

For the first time, local residents had **direct access to investing in the district's future.** A \$231.8 million bond sale in March 2007 was advertised locally with bonds available in small lots for individual investors.

For the 23rd year in a row, Katy's finance department was recognized by both the Government Finance Officers Association and the Association of School Business Officials International for **Excellence in Financial Reporting.**

Katy's top ten taxpayers in 2006-07 were BP Amoco, Katy Mills, Houston PT Four Westlake, Conoco Phillips, Academy, Shell Oil, Centerpoint Energy, WalMart, ExxonMobil and 99 Cents Only.

Katy ISD took advantage of a **change in funding formulas** in 2006 to pick up additional state revenue by moving 4 cents from the debt service tax rate to maintenance and operations. The **net gain to the district's budget was \$10 million**, while giving local taxpayers **full advantage of a reduction in taxes** authorized by the Texas Legislature in 2005.

The average homeowner in Katy ISD saw a **\$196 per year reduction in taxes** as a result of the legislative change in funding. The 2005 tax rate of \$2.00 per \$100 valuation dropped to \$1.815 for 2006.

In 2006-07, \$4,250,000 was transferred from the general fund to the debt service fund to **reduce the debt service tax rate** by four cents.

Tax rate (per \$100 valuation):

total	\$ 1.815
maintenance and operations	\$ 1.485
debt service	\$ 0.33



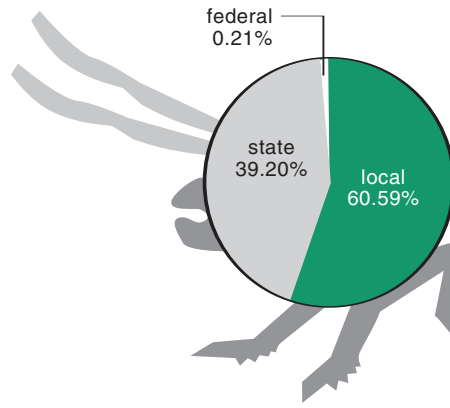
Nearly two-thirds of Katy ISD's tax base is single-family residences. The average market value of a home in Katy ISD in 2006-07 was \$169,345.

Marching in Columns: Finance

2006-07 total budget*

general fund	\$ 341,440,244
special revenue fund	\$ 22,936,020
debt service fund	\$ 68,452,571
total official budget	\$ 432,828,835

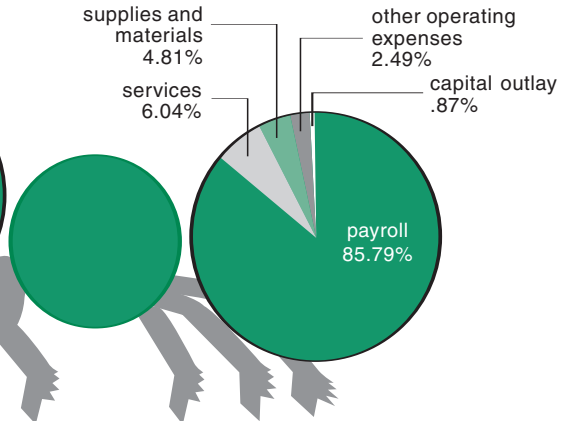
General fund revenues*



General fund revenues*

local	\$ 215,060,721
state	\$ 139,140,956
federal	\$ 735,000
total	\$ 354,936,677

General fund expenditures*



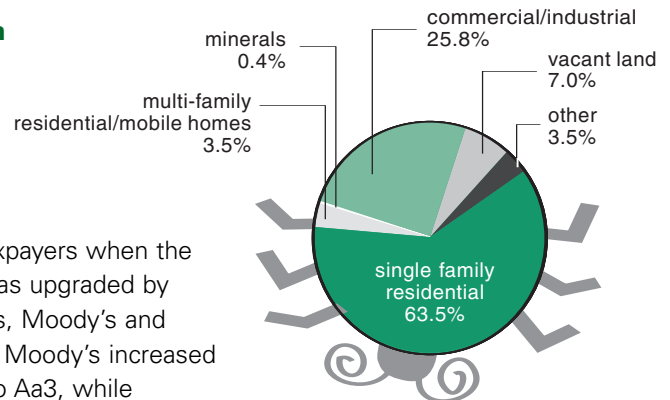
General fund expenditures*

payroll	\$ 292,925,868
services	\$ 20,629,591
supplies and materials	\$ 16,422,416
other operating expenses	\$ 8,487,442
capital outlay	\$ 2,974,927
total	\$ 341,440,244

* Budget figures are from the 2006-07 final amended budget approved by the Board of Trustees in August 2007.

2006-07 tax information

Assessed value of taxable property:
\$14,003,603,902



Wall Street news

It was great news for Katy taxpayers when the district's bond credit rating was upgraded by the two major rating agencies, Moody's and Standard & Poor's in August. Moody's increased the district's rating from A1 to Aa3, while Standard & Poor's boosted the former A+ rating to AA-. Increased bond credit ratings allow Katy ISD to sell new bonds and refinance current debt at more favorable rates. The ratings increases were applied immediately, in time for a fall bond sale of \$29.995 million, the final sale of the 2002 authorization. In issuing its upgraded rating, Standard & Poor's cited the district's "participation in the broad Houston MSA economy," its "large, diverse property tax base with strong historical and expected growth," "above-average income level," and "strong financial management practices and policies, which have allowed the district to successfully manage growth without having a negative effect on fiscal operations."

FIRST and foremost

For the fourth consecutive year, Katy ISD earned a "superior achievement" rating under the Schools FIRST (Fiscal Integrity Rating System of Texas) accountability system. The "superior" rating is the state's highest designation for fiscal management. Katy ISD scored positive ratings on all 21 indicators of financial integrity measured by the FIRST system.