2021	100.00	9,911,015
Cinco MUD #12	8,739,500	8/31/2021	100.00	8,739,500
Cinco MUD #14	19,125,720	8/31/2021	100.00	19,125,720
Cinco Southwest MUD #1	1,144,400	8/31/2021	100.00	1,144,400
Cinco Southwest MUD #2	63,058,076	8/31/2021	100.00	63,058,076
Cinco Southwest MUD #3	50,737,748	8/31/2021	100.00	50,737,748
Cinco Southwest MUD #4	61,184,776	8/31/2021	100.00	61,184,776
Cornerstone MUD	3,220,000	8/31/2021	100.00	3,220,000
Fort Bend Co.	633,879,567	8/31/2021	20.58	130,452,415
Fort Bend Co. Drainage District	25,405,000	8/31/2021	100.00	25,405,000
Fort Bend Co. ID #24	9,010,000	8/31/2021	100.00	9,010,000
Fort Bend Co. LID #12	10,075,000	8/31/2021	4.66	469,495
Fort Bend Co. MUD #34	13,910,000	8/31/2021	100.00	13,910,000
Fort Bend Co. MUD #35	28,160,000	8/31/2021	100.00	28,160,000
Fort Bend Co. MUD #57	43,875,000	8/31/2021	100.00	43,875,000
Fort Bend Co. MUD #58	121,340,000	8/31/2021	100.00	121,340,000
Fort Bend Co. MUD #124	7,385,000	8/31/2021	100.00	7,385,000
Fort Bend Co. MUD #130	16,545,000	8/31/2021	100.00	16,545,000
Fort Bend Co. MUD #142	110,725,000	8/31/2021	34.66	38,377,285
Fort Bend Co. MUD #151	67,470,000	8/31/2021	71.73	48,396,231
Fort Bend Co. MUD #156	18,695,000	8/31/2021	100.00	18,695,000
Fort Bend Co. MUD #161	24,635,000	8/31/2021	100.00	24,635,000
Fort Bend Co. MUD #163	13,325,000	8/31/2021	100.00	13,325,000
Fort Bend Co. MUD #171	50,137,212	8/31/2021	100.00	50,137,212
Fort Bend Co. MUD #172	97,501,026	8/31/2021	100.00	97,501,026
Fort Bend Co. MUD #173	69,100,404	8/31/2021	100.00	69,100,404

KATY INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AUGUST 31, 2021

Exhibit XI
Page 2 of 3

Taxing Authority	Gross Debt Outstanding		Percent Overlapping (1)	Amount Overlapping Gross Debt
	Amount	As Of		
<u>Overlapping:</u>				
Fort Bend Co. MUD #182	\$ 54,675,000	8/31/2021	2.88%	\$ 1,574,640
Fort Bend Co. MUD #185	33,820,000	8/31/2021	100.00	33,820,000
Fort Bend Co. MUD #199	3,185,000	8/31/2021	100.00	3,185,000
Fort Bend Waller Co. MUD #2	32,060,000	8/31/2021	100.00	32,060,000
Fort Bend Waller Co. MUD #3	28,025,000	8/31/2021	39.70	11,125,925
Fry Road MUD	155,000	8/31/2021	100.00	155,000
Fulshear MUD #3A	31,065,000	8/31/2021	4.74	1,472,481
Grand Lakes MUD #1	6,560,000	8/31/2021	100.00	6,560,000
Grand Lakes MUD #4	8,680,000	8/31/2021	100.00	8,680,000
Grand Lakes WC & ID	4,500,000	8/31/2021	100.00	4,500,000
Green Trails MUD	1,370,000	8/31/2021	100.00	1,370,000
Harris Co.	1,723,192,125	8/31/2021	4.53	78,060,603
Harris Co. Dept. of Education	20,185,000	8/31/2021	4.53	914,381
Harris Co. Flood Contr. Dist.	590,725,000	8/31/2021	4.53	26,759,843
Harris Co. Hosp. District	81,540,000	8/31/2021	4.53	3,693,762
Harris Co. ID #25	7,045,000	8/31/2021	100.00	7,045,000
Harris Co. MUD #61	14,960,000	8/31/2021	100.00	14,960,000
Harris Co. MUD #62	11,850,000	8/31/2021	100.00	11,850,000
Harris Co. MUD #63	9,675,000	8/31/2021	100.00	9,675,000
Harris Co. MUD #64	13,130,000	8/31/2021	100.00	13,130,000
Harris Co. MUD #65	18,430,000	8/31/2021	100.00	18,430,000
Harris Co. MUD #71	39,775,000	8/31/2021	100.00	39,775,000
Harris Co. MUD #81	11,940,000	8/31/2021	100.00	11,940,000
Harris Co. MUD #105	67,270,000	8/31/2021	2.67	1,796,109
Harris Co. MUD #216	4,770,000	8/31/2021	100.00	4,770,000
Harris Co. MUD #238	16,691,000	8/31/2021	100.00	16,691,000
Harris Co. MUD #287	53,180,000	8/31/2021	100.00	53,180,000
Harris Co. MUD #432	41,550,000	8/31/2021	100.00	41,550,000
Harris Co. MUD #449	56,320,000	8/31/2021	100.00	56,320,000
Harris Co. MUD #457	78,849,878	8/31/2021	100.00	78,849,878
Harris Co. MUD #495	51,565,000	8/31/2021	100.00	51,565,000
Harris Co. MUD #536	30,525,000	8/31/2021	100.00	30,525,000
Harris Co. MUD #538	5,500,000	8/31/2021	100.00	5,500,000
Harris Co. UD #6	1,935,000	8/31/2021	100.00	1,935,000
Harris Co. WC & ID #159	21,775,000	8/31/2020	2.15	468,163
Harris-Fort Bend Cos. MUD #1	9,810,000	8/31/2021	100.00	9,810,000
Harris-Fort Bend Cos. MUD #3	36,190,000	8/31/2021	100.00	36,190,000
Harris-Fort Bend Cos. MUD #5	15,845,000	8/31/2021	100.00	15,845,000
Harris-Waller Counties MUD #2	15,900,000	8/31/2021	100.00	15,900,000
Harris-Waller Counties MUD #3	45,975,000	8/31/2021	100.00	45,975,000
Houston, City of	3,410,920,000	8/31/2021	1.89	64,466,388

KATY INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AUGUST 31, 2021

Exhibit XI
Page 3 of 3

<u>Taxing Authority</u>	<u>Gross Debt Outstanding</u>		<u>Percent Overlapping (1)</u>	<u>Amount Overlapping Gross Debt</u>
	<u>Amount</u>	<u>As Of</u>		
<u>Overlapping:</u>				
Interstate MUD	\$ 7,545,000	8/31/2021	100.00%	\$ 7,545,000
Katy, City of	29,020,000	8/31/2021	100.00	29,020,000
Longhorn Town UD	260,000	8/31/2021	100.00	260,000
Mason Creek UD	3,885,000	8/31/2021	100.00	3,885,000
Mayde Creek MUD	8,295,927	8/31/2021	100.00	8,295,927
Memorial MUD	5,380,000	8/31/2021	100.00	5,380,000
Morton Road MUD	3,615,000	8/31/2021	100.00	3,615,000
Northwest Harris Co. MUD #12	37,320,000	8/31/2021	0.80	298,560
Port of Houston Authority	492,439,397	8/31/2021	4.53	22,307,505
Ricewood MUD	8,045,000	8/31/2021	100.00	8,045,000
Rolling Creek UD	20,575,000	8/31/2021	13.48	2,773,510
Village at Katy DD	4,020,000	8/31/2021	100.00	4,020,000
Waller County	40,477,000	8/31/2021	25.04	10,135,441
Waller Co. ID #2	2,875,000	8/31/2021	100.00	2,875,000
West Harris Co. MUD #2	23,020,000	8/31/2021	100.00	23,020,000
West Harris Co. MUD #5	26,770,000	8/31/2021	100.00	26,770,000
West Harris Co. MUD #7	20,130,000	8/31/2021	100.00	20,130,000
West Harris Co. MUD #17	5,080,000	8/31/2021	100.00	5,080,000
Westlake MUD #1	2,175,000	8/31/2021	100.00	2,175,000
West Memorial MUD	6,680,000	8/31/2021	100.00	6,680,000
West Park MUD	23,910,000	8/31/2021	100.00	23,910,000
Weston MUD	19,070,000	8/31/2021	100.00	19,070,000
Willow Creek Farms MUD	33,205,000	8/31/2021	92.40	30,681,420
Willow Fork DD	32,915,000	8/31/2021	100.00	32,915,000
Willow Point MUD	21,530,000	8/31/2021	100.00	21,530,000
WoodCreek Reserve MUD	16,875,000	8/31/2021	100.00	16,875,000
Subtotal, Overlapping Debt				2,299,031,657
TOTAL DIRECT AND OVERLAPPING DEBT				\$ 4,336,009,890

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

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

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

Exhibit XII

Fiscal Year Ended 08/31:	Residential Units (1)	Total Assessed Value of Residential Units (1)	Average Assessed Value Per Residential Unit	Average Daily Attendance (2)	Population (3)	Unemployment Rate (4)
2012	74,967	\$ 14,326,714,983	\$ 191,107	59,250	269,769	4.90%
2013	76,598	15,145,015,789	197,721	61,427	279,585	3.30
2014	81,052	16,522,082,163	203,845	64,052	302,460	4.90
2015	84,748	19,131,360,204	225,744	67,112	316,913	4.40
2016	88,340	23,019,705,718	260,581	69,709	329,175	4.30
2017	91,262	25,041,894,422	274,396	72,013	340,053	4.60
2018	93,713	25,919,208,165	276,581	73,699 (5)	352,249	4.50
2019	96,294	26,208,047,208	272,167	76,120	359,447	4.20
2020	98,983	28,025,701,366	283,137	79,092 (5)	370,672	8.50
2021	102,109	29,461,399,304	288,529	79,648 (5)	385,456	6.00

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

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

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

Exhibit XIII

Employer	2021			2012		
	Employees	Rank	Percentage of Total Employment (1)	Employees	Rank	Percentage of Total Employment (2)
Katy ISD	11,551	1	6.13%	7,821	1	5.66%
Shell Exploration & Production	5,500	2	2.92	3,000	4	2.17
Wood Group/ Mustang Engineering	4,500	3	2.39	3,500	3	2.53
BP North America	3,750	4	1.99	7,500	2	5.42
Amazon	3,300	5	1.75			
Academy Sports and Outdoors	2,800	6	1.49	2,500	5	1.81
Houston Methodist West	2,000	7	1.06			
HEB	1,600	8	0.85			
Walmart	1,450	9	0.77	1,000	8	0.72
Geico	1,200	10	0.64			
ConocoPhillips				2,000	6	1.45
Foster Wheeler				1,200	7	0.87
Sercel				700	9	0.51
Worley Parsons				700	10	0.51
TOTALS	<u>37,651</u>		<u>19.99%</u>	<u>29,921</u>		<u>21.65%</u>

(1) Total employment for 2021: 188,293

(2) Total employment for 2012: 138,270

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

OPERATING INFORMATION

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

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

POSITION:	2012	2013	2014	2015
Instruction	4,732	5,004	5,264	5,587
Instructional Resources and Media Services	101	107	105	112
Curriculum and Instructional Staff Development	51	64	74	92
Instructional Leadership	55	56	59	67
School Leadership	455	484	514	533
Guidance, Counseling, and Evaluation Services	256	283	302	336
Social Work Services				
Health Services	85	96	100	103
Student Transportation	305	297	314	320
Food Services	348	380	394	418
Co-curricular/Extracurricular Activities	80	80	90	91
General Administration	102	91	92	99
Facilities Maintenance and Operations	556	601	628	654
Security and Monitoring Services	85	90	107	118
Data Processing Services	85	87	98	104
Community Services	12	14	13	11
Facilities Acquisition and Construction	6	6	7	6
Total Employees	7,314	7,740	8,161	8,651

Source: District Records

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
5,960	6,229	6,471	6,687	7,188	7,593
113	119	127	129	136	138
95	100	99	101	107	119
69	70	72	77	86	83
552	575	612	628	673	694
359	371	390	411	481	514
					6
105	112	121	127	137	146
334	344	346	339	342	331
436	449	448	474	496	493
94	102	117	120	138	136
106	108	115	126	132	136
705	734	771	782	816	866
125	127	134	137	147	155
113	113	115	119	122	126
13	12	11	10	10	10
7	7	7	7	7	5
<u>9,186</u>	<u>9,572</u>	<u>9,956</u>	<u>10,274</u>	<u>11,018</u>	<u>11,551</u>

KATY INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended 8/31:	Average Daily Attendance	Operating Expenditures (1)	Cost Per ADA	Percentage Change
2012	59,250	\$ 468,707,490	\$ 7,911	(7.41%)
2013	61,427	501,533,523	8,165	3.21
2014	64,052	567,342,557	8,858	8.49
2015	67,112	631,898,203	9,416	6.30
2016	69,709	670,205,927	9,614	2.11
2017	72,013	704,731,635	9,786	1.79
2018	73,699	(2) 742,655,023	10,077	2.97
2019	76,120	775,698,030	10,190	1.13
2020	79,092	(2) 847,505,704	10,715	5.15
2021	79,648	(2) 895,878,861	11,248	4.97

- (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) ADA in table above does not reflect the state hold harmless disaster adjustment and State COVID-19 adjustments
- (3) 2018 Government Wide Expenses decreased significantly due to implementation of GASB No. 75

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

Government Wide Expenses	Cost Per ADA	Percentage Change	Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
\$ 565,873,877	\$ 9,551	(3.98%)	3,860	15.35	31.30%
604,302,988	9,838	3.01	4,068	15.10	30.10
673,076,641	10,508	6.82	4,304	14.88	29.00
732,849,025	10,920	3.92	4,537	14.79	28.60
809,342,745	11,610	6.32	4,803	14.51	28.30
867,060,640	12,040	3.71	4,996	14.41	28.80
662,948,230	8,995 (3)	(25.29)	5,160	14.28	31.00
997,302,709	13,102	45.66	5,274	14.43	31.60
1,072,886,090	13,565	3.53	5,603	14.12	32.70
1,091,806,035	13,708	1.05	5,882	13.54	34.40

KATY INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Exhibit XVI

Fiscal Year Ended 08/31:	Minimum Salary (1)	Maximum Salary (1)	KISD Average Salary (2)	Region IV Average Salary (2)	Statewide Average Salary (2)
2012	\$ 45,000	\$ 77,073	\$ 51,145	\$ 50,383	\$ 48,375
2013	45,500	77,822	51,797	50,968	48,821
2014	47,000	78,901	52,881	52,222	49,692
2015	49,000	80,474	55,182	54,157	50,715
2016	50,100	80,792	55,955	55,580	51,891
2017	50,500	80,861	56,390	55,992	52,525
2018	52,000	82,005	57,522	57,076	53,334
2019	53,000	82,556	58,308	57,707	54,122
2020	55,200	84,231	60,577	60,292	57,091
2021	55,525	84,181	60,958	60,798	57,641

(1) Source: District records

(2) Source: Academic Excellence Indicator System of Texas (AEIS) for 2012
Texas Academic Performance Reports (TAPR) from 2013-2021

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KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2012	2013	2014	2015
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	2,970	3,030	3,196	3,168
Jordan (2020)				
Square Footage				
Capacity				
Enrollment				
Katy (1947)				
Square Footage	589,196	589,196	589,196	589,196
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,697	2,750	2,953	3,033
Mayde Creek (1984)				
Square Footage	603,141	603,141	603,141	603,141
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,560	2,635	2,713	2,685
Morton Ranch (2004)				
Square Footage	583,628	583,628	583,628	583,628
Capacity	3,000	3,000	3,000	3,000
Enrollment	3,043	3,193	3,307	3,331
Paetow (2017)				
Square Footage				
Capacity				
Enrollment				
Seven Lakes (2005)				
Square Footage	599,005	599,005	599,005	599,005
Capacity	3,000	3,000	3,000	3,000
Enrollment	3,635	3,888	3,585	3,438
Taylor (1979)				
Square Footage	542,192	542,192	542,192	542,192
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,689	2,744	2,918	2,903
Tompkins (2013)				
Square Footage			610,134	610,134
Capacity			3,000	3,000
Enrollment			834	1,641

2016	2017	2018	2019	2020	2021
581,934	581,934	581,934	581,934	581,934	581,934
3,000	3,000	3,000	3,000	3,000	3,000
3,143	3,234	3,155	3,189	3,264	3,407
				625,154	625,154
				3,000	3,000
					1,129
589,196	589,196	589,196	589,196	589,196	589,196
3,000	3,000	3,000	3,000	3,000	3,000
3,200	3,483	3,413	3,395	3,467	3,186
603,141	603,141	603,141	603,141	603,141	603,141
3,000	3,000	3,000	3,000	3,000	3,000
2,737	2,771	2,715	2,759	2,892	2,804
583,628	583,628	583,628	583,628	583,628	583,628
3,000	3,000	3,000	3,000	3,000	3,000
3,402	3,539	3,092	2,849	2,560	2,533
		635,058	635,058	635,058	635,058
		3,000	3,000	3,000	3,000
		728	1,401	2,164	2,556
599,005	599,005	599,005	599,005	599,005	599,005
3,000	3,000	3,000	3,000	3,000	3,000
3,225	3,394	3,538	3,637	3,783	3,685
542,192	542,192	542,192	542,192	542,192	542,192
3,000	3,000	3,000	3,000	3,000	3,000
2,909	2,936	2,950	2,900	2,919	3,019
610,134	610,134	610,134	610,134	610,134	610,134
3,000	3,000	3,000	3,000	3,000	3,000
2,478	2,963	3,387	3,770	4,031	3,490

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2012	2013	2014	2015
JUNIOR HIGH SCHOOLS				
Adams (2019)				
Square Footage				
Capacity				
Enrollment				
Beck (1996)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,232	1,232	1,232	1,232
Enrollment	1,149	1,154	1,100	1,078
Beckendorff (2004)				
Square Footage	184,398	184,398	184,398	184,398
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,632	1,635	1,675	1,698
Cardiff (2008)				
Square Footage	188,602	188,602	188,602	188,602
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,042	1,008	1,027	955
Cinco Ranch (2001)				
Square Footage	154,637	154,637	154,637	154,637
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,168	1,200	1,209	1,259
Haskett (2021)				
Square Footage				
Capacity				
Enrollment (3)				
Katy (1995)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,231	1,231	1,231	1,231
Enrollment	1,315	1,333	1,354	1,332
Mayde Creek (1980)				
Square Footage	169,172	172,386	172,386	172,386
Capacity	1,414	1,414	1,414	1,414
Enrollment	1,158	1,095	1,141	1,146
McDonald (1991)				
Square Footage	137,569	137,569	137,569	137,569
Capacity	1,220	1,220	1,220	1,220
Enrollment	943	916	973	1,053
McMeans (2000)				
Square Footage	154,637	154,637	154,637	154,637
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,177	1,150	1,085	1,085

2016	2017	2018	2019	2020	2021
				192,313	192,313
				1,400	1,400
				1,300	1,475
137,569	137,569	137,569	137,569	137,569	137,569
1,232	1,232	1,232	1,232	1,232	1,232
1,040	999	957	1,001	1,259	1,260
184,398	184,398	184,398	184,398	184,398	184,398
1,403	1,403	1,403	1,403	1,403	1,403
1,770	1,754	1,739	1,699	1,708	1,695
188,602	188,602	188,602	188,602	188,602	188,602
1,403	1,403	1,403	1,403	1,403	1,403
965	912	886	951	1,008	924
154,637	154,637	154,637	154,637	154,637	154,637
1,400	1,400	1,400	1,400	1,400	1,400
1,260	1,222	1,259	1,272	1,460	1,445
					195,117
					1,400
137,569	137,569	137,569	137,569	137,569	137,569
1,231	1,231	1,231	1,231	1,231	1,231
1,341	1,353	1,039	1,085	1,220	1,267
172,386	172,386	172,386	172,386	172,386	172,386
1,414	1,414	1,414	1,414	1,414	1,414
1,121	1,135	1,076	1,141	1,161	1,231
137,569	137,569	137,569	137,569	137,569	137,569
1,220	1,220	1,220	1,220	1,220	1,220
1,076	1,144	928	902	910	976
154,637	154,637	154,637	154,637	154,637	154,637
1,400	1,400	1,400	1,400	1,400	1,400
1,163	1,140	1,108	1,136	1,187	1,136

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2012	2013	2014	2015
JUNIOR HIGH SCHOOLS (cont.)				
Memorial Parkway (1982)				
Square Footage	148,627	148,627	148,627	148,627
Capacity	1,133	1,133	1,133	1,133
Enrollment	925	900	894	876
Morton Ranch (2003)				
Square Footage	180,290	180,290	180,290	180,290
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,215	1,285	1,268	1,202
Seven Lakes (2012)				
Square Footage		187,748	187,748	187,748
Capacity		1,400	1,400	1,400
Enrollment		1,208	1,550	1,748
Stockdick (2017)				
Square Footage				
Capacity				
Enrollment				
Tays (2016)				
Square Footage				
Capacity				
Enrollment				
West Memorial (1976)				
Square Footage	163,906	169,920	169,920	169,920
Capacity	998	998	998	998
Enrollment	780	760	718	748
WoodCreek (2008)				
Square Footage	188,602	188,602	188,602	188,602
Capacity	1,403	1,403	1,403	1,403
Enrollment	1,957	1,357	1,585	1,946
ELEMENTARY SCHOOLS				
Alexander (1998)				
Square Footage	106,134	106,134	106,134	106,134
Capacity	935	935	935	935
Enrollment	1,110	1,132	1,077	1,061
Bear Creek (1978)				
Square Footage	101,269	101,269	101,269	101,269
Capacity	799	799	799	799
Enrollment	774	776	762	747
Bethke (2016)				
Square Footage				
Capacity				
Enrollment				

2016	2017	2018	2019	2020	2021
148,627	148,627	161,462	161,462	161,462	161,462
1,133	1,133	1,133	1,133	1,133	1,133
853	827	799	788	911	826
180,290	180,290	180,290	180,290	180,290	180,290
1,403	1,403	1,403	1,403	1,403	1,403
1,177	1,201	1,215	1,190	1,187	1,195
187,748	187,748	187,748	187,748	187,748	187,748
1,400	1,400	1,400	1,400	1,400	1,400
2,006	1,771	1,924	2,032	1,483	1,558
		192,984	192,984	192,984	192,984
		1,400	1,400	1,400	1,400
		715	903	1,075	1,327
	185,944	185,944	185,944	185,944	185,944
	1,400	1,400	1,400	1,400	1,400
	1,377	1,591	1,719	1,391	1,452
169,920	169,920	169,920	169,920	169,920	169,920
998	998	998	998	998	998
763	802	800	851	866	913
188,602	188,602	188,602	188,602	188,602	188,602
1,403	1,403	1,403	1,403	1,403	1,403
2,156	1,346	1,477	1,587	1,215	1,350
106,134	106,134	106,134	106,134	106,134	106,134
935	935	935	935	935	935
1,102	1,024	993	954	950	916
101,269	101,269	101,269	101,269	101,269	101,269
799	799	799	799	799	799
754	713	629	679	751	707
	144,303	144,303	144,303	144,303	144,303
	1,030	1,030	1,030	1,030	1,030
	667	935	1,352	1,147	878

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2012	2013	2014	2015
ELEMENTARY SCHOOLS (cont.)				
Bryant (2017)				
Square Footage				
Capacity				
Enrollment				
Campbell (2018)				
Square Footage				
Capacity				
Enrollment				
Cimarron (1980)				
Square Footage	93,823	98,823	98,823	98,823
Capacity	861	861	861	861
Enrollment	686	670	646	697
Creech (2000)				
Square Footage	111,734	111,734	111,734	111,734
Capacity	935	935	935	935
Enrollment	857	833	827	843
Davidson (2014)				
Square Footage				124,938
Capacity				1,030
Enrollment				1,168
Exley (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	989	989	977	1,020
Fielder (1993)				
Square Footage	106,117	106,117	106,117	106,117
Capacity	907	907	907	907
Enrollment	1,090	1,081	1,066	1,145
Franz (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	901	978	956	978
Golbow (1989)				
Square Footage	95,709	95,709	95,709	95,709
Capacity	867	867	867	867
Enrollment	775	770	807	811
Griffin (2006)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,339	923	933	958

2016	2017	2018	2019	2020	2021
		144,303	144,303	144,303	144,303
		1,030	1,030	1,030	1,030
		580	716	911	1,062
			144,303	144,303	144,303
			1,030	1,030	1,030
			782	1,090	1,357
98,823	98,823	98,823	98,823	98,823	98,823
861	861	861	861	861	861
679	679	655	624	631	611
111,734	111,734	111,734	111,734	111,734	111,734
935	935	935	935	935	935
874	888	715	808	857	861
124,938	124,938	124,938	124,938	124,938	124,938
1,030	1,030	1,030	1,030	1,030	1,030
1,434	1,100	1,164	1,140	1,142	1,117
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,000	956	982	1,037	1,045	953
106,117	106,117	106,117	106,117	106,117	106,117
907	907	907	907	907	907
1,243	1,027	1,133	950	957	929
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,061	1,018	1,037	1,004	979	925
95,709	95,709	95,709	95,709	95,709	95,709
867	867	867	867	867	867
806	768	783	790	850	853
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
950	1,039	1,030	991	850	810

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2012	2013	2014	2015
ELEMENTARY SCHOOLS (cont.)				
Hayes (1995)				
Square Footage	106,117	106,117	106,117	106,117
Capacity	907	907	907	907
Enrollment	708	717	682	717
Holland (2008)				
Square Footage	123,843	123,843	123,843	123,843
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,051	1,039	989	982
Hutsell (1978)				
Square Footage	115,086	115,086	115,086	115,086
Capacity	983	983	983	983
Enrollment	790	814	825	832
Jenks (2016)				
Square Footage				
Capacity				
Enrollment				
Katy (1965)				
Square Footage	86,825	86,825	86,825	86,825
Capacity	643	643	643	643
Enrollment	571	556	541	603
Kilpatrick (2003)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,334	1,087	1,091	1,131
King (2001)				
Square Footage	121,164	121,164	121,164	121,164
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,087	1,162	1,192	1,301
Leonard (2019)				
Square Footage				
Capacity				
Enrollment				
Mayde Creek (1983)				
Square Footage	112,913	112,913	112,913	112,913
Capacity	968	968	968	968
Enrollment	820	749	765	779
McElwain (2020)				
Square Footage				
Capacity				
Enrollment (3)				

2016	2017	2018	2019	2020	2021
106,117	106,117	106,117	106,117	106,117	106,117
907	907	907	907	907	907
697	663	682	670	665	561
123,843	123,843	123,843	123,843	123,843	123,843
1,030	1,030	1,030	1,030	1,030	1,030
1,035	1,056	1,098	1,093	1,012	883
115,086	115,086	115,086	115,086	115,086	115,086
983	983	983	983	983	983
793	743	763	727	846	802
	156,608	156,608	156,608	156,608	156,608
	1,318	1,318	1,318	1,318	1,318
	1,256	1,543	1,297	1,453	1,450
86,825	86,825	86,825	86,825	86,825	86,825
643	643	643	643	643	643
633	694	665	672	634	636
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,166	1,152	1,195	1,175	1,195	1,092
121,164	121,164	121,164	121,164	121,164	121,164
1,030	1,030	1,030	1,030	1,030	1,030
1,411	990	981	989	942	868
				137,674	137,674
				1,030	1,030
				689	892
112,913	112,913	112,913	112,913	112,913	112,913
968	968	968	968	968	968
869	859	840	804	762	747
				138,519	138,519
				1,030	1,030
					692

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2012	2013	2014	2015
ELEMENTARY SCHOOLS (cont.)				
McRoberts (1997)				
Square Footage	106,134	106,134	106,134	106,134
Capacity	935	935	935	935
Enrollment	859	871	802	840
Memorial Parkway (1978)				
Square Footage	103,658	103,658	103,658	103,658
Capacity	742	742	742	742
Enrollment	804	839	860	864
Morton Ranch (2008)				
Square Footage	123,843	123,843	123,843	123,843
Capacity	1,030	1,030	1,030	1,030
Enrollment	711	763	805	924
Nottingham Country (1981)				
Square Footage	101,427	101,427	101,427	101,427
Capacity	1,053	1,053	1,053	1,053
Enrollment	628	621	588	613
Pattison (1989)				
Square Footage	112,156	112,156	112,156	112,156
Capacity	1,052	1,052	1,052	1,052
Enrollment	831	821	801	854
Randolph (2014)				
Square Footage				124,938
Capacity				1,030
Enrollment				853
Rhoads (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,117	1,130	1,109	1,135
Rylander (2004)				
Square Footage	121,638	121,638	121,638	121,638
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,273	1,391	1,339	1,356
Schmalz (2001)				
Square Footage	121,164	121,164	121,164	121,164
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,173	1,111	1,149	1,175
Shafer (2012)				
Square Footage		123,966	123,966	123,966
Capacity		1,030	1,030	1,030
Enrollment		865	1,267	1,113

2016	2017	2018	2019	2020	2021
106,134	106,134	106,134	106,134	106,134	106,134
935	935	935	935	935	935
810	747	719	760	755	683
103,658	103,658	131,274	131,274	131,274	131,274
742	742	940	940	940	940
815	796	823	865	898	820
123,843	123,843	123,843	123,843	123,843	123,843
1,030	1,030	1,030	1,030	1,030	1,030
1,022	954	950	981	949	1,017
101,427	101,427	101,427	101,427	101,427	101,427
1,053	1,053	1,053	1,053	1,053	1,053
650	702	790	798	877	816
112,156	112,156	112,156	112,156	112,156	112,156
1,052	1,052	1,052	1,052	1,052	1,052
972	1,045	1,015	1,021	1,101	1,144
124,938	124,938	124,938	124,938	124,938	124,938
1,030	1,030	1,030	1,030	1,030	1,030
1,030	1,151	1,273	1,095	1,146	1,075
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,122	1,072	1,041	1,000	943	813
121,638	121,638	121,638	121,638	121,638	121,638
1,030	1,030	1,030	1,030	1,030	1,030
1,323	1,138	1,126	1,087	1,100	987
121,164	121,164	121,164	121,164	121,164	121,164
1,030	1,030	1,030	1,030	1,030	1,030
1,168	1,176	1,185	1,174	1,207	1,176
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
1,148	1,187	1,197	1,175	1,195	1,127

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2012	2013	2014	2015
ELEMENTARY SCHOOLS (cont.)				
Stanley (2009)				
Square Footage	126,897	126,897	126,897	126,897
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,539	1,240	1,316	1,127
Stephens (2007)				
Square Footage	123,249	123,249	123,249	123,249
Capacity	1,030	1,030	1,030	1,030
Enrollment	770	770	756	763
Sundown (1982)				
Square Footage	112,913	112,913	112,913	112,913
Capacity	968	968	968	968
Enrollment	891	833	853	879
West Memorial (1974)				
Square Footage	89,742	89,742	89,742	89,742
Capacity	683	683	683	683
Enrollment	778	754	756	821
Williams (2000)				
Square Footage	111,734	111,734	111,734	111,734
Capacity	935	935	935	935
Enrollment	801	778	723	709
Wilson (2012)				
Square Footage		123,966	123,966	123,966
Capacity		1,030	1,030	1,030
Enrollment		892	958	1,040
Winborn (1981)				
Square Footage	94,596	94,596	94,596	94,596
Capacity	848	848	848	848
Enrollment	795	793	742	777
Wolfe (1968, 2012)				
Square Footage	73,219	98,761	98,761	98,761
Capacity	405	500	500	500
Enrollment	399	440	446	460
Wolman (2012)				
Square Footage		123,966	123,966	123,966
Capacity		1,030	1,030	1,030
Enrollment		757	1,075	1,239
WoodCreek (2007)				
Square Footage	123,249	123,249	123,249	123,249
Capacity	1,030	1,030	1,030	1,030
Enrollment	1,601	1,255	1,412	1,014

2016	2017	2018	2019	2020	2021
126,897	126,897	126,897	126,897	126,897	126,897
1,030	1,030	1,030	1,030	1,030	1,030
1,098	1,063	1,040	1,005	1,058	985
123,249	123,249	123,249	123,249	123,249	123,249
1,030	1,030	1,030	1,030	1,030	1,030
765	718	692	723	693	595
112,913	112,913	112,913	112,913	112,913	112,913
968	968	968	968	968	968
851	788	822	781	771	722
89,742	89,742	89,742	89,742	89,742	89,742
683	683	683	683	683	683
891	795	822	820	821	819
111,734	111,734	111,734	111,734	111,734	111,734
935	935	935	935	935	935
728	672	695	803	839	851
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
1,073	1,121	1,057	1,044	1,015	917
94,596	94,596	94,596	94,596	94,596	94,596
848	848	848	848	848	848
814	763	699	695	664	641
98,761	98,761	98,761	98,761	98,761	98,761
500	500	500	500	500	500
437	418	348	326	370	358
123,966	123,966	123,966	123,966	123,966	123,966
1,030	1,030	1,030	1,030	1,030	1,030
1,411	1,198	915	979	1,005	953
123,249	123,249	123,249	123,249	123,249	123,249
1,030	1,030	1,030	1,030	1,030	1,030
1,156	1,139	1,201	1,197	1,237	1,236

KATY INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2012	2013	2014	2015
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)				
Raines Academy (2008)				
Square Footage	21,916	21,916	21,916	21,916
Capacity	331	331	331	331
Enrollment (1)	203	236	235	163
Portable Buildings (2)				
Number Utilized	270	269	274	315
Classrooms Provided	459	453	420	504

Source: District Records

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

2016	2017	2018	2019	2020	2021
132,951 907	136,239 1,230	136,239 1,230	136,239 1,230	136,239 1,230	136,239 1,230
87,015 677	87,015 677	87,015 677	87,015 677	87,015 677	87,015 677
21,916 331 200	21,916 331 190	21,916 331 218	21,916 331 173	21,916 331	21,916 331
354 584	355 636	354 641	354 641	355 643	358 663



Katy Independent School District
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