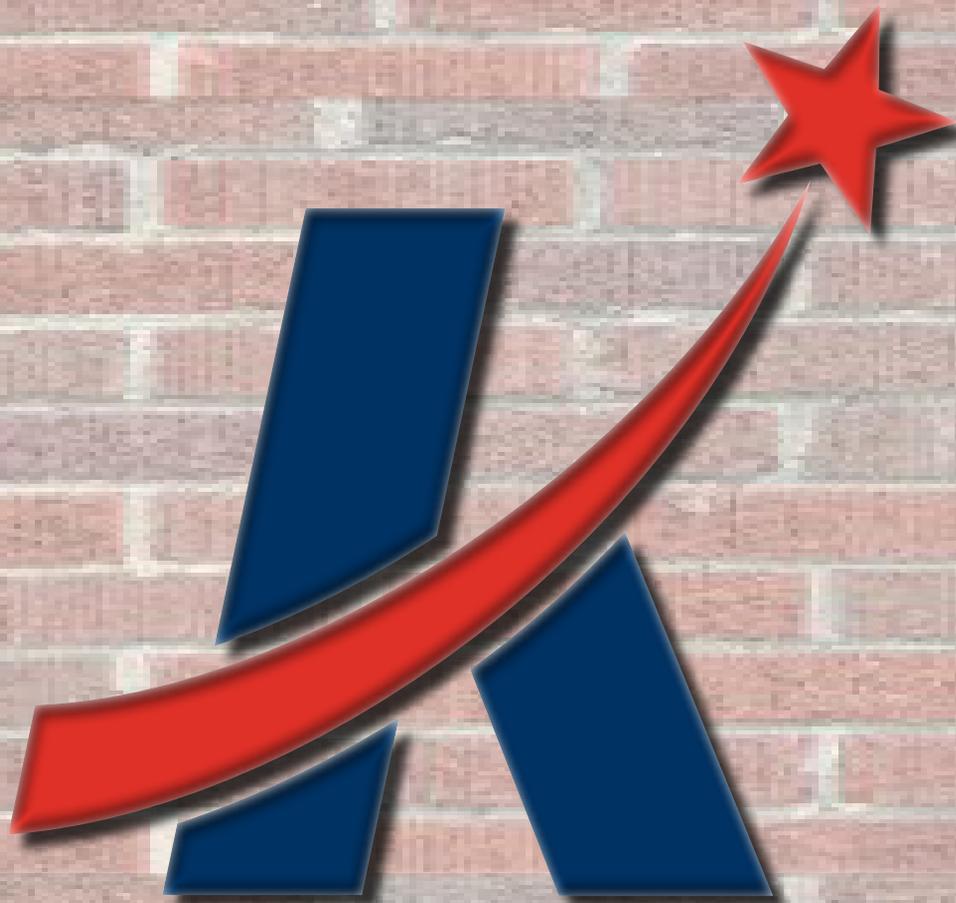


*City of Killeen, Texas*  
*Comprehensive Annual Financial Report*



*Fiscal Year Ended September 30, 2016*



*Dedicated Service - Every Day, for Everyone!*

**City of Killeen, Texas**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
September 30, 2016**

Prepared by:

Finance Department

Jonathan Locke, CPA  
Executive Director of Finance

Karen Evans, CPA  
Assistant Director of Finance



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March 28, 2017

To the Honorable Mayor, City Council, and Citizens of the City of Killeen, Texas

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

Weaver, LLP, a firm of licensed independent certified public accountants, have issued an unqualified (“clean”) opinion on the City of Killeen’s financial statements for the year ended September 30, 2016. The independent auditor’s report is located at the front of the financial section of this report.

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

The independent audit of the financial statements of the City of Killeen also includes a separately issued Passenger Facility Charge Compliance Report designed to meet the special needs of the Federal Aviation Administration in accordance with the Passenger Facility Charge Audit Guide for Public Agencies.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

### ***Profile of the government***

The City of Killeen was established May 15, 1882, and incorporated as a municipality on March 3, 1949. Located in Bell County, it is situated along U.S. Highway 190, 17 miles east of Interstate 35. Geographically, Killeen is located on the main line of the Santa Fe Railroad and encompasses an area of 55.56 square miles. Its central location makes major metropolitan areas easily accessible - 70 miles to Austin, 150 miles to San Antonio, 160 miles to Dallas-Fort Worth, and 190 miles to Houston. With an estimated population of 141,846, Killeen is the most populated city in Bell County. Two large lakes, Lake Belton and Lake Stillhouse Hollow, are located near the City. These lakes offer excellent fishing, camping, and water sports with 168 miles of shoreline.

For the eighth year, the City of Killeen has been named a Playful City USA by KaBOOM!, a national non-profit dedicated to bringing play into the lives of children. Killeen is one of just 257 cities in the country to receive this designation. KaBOOM! considered a number of factors in the designation

including the city's efforts to increase the quantity and quality of playgrounds, parks acreage per capita, and youth served.

The City provides essential and meaningful services to its citizens to create an exceptional quality of life. Major services provided under general government and enterprise functions include the following: police and fire protection; emergency medical services; water, sewer and garbage utilities; two airports; an 18-hole golf course; a public library system with two locations; a civic and conference center; numerous parks and recreation facilities, including parks, athletic fields, a fitness center, two public swimming pools, a family aquatics center, and two hike and bike trails. Parks and recreation programming includes athletic leagues, camps, recreation classes, and specialty events.

The City of Killeen operates under the council-manager form of government. Policy-making and legislative authority are vested in the City Council which consists of a mayor and seven council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the government and appointing department heads.

The Council is required to adopt an initial budget for the fiscal year no later than September 20 preceding the beginning of the fiscal year on October 1. This annual budget serves as the foundation for the City of Killeen's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the city council.

### ***Local Economy***

The City of Killeen is situated within the geographic center of Texas and is positioned within 180 miles of every major population center located in the State. Being strategically located along U.S. Highway 190 is an economic advantage and continues to attract growth and development into the area. With the 2015 designation of US 190 as part of a Texas highway corridor that will be known as Interstate 14, continued economic growth seems likely for well into the future.

- ***Military***

Adjacent Fort Hood and the soldiers and their families play a major role in the economy of the City. The Texas Comptroller estimates that Fort Hood contributes \$35.4 billion to the Texas economy and supports about 200,000 Texans in some capacity, providing approximately \$12 billion in disposable personal income. More than 60,000 soldiers and civilians are directly employed by the post making it the largest single-site employer in the state. The Association of Defense Communities has announced that Fort Hood – Central Texas Region, which includes Killeen, has been named a 2017 Great American Defense Community. This honor is bestowed on communities that provide unwavering support to service members and military families.

The U.S. Army has announced plans to reduce active service members from 490,000 to 450,000 by the end of FY 2017. The estimated impact to Fort Hood is a reduction of 3,350 active service members which will be accomplished through an attrition system involving medically, non-available soldiers and civilians. However, it should be noted that per the Veteran's Inventory Report approximately 34% of separating soldiers that end their military service at Fort Hood intend to stay in the local area upon separation.

- *Education*  
There are two institutions of higher education located within Killeen. After many years of planning, Texas A&M University – Central Texas was born in the spirit of community cooperation on September 1, 1999 as Tarleton-Central Texas and became a stand-alone university on May 27, 2009 as a member of the Texas A&M University System. The home of A&M-Central Texas is located on 662 acres of land at the intersection of State Highway 195 and State Highway 201 in Killeen. The land was transferred from the U.S. Army to the Texas A&M University System in 2009. The \$40 million construction project was completed and opened to students in 2012. Recently completed projects include a \$38 million multipurpose and library building that opened in the spring of 2014.
- *Housing Starts and Construction Permits*  
The housing market continues to be robust with new housing developments locating in southern Killeen. There were 655 housing starts for the year and construction permitting totals of \$849.5 million.
- *Retail*  
Retail Connection is in the development phase of constructing a 320,000 square foot outdoor retail center in Killeen.
- *ISO Rating*  
In March 2015, the City of Killeen received a Class 1 Insurance Services Office (ISO) rating. This superior rating has only been achieved by 0.1% of communities within the United States and 26 Texas cities and will result in lower fire insurance premiums within the City.
- *Rankings*  
In 2015, beyond, a career network site, ranked Killeen number four in Texas for employers looking to hire. Killeen was ranked the 13<sup>th</sup> Fastest Growing City in Texas by saveonenergy.com in 2016. Additionally, smartasset.com ranked Killeen 7<sup>th</sup> nationally in Most Affordable Cities for Renters in 2016.

In February 2017, Millennial Personal Finance ranked Killeen 40<sup>th</sup> in the top 150 places for millennials to live in the U.S. The metrics utilized to rank the cities include unemployment rate, percentage of residents within the age of 25-34, cost of living, future job growth, transportation costs, and crime and safety.

### ***Long-term financial planning***

- *Debt Administration*  
Killeen has previously authorized the issuance of certificates of obligation, limited tax refunding bonds, and general obligation refunding bonds. Proceeds from debt issues, other than refunding bonds have been used for capital improvements.

The City also works with its financial advisor to monitor the conditions of the tax-exempt credit market and issue refunding debt to defease outstanding obligations, when it can lower its cost of money or as needed to manage the City's tax rate.

- *Debt Management Policy*  
The Killeen City Council adopted a policy concerning the issuance and management of debt in May 1997. The debt policy establishes guidelines for the planning, implementation, and evaluation of the debt program and the City's ability to service such debt. The debt policy is designed to provide guidance to all participants in the capital improvement process. As project requests are evaluated and funding decisions are considered the acceptable level of debt issuance and tax and fee increases should be clearly indicated.
- *Fund Balance Policy*  
The City adopted a fund balance policy in July 1996 which was amended in September 2011 lowering the fund balance reserve amount and for requirements with GASB statement no. 54. The policy states that the City will maintain adequate reserves for operating expenses in the General Fund and the Enterprise Funds collectively of not less than 22% of operating expenses. Because amounts in the non-spendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve consists of balances that are otherwise unassigned.

### ***Major initiatives***

In 2006, \$8,000,000 in Certificates of Obligation were issued to construct, reconstruct, repair, and improve the City's drainage system including implementing upgrades to address flooding and drainage issues throughout the City.

In 2011, \$32,040,000 in Certificates of Obligation were issued to design and construct expansions and improvements to roads on the state highway system located within the City. Stagecoach Road is the final project to be completed with these funds and will widen Stagecoach Road to five lanes with a continuous center lane from Harker Heights city limit to State Highway 195.

In 2013, \$18,150,000 in Revenue Bonds were issued to construct, improve, and equip the waterworks and sewer system.

In 2014, \$13,060,000 in Certificates of Obligation was issued to construct and equip Fire Station No. 9, construct and improve parks and community center facilities, and construct and improve streets and roads. Fire Station No. 9 is scheduled for completion in the spring of 2017. The Trimmier Road widening project will create a continuous center lane from Jasper Drive to Elms Road and improve sidewalks and intersections. The project is expected to be completed by summer 2017.

In 2014, \$6,190,000 in General Obligation Bonds that were authorized in November 2002 were issued to construct Fire Station No. 9 and facilities and to construct parks and recreation facilities. The Killeen Community Center was renovated and reopened to the public in FY 2016.

Killeen and other cities have partnered with Bell County WCID No. 1 to build a \$50 million water treatment plant that will serve water needs through 2050. Once operational, the water treatment plant will provide an extra 10 million gallons per day in pumping capacity to Killeen to cover expansion in the city's southern growth corridor. The treatment plant is expected to be completed in spring 2019. Killeen provided an initial \$5 million equity contribution in 2014 and is obligated to pay \$26.4 million in principal debt service to the Bell County WCID No. 1 through 2040 for the plant's construction.

### *Awards and Acknowledgements*

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Killeen for its comprehensive annual financial report for the fiscal year ended September 30, 2015. This was the 25<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City of Killeen also received the GFOA's Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2016. To qualify for the Distinguished Budget Presentation Award, the city's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Department. We wish to thank all city departments for their assistance in providing the data necessary to prepare this report. We also wish to express our sincere appreciation to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Killeen's finances.

Respectfully submitted,



Jonathan Locke, CPA  
Executive Director of Finance

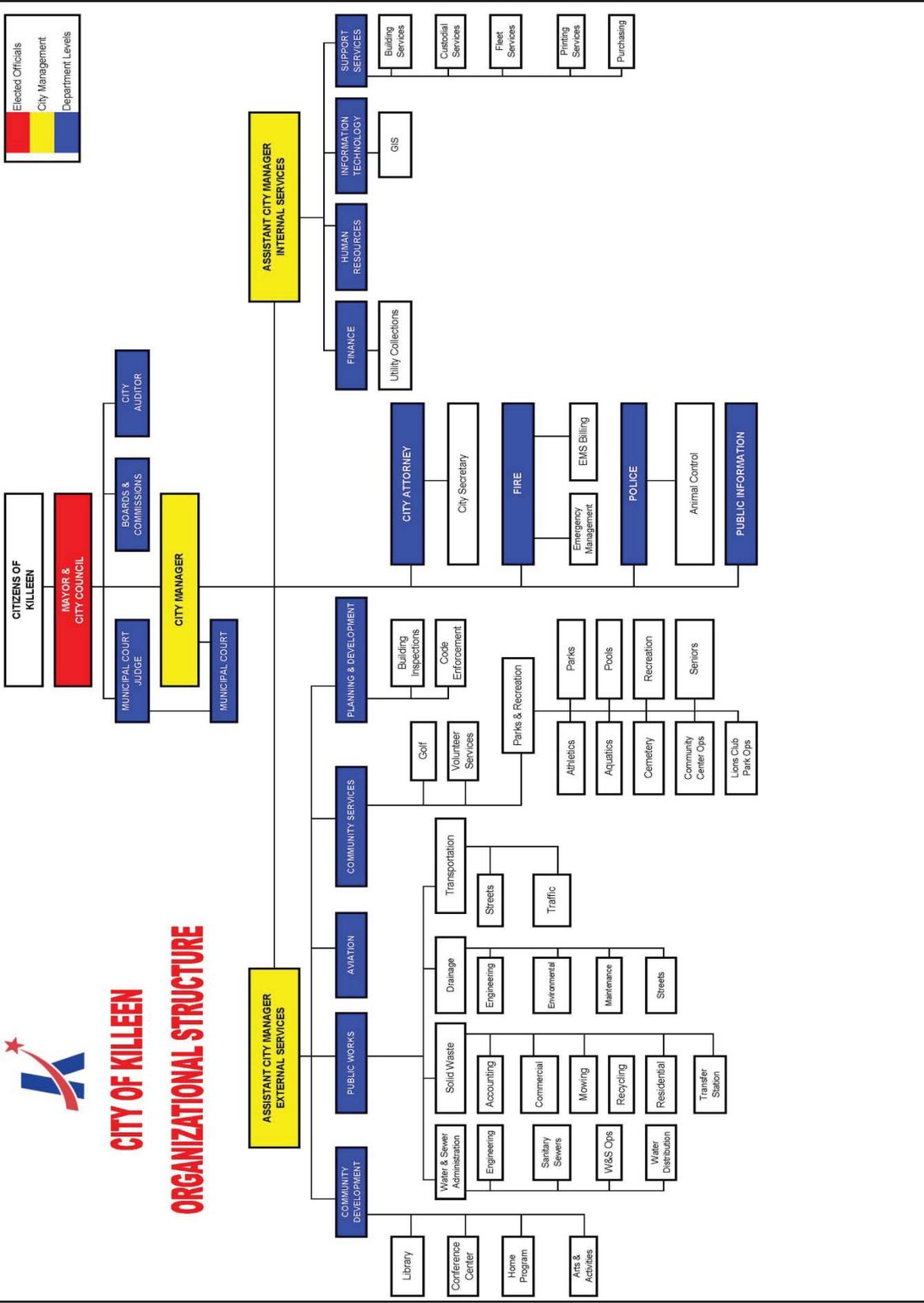


Karen Evans, CPA  
Assistant Director of Finance



# CITY OF KILLEEN ORGANIZATIONAL STRUCTURE

Elected Officials  
City Management  
Department Levels



**City of Killeen, Texas**  
**List of Elected and Appointed Officials**  
**September 30, 2016**

**Elected Officials**

Mayor	Jose L. Segarra
Mayor Pro Tem	Brockley Moore
Councilmember – District 1	Shirley Fleming
Councilmember – District 2	Dick Young
Councilmember – District 3	Jim Kilpatrick
Councilmember – At Large	Jonathan Okray
Councilmember – At Large	Juan Rivera
Councilmember – At Large	Gregory Johnson

**Appointed Officials**

Interim City Manager	Lillian Ann Farris, Ph.D.
Deputy City Manager	Vacant
City Attorney	Kathryn Davis
City Auditor	Amanda Wallace, CPA
Executive Director of Aviation	Matthew Van Valkenburgh
Executive Director of Community Development	Leslie Hinkle
Executive Director of Community Services	Brett Williams
Executive Director of Finance	Jonathan Locke, CPA
Executive Director of HR	Eva Bark
Executive Director of Information Technology	Tom Moore
Executive Director of Planning	Ray Shanaa, Ph.D.
Executive Director of Public Information	Hilary Shine
Executive Director of Public Works	David Olson, P.E.
Executive Director of Support Services	Stuart McLennan
Chief of Police	Dennis Baldwin
Interim Fire Chief	Kenneth Hawthorne
Presiding Municipal Judge	Mark Kimball



Government Finance Officers Association

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

Presented to

**City of Killeen  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO



## INDEPENDENT AUDITOR'S REPORT

The City Council  
City of Killeen, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Killeen, Texas (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of Killeen Economic Development Corporation (KEDC), the City's discretely presented component unit.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of KEDC, the City's discretely presented component unit. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for KEDC, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of KEDC were not audited in accordance with *Government Auditing Standards*.

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.

The City Council  
City of Killeen, Texas

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Killeen, Texas, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and post-employment benefit plans other than pension's required supplementary information, and the General Fund budgetary comparison information on pages 5–16 and 70-75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City Council  
City of Killeen, Texas

*Other Information*

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

The combining and individual fund financial statements and 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 and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
March 28, 2017



**City of Killeen, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2016**

As management of the City of Killeen, we offer readers of the City of Killeen's financial statements this narrative overview and analysis of the financial activities of the City of Killeen for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with our letter of transmittal and the basic financial statements that follow this section. This discussion and analysis includes comparative data to fiscal year ended September 30, 2015. All amounts, unless otherwise indicated, are expressed in dollars.

**Fiscal Year 2016 Financial Highlights**

*City-wide:*

- The City's total net position was \$212.3 million at September 30, 2016, of which \$3.6 million were in Governmental Activities and \$208.7 million were in Business-Type Activities.
- Total City revenues were \$157.8 million, of which \$92.5 million were derived from Governmental Activities and \$65.3 million were derived from Business-Type Activities.
- Total City expenses were \$169.5 million, of which \$112.4 million were incurred by Governmental Activities and \$57.1 million were incurred by Business-Type Activities.
- The total revenue and expense amounts stated above do not include transfers between funds.

*Fund Level:*

- Governmental funds reported combined ending fund balances of \$32.1 million at September 30, 2016. Of the combined ending fund balances, \$0.2 million is nonspendable, \$0.8 million is restricted for debt service, \$10.5 million is restricted in capital project funds, \$3.1 million is restricted for other purposes, and \$17.5 million is unassigned.
- Governmental fund revenues were \$89.0 million, an increase of \$4.1 million from fiscal year 2015's \$84.9 million. This is due mostly to an increase in intergovernmental revenue and contributions.
- Governmental fund expenditures decreased to \$116.4 million in fiscal year 2016, down \$0.2 million from the prior year.
- Enterprise fund operating revenues were \$64.1 million in fiscal year 2016, up \$2.6 million from the prior year, which is due to an increase in water during FY2016.
- Enterprise fund operating expenses were \$55.8 million in fiscal year 2016, an increase of \$2.5 million from the prior year.
- Enterprise fund non-operating revenues, including capital contributions, were \$0.8 million in fiscal year 2016, a decrease of \$4.6 million from the prior year. This is due mostly to a decrease in developer contributions.

*General Fund:*

- General Fund revenues were \$67.2 million, a decrease of \$0.2 million from the prior year.
- General Fund expenditures were \$78.3 million, a decrease of \$0.3 million from the prior year.
- Net transfers into the General Fund were \$9.8 million in fiscal year 2016, an increase of approximately \$0.8 million from the prior year.
- Unassigned fund balance for the general fund was \$17.4 million at September 30, 2016 or 22.7 percent of total general fund operating expenditures of \$76.7 million. The unassigned ending fund balance is down approximately \$0.1 million from the prior year.

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

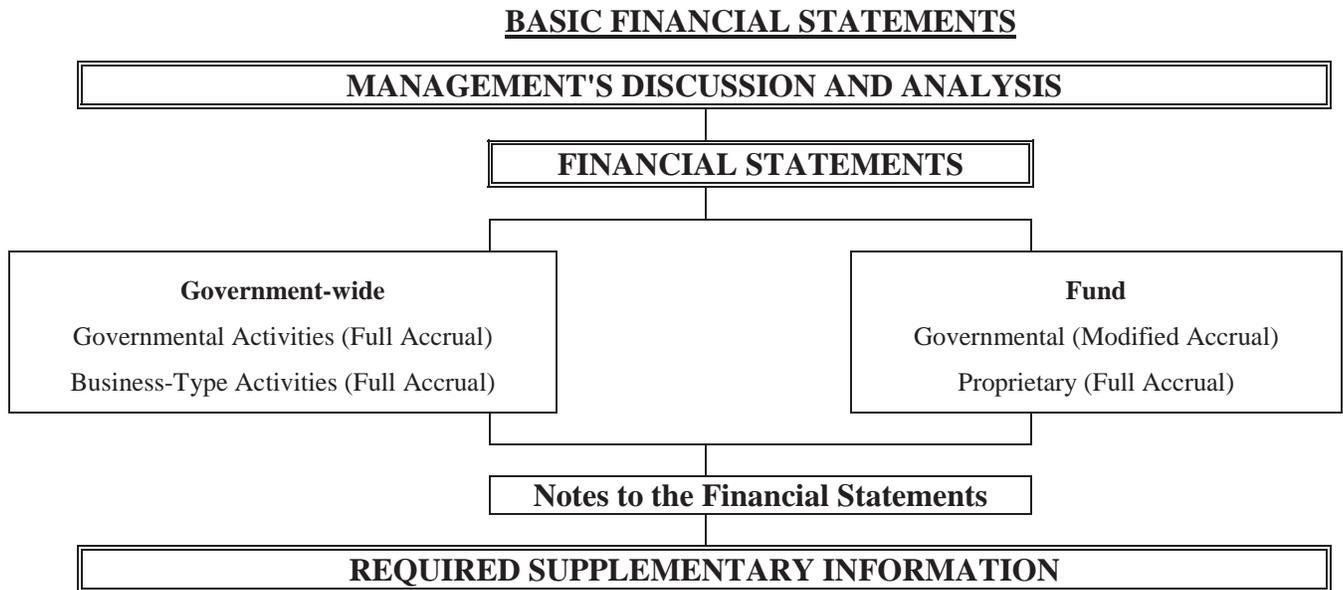
**USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This Comprehensive Annual Financial Report consists of three sections: introductory, financial and statistical. As illustrated in the chart below, the financial section of this report has three components: Management's Discussion and Analysis (this section), the basic financial statements and required supplementary information.

The government-wide financial statements, which focus on the City as a whole, provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the city government, reporting the operations of the City in more detail than the government-wide statements.

The objective of the Statistical Section is to provide additional historical perspective (most recent 10 years), context, and detail to assist users of the financial report to understand and assess a government's economic condition. The objectives are met by providing the information in these five categories: Financial Trends, Revenue Capacity, Debt Capacity, Demographic and Economic, and Operating.

**Components of the Financial Section:**



**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

**Government-Wide Financial Statements**

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

The statement of net position presents information on all of the City's assets, deferred inflows, liabilities and deferred outflows, with the difference between these 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 City is improving or deteriorating. To assess the overall health of the City, one needs to consider other non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation, sick, and compensatory leave).

Government-wide financial statements of the City are divided into three categories:

- **Governmental Activities** – Functions of the City that are principally supported by taxes and intergovernmental revenues. The governmental activities of the City include General Government, Public Safety, Public Works, Community Services, and Community Development.
- **Business-Type Activities** – Functions of the City that are intended to recover all or a significant portion of their costs through user fees and charges. The business-type activities of the City include Aviation, Solid Waste, Water and Sewer, and Drainage Utility operations.
- **Component Unit** – The City includes a separate legal entity in its report, the Killeen Economic Development Corporation. Although legally separate, this component unit is important because the City is financially accountable for it.

The government-wide financial statements can be found on pages 17-19 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, enterprise funds, and fiduciary funds.

***Governmental Funds***

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

between changes in net position and changes in fund balances is provided on pages 21 and 23 to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds organized according to their type (special revenue, debt service and capital projects). 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 and the debt fund because they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column labeled as "Other Governmental Funds." Individual fund data for each of these non-major governmental funds is provided in the "Combining Statements" section of this financial report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule (pages 74-75) has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

***Enterprise Funds***

Enterprise funds are generally used to account for services for which the City charges outside customers. Enterprise funds provide the same type of information as shown in the government-wide financial statements, only in more detail, and are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Airport, Solid Waste, Water and Sewer, and Drainage Utility activities. All enterprise funds except Drainage Utility are considered to be major funds of the City in accordance with the major fund test. However, the City has elected to report the Drainage Utility fund as a major fund.

The basic enterprise fund financial statements can be found on pages 24-26 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City has one private purpose trust fund, which is reported under the fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for enterprise funds.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 29 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning: General Fund – Budget vs. Actual (pages 74-75) and the City's progress in funding its obligation to provide pension benefits and other post employment benefits to qualifying employees and retirees (pages 70-73).

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

**Combining Statements**

The combining statements referred to earlier in connection with non-major governmental funds, are presented immediately following the required supplementary information.

**Budgetary Comparison Schedules**

The budgetary comparison schedules are provided immediately following the combining statements and are presented for each budgeted fund in order to demonstrate compliance with the budget.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Analysis of Net Position**

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities by \$212.3 million for the year ended September 30, 2016.

**Net Position**  
*(in millions of dollars)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>						
Current and other assets	\$ 48.4	\$ 58.0	\$ 42.8	\$ 51.9	\$ 91.2	\$ 109.9
Capital assets	239.5	236.4	249.3	251.5	488.8	487.9
Total assets	<u>287.9</u>	<u>294.4</u>	<u>292.1</u>	<u>303.4</u>	<u>580.0</u>	<u>597.8</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	10.8	5.2	3.2	3.5	14.0	8.7
Pension contributions after measurement date	2.3	2.3	0.5	0.6	2.8	2.9
Difference in projected and actual earnings on pension assets	4.0	1.4	1.7	0.2	5.7	1.6
Difference in expected and actual pension experience	7.2	0.7	-	-	7.2	0.7
Total deferred outflows of resources	<u>24.3</u>	<u>9.6</u>	<u>5.4</u>	<u>4.3</u>	<u>29.7</u>	<u>13.9</u>
<b>LIABILITIES</b>						
Current liabilities	9.9	8.7	7.4	7.8	17.3	16.5
Noncurrent liabilities	297.0	285.0	81.0	84.7	378.0	369.7
Total liabilities	<u>306.9</u>	<u>293.7</u>	<u>88.4</u>	<u>92.5</u>	<u>395.3</u>	<u>386.2</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Difference in expected and actual pension experience	1.7	1.1	0.4	0.3	2.1	1.4
Total deferred inflows of resources	<u>1.7</u>	<u>1.1</u>	<u>0.4</u>	<u>0.3</u>	<u>2.1</u>	<u>1.4</u>
<b>NET POSITION</b>						
Net investment in capital assets	52.0	55.0	181.9	203.1	233.9	258.1
Nonspendable	0.2	-	-	-	0.2	-
Restricted	3.5	6.0	20.5	8.4	24.0	14.4
Unrestricted	(52.1)	(51.8)	6.3	3.4	(45.8)	(48.4)
Total net position	<u>\$ 3.6</u>	<u>\$ 9.2</u>	<u>\$ 208.7</u>	<u>\$ 214.9</u>	<u>\$ 212.3</u>	<u>\$ 224.1</u>

The largest portion of the City's net position, \$233.9 million, reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, equipment and systems), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

An additional portion of the City's net position, \$23.6 million, represents resources that are subject to external restrictions on how they may be used. These restrictions are detailed in debt covenants, unexpended construction contracts, intergovernmental agreements, and in the City of Killeen Charter. The remaining balance of unrestricted net position, a negative \$45.4 million, may be used to meet the City's ongoing obligations to citizens and creditors. This negative unrestricted net position is a direct result of the implementation of GASB 68, through which the City is required to record in the government-wide financial statements a net pension liability. The net pension liability is the value of any actuarially unfunded portion of pension benefits earned to date. See Note IV. G. for more detail.

**Analysis of Changes in Net Position**

The City's net position overall decreased by \$11.8 million during the current fiscal year. These increments are explained in the governmental and business-type activities discussion in the following tables.

**Changes in Net Position**  
*(in millions of dollars)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 13.71	\$ 10.30	\$ 64.13	\$ 61.52	\$ 77.84	\$ 71.82
Operating grants and contributions	5.45	4.20	-	-	5.45	4.20
Capital grants and contributions	4.96	6.40	0.84	5.10	5.80	11.50
<i>General revenues:</i>						
Property taxes	37.50	36.51	-	-	37.50	36.51
Business taxes	5.27	6.27	-	-	5.27	6.27
Sales taxes	24.17	23.32	-	-	24.17	23.32
Interest and investment income	0.20	0.13	0.16	0.12	0.36	0.25
Insurance proceeds	0.80	-	0.04	-	0.84	-
Gain on sale of capital assets	0.09	0.26	0.06	0.19	0.15	0.45
Lease revenue	0.33	0.31	0.07	0.02	0.40	0.33
Total revenues	<u>92.48</u>	<u>87.70</u>	<u>65.30</u>	<u>66.95</u>	<u>157.78</u>	<u>154.65</u>
Expenses						
General	23.88	19.74	-	-	23.88	19.74
Public safety	59.75	57.03	-	-	59.75	57.03
Public works	7.24	10.86	-	-	7.24	10.86
Community services	10.69	10.74	-	-	10.69	10.74
Community development	3.22	2.31	-	-	3.22	2.31
Interest on long-term debt	7.61	8.60	-	-	7.61	8.60
Airport operations	-	-	8.25	7.44	8.25	7.44
Solid waste	-	-	13.58	13.02	13.58	13.02
Water and sewer	-	-	32.03	32.61	32.03	32.61
Drainage utility	-	-	3.29	3.09	3.29	3.09
Total expenses	<u>112.39</u>	<u>109.28</u>	<u>57.15</u>	<u>56.16</u>	<u>169.54</u>	<u>165.44</u>
Change in net position before transfers	(19.91)	(21.58)	8.15	10.79	(11.76)	(10.79)
Transfers	14.33	9.29	(14.33)	(9.29)	-	-
Change in net position	<u>(5.58)</u>	<u>(12.29)</u>	<u>(6.18)</u>	<u>1.50</u>	<u>(11.76)</u>	<u>(10.79)</u>
Net position at beginning of year	9.15	74.79	214.94	222.46	224.09	297.25
Prior period adjustment	-	(53.35)	-	(9.02)	-	(62.37)
Net position at end of year	<u>\$ 3.57</u>	<u>\$ 9.15</u>	<u>\$ 208.76</u>	<u>\$ 214.94</u>	<u>\$ 212.33</u>	<u>\$ 224.09</u>

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

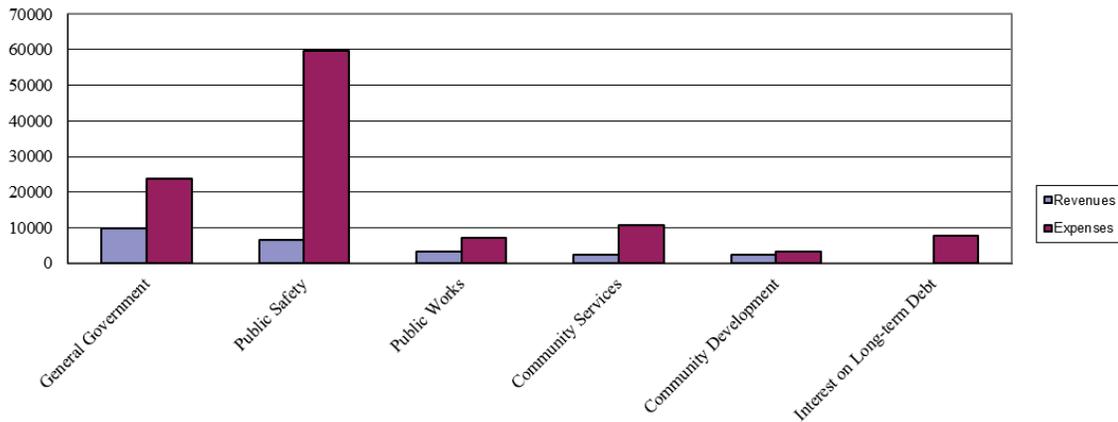
**Governmental Activities**

Governmental activities decreased the City's net position by \$5.58 million. Key factors of this decrease are discussed in the following section.

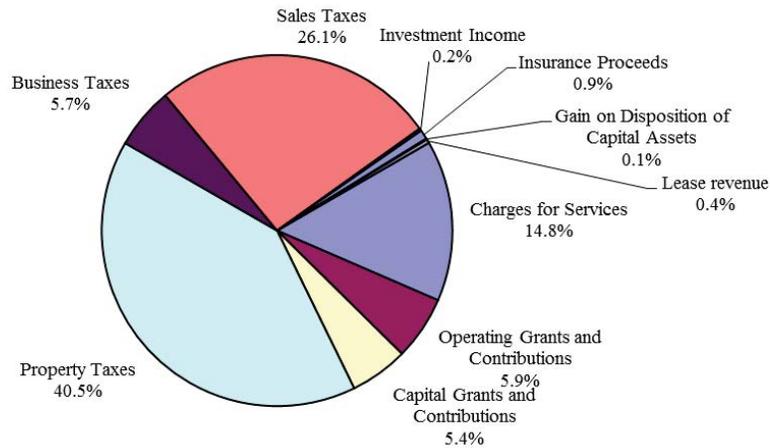
The following charts illustrate the City's governmental expenses and revenues by function. As shown, public safety is the largest function in expense (\$59.75 million), followed general government (\$23.88 million), and community services (\$10.69 million). Overall expenses increased by \$3.1 million due to general government and public safety increases.

General revenues such as property, sales, and business taxes are not shown by program, but are effectively used to support program activities city-wide. For governmental activities overall, without regard to program, property taxes are the largest single source of funds (\$37.50 million), followed by sales taxes (\$24.17 million) and charges for services (\$13.71 million). Overall revenues increased by \$4.78 million due to an increase in property taxes, sales tax, and charges for services.

**Program Revenues and Expenses - Governmental Activities**  
**Fiscal Year 2016**  
**(in thousands of dollars)**



**Revenue by Source - Governmental Activities**  
**Fiscal Year 2016**



**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

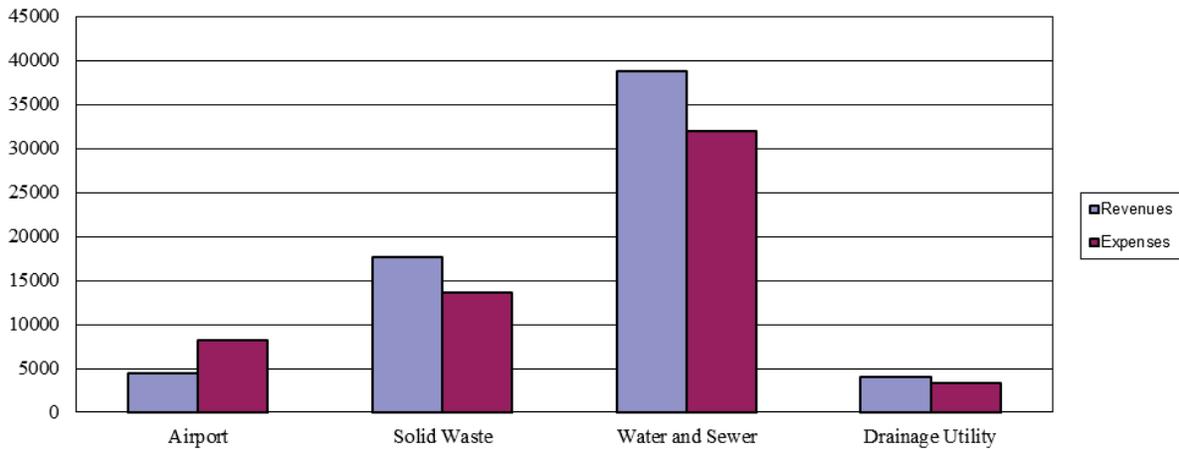
**Business-type Activities**

Business-type activities experienced a net decrease in net position by \$6.18 million.

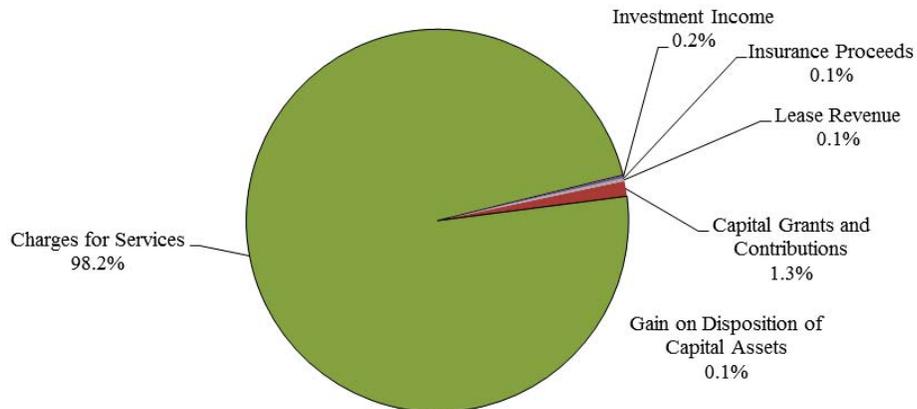
The following charts illustrate the City's business-type expenses and revenues by fund. The largest of the City's business-type activities, Water and Sewer, had expenses of \$32.03 million in fiscal year 2016, followed by Solid Waste with expenses of approximately \$13.58 million. Overall expenses increased by \$0.99 million.

Charges for services provided the largest share of revenues (98.2 percent) followed by capital grants and contributions (1.3 percent) for all business-type activities. Overall revenues decreased by \$1.65 million due mostly to a decrease in capital grants and contributions.

**Program Revenues and Expenses - Business - Type Activities**  
**Fiscal Year 2016**  
**(in thousand of dollars)**



**Revenue by Source - Business - Type Activities**  
**Fiscal Year 2016**



**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Governmental funds reported by the City include the general fund, the debt service fund, special revenue funds, and capital project funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$32.1 million, a decrease of \$17.7 million in comparison with the prior year. Approximately \$17.4 million (54.2 percent) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is in nonspendable form, or restricted for debt service, capital projects and other purposes as detailed in the combining statements beginning on page 77.

Revenues for governmental functions overall totaled approximately \$89.0 million in the fiscal year ended September 30, 2016, which represents a \$4.1 million increase from the prior fiscal year. Expenditures for governmental functions totaling \$116.4 million decreased by approximately \$0.2 million from the previous fiscal year due. In the fiscal year ended September 30, 2016, expenditures for governmental functions exceeded revenues by approximately \$27.4 million.

The general fund is the chief operating fund of the City and one of two major governmental funds presented in the financial statements. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$17.4 million, while total fund balance was \$17.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund operating expenditures. Unassigned fund balance represents 22.7 percent of total general fund operating expenditures, while total fund balance represents 23.0 percent of that same amount.

The debt service fund is the second major governmental fund presented in the financial statements. The debt service fund is used to account for the debt service payments for all issued governmental debt. During the current fiscal year, the fund balance decreased by \$1.3 million. As with the nature of a debt service fund, the fund balance will fluctuate as property taxes are received and debt service payments are issued throughout the fiscal year.

**General Fund Budgetary Highlights**

The following is a brief review of the major budgetary changes from the original to the final general fund budget. Operating expenditure budgets were increased in the following categories through budget amendments/transfers.

- \$1.3 million decrease in general government expenditures.
- \$1.3 million increase in capital outlay expenditures due largely to the extensive renovation of the Information Technology building.
- \$2.7 million increase in public safety expenditures due to public safety grants awarded for additional personnel and equipment.

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

In comparing the final amended budget for the general fund to actual results during fiscal year 2016, total actual expenditures were \$1.7 million less than the budget. This is due to fiscal conservativeness as well as the lapsing of encumbrances which are then re-encumbered and budgeted in the following fiscal year.

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for the Aviation Fund was \$0.0. The Solid Waste Fund had \$49 thousand, the Water and Sewer Fund had \$2.9 million and the Drainage Utility Fund had \$3.4 million in unrestricted net position. The net decrease in net position for the enterprise funds was \$6.2 million. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's capital assets for its governmental and business-type activities as of September 30, 2016, amount to \$488.9 million (net of accumulated depreciation). Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. The total increase in the City's capital assets (net of accumulated depreciation) for the current fiscal year was \$0.6 million (a 1.2 percent increase for governmental activities and a 0.9 percent decrease for business-type activities) as shown in the table below.

**Capital Assets**  
*(net of depreciation, in millions of dollars)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 7.6	\$ 7.6	\$ 1.8	\$ 1.8	\$ 9.4	\$ 9.4
Construction in progress	54.2	42.5	9.5	7.7	63.7	50.2
Buildings and improvements	67.7	67.0	69.4	141.0	137.1	208.0
Improvements - other	-	-	91.6	93.5	91.6	93.5
Furniture and equipment	2.2	1.5	1.2	1.7	3.4	3.2
Vehicles	6.6	5.7	5.7	5.8	12.3	11.5
Infrastructure assets	101.2	112.1	70.2	-	171.4	112.1
<b>Total</b>	<u>\$ 239.5</u>	<u>\$ 236.4</u>	<u>\$ 249.4</u>	<u>\$ 251.5</u>	<u>\$ 488.9</u>	<u>\$ 487.9</u>

Construction in progress increased with the ongoing work on various construction projects, which accounts for the increase in capital assets during the current fiscal year.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Section IV, Note E, in the Notes to the Financial Statements for further information regarding capital assets.

**Debt Administration**

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$275.7 million. Of this amount, \$134.9 million is general obligation bonds backed by the full faith and credit of the City and \$56.2

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

million in revenue bonds or certificates of obligation of the City's business enterprises. The remainder includes certificates of obligation of \$85.6 million of governmental activities.

During fiscal year 2016, the City's total bonded debt decreased by approximately \$9.0 million. The decrease is the result of the scheduled debt service payments.

**Outstanding Debt**  
*(in millions of dollars)*

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue bonds	\$ -	\$ -	\$ 50.7	\$ 55.8	\$ 50.7	\$ 55.8
General obligation bonds	123.6	93.8	11.3	10.8	134.9	104.6
Certificates of obligation	66.9	105.3	0.3	1.6	67.2	106.9
Capital lease payable	-	0.1	-	-	-	0.1
Plus unamortized bond premiums/discounts	17.7	12.0	5.2	5.3	22.9	17.3
Total outstanding debt	<u>\$ 208.2</u>	<u>\$ 211.2</u>	<u>\$ 67.5</u>	<u>\$ 73.5</u>	<u>\$ 275.7</u>	<u>\$ 284.7</u>

The City's debt service management policies are designed to comply with the legal provisions of the various bond ordinances and covenants governing the debt issue. Bond insurance is obtained for each revenue bond issue as required. City policy attempts to maintain a fund balance of at least two months of annual appropriated expenditures for debt service and any associated fees as a fund balance in the debt service funds at fiscal year end.

The most recent debt issuances of the City of Killeen earned ratings from Standard & Poors and Fitch as follows:

**City of Killeen Bonded Debt Ratings**  
**September 30, 2016**

<u>Bond Type</u>	<u>Rating</u>	
	<u>S&amp;P</u>	<u>Fitch</u>
General Obligation	AA	AA
Utility Revenue Bond	AA	AA
Certificates of Obligation	AA	AA

The state limits the legal amount of general obligation debt of a governmental entity to \$2.50 per \$100 valuation. The City's fiscal year 2016 tax rate is well below the aforementioned limit. Additional information on the City's long-term debt can be found in Section IV. Note K. of the notes to the Financial Statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

At the time this MD&A was written, most of the leading indicators such as the stock market, money supply, and the labor market were showing signs of steady positive growth. The housing sector has improved along with the increase of household spending. A key to supporting economic growth will be continued labor market improvements in jobs and income. During the month of December, the national unemployment rate declined to 4.7 percent from 5.0 percent a year ago, and Killeen's unemployment rate increased to 4.3 percent in December as compared to 4.2 percent a year ago. Other local economic indicators in Killeen are showing signs of continual and steady improvement.

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2016**

The 2017 budget is submitted in accordance with the provisions of our City Charter which requires the City Manager to submit a proposed budget between forty-five and ninety days prior to the beginning of each fiscal year. Management believes that this budget formulates a plan of municipal services that reflects the general directions and concerns of the City Council and the input from citizens received during the public forums. Many factors were considered in preparing the City's budget for fiscal year 2017, including national, state, and local economic trends. The concerns of our citizens and the priorities of the City Council were included in the development of the budget. The budget priorities for the 2017 fiscal year include:

- Maintaining fiscal soundness within the existing tax rate,
- Focusing on the mission and service levels,
- Aligning programs and services with our Strategic, Financial, and Master Plans, and
- Assessing economic conditions and military trends.

**Request for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest. If there are any questions about this report or additional financial information is needed, contact:

City of Killeen Finance Department  
Jonathan Locke, CPA  
Executive Director of Finance  
802 N. 2<sup>nd</sup> Street, Building E  
P. O. Box 1329  
Killeen, TX 76540  
(254) 501-7730

Or visit our website at:  
<http://www.killeentexas.gov>

**City of Killeen, Texas**  
**Statement of Net Position**  
**September 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Killeen Economic Development Corp.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 36,662,419	\$ 17,702,310	\$ 54,364,729	\$ 5,495,931
Receivables (net of allowances for uncollectibles):				
Taxes	4,952,967	-	4,952,967	-
Accounts	1,269,455	7,007,368	8,276,823	-
Accrued interest	12,731	3,513	16,244	-
Intergovernmental receivable	4,996,585	98,734	5,095,319	-
Inventories	409,226	373,609	782,835	-
Prepaid assets	119,235	720,000	839,235	1,403
Restricted assets:				
Cash and cash equivalents	-	14,790,082	14,790,082	-
Investments	-	2,045,203	2,045,203	-
Other assets:				
Skylark project	-	-	-	153,401
Deferred lease incentive	-	-	-	738
Capital assets:				
Non-depreciable	61,766,585	11,345,418	73,112,003	2,225,395
Depreciable (net)	177,719,901	238,046,981	415,766,882	2,865,536
Total assets	<u>287,909,104</u>	<u>292,133,218</u>	<u>580,042,322</u>	<u>10,742,404</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	10,775,488	3,197,804	13,973,292	-
Pension contributions after measurement date	2,332,486	548,935	2,881,421	-
Difference in projected and actual earnings on pension assets	3,981,330	1,705,147	5,686,477	-
Difference in expected and actual pension experience	7,181,452	-	7,181,452	-
Total deferred outflows of resources	<u>24,270,756</u>	<u>5,451,886</u>	<u>29,722,642</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	6,034,414	3,721,098	9,755,512	-
Due to other governments	72,625	-	72,625	-
Deposits payable	96,507	2,796,420	2,892,927	-
Unearned revenue	123,119	10,653	133,772	-
Accrued salaries payable	2,245,912	567,331	2,813,243	-
Accrued interest payable	1,360,530	329,877	1,690,407	-
Noncurrent liabilities:				
Due within one year	11,377,254	6,358,412	17,735,666	-
Due in more than one year	285,569,118	74,629,784	360,198,902	999,122
Total liabilities	<u>306,879,479</u>	<u>88,413,575</u>	<u>395,293,054</u>	<u>999,122</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Difference in expected and actual pension experience	1,726,527	411,454	2,137,981	-
Total deferred inflows of resources	<u>1,726,527</u>	<u>411,454</u>	<u>2,137,981</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	52,004,821	181,931,220	233,936,041	4,091,809
Nonspendable:				
Inventories	109,987	-	109,987	-
Prepaid assets	119,235	-	119,235	-
Restricted for:				
Debt service	-	5,965,000	5,965,000	-
Capital projects	298,693	14,588,933	14,887,626	-
Other purposes (see combining statements for detail)	3,138,898	-	3,138,898	-
Economic development	-	-	-	5,651,473
Unrestricted	(52,097,780)	6,274,922	(45,822,858)	-
Total net position	<u>\$ 3,573,854</u>	<u>\$ 208,760,075</u>	<u>\$ 212,333,929</u>	<u>\$ 9,743,282</u>

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

**City of Killeen, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2016**

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 23,881,088	\$ 6,610,874	\$ 1,218,341	\$ 1,966,290
Public safety	59,748,463	4,182,979	2,223,274	47,336
Public works	7,240,120	-	187,559	2,951,371
Community services	10,686,576	2,198,783	69,725	-
Community development	3,218,079	717,784	1,751,980	-
Interest on long-term debt	7,610,776	-	-	-
Total governmental activities	<u>112,385,102</u>	<u>13,710,420</u>	<u>5,450,879</u>	<u>4,964,997</u>
Business-type activities:				
Airport operations	8,253,375	3,669,270	-	839,798
Solid waste	13,579,907	17,644,259	-	-
Water and sewer	32,027,836	38,806,421	-	-
Drainage utility	3,289,469	4,008,810	-	6,570
Total business-type activities	<u>57,150,587</u>	<u>64,128,760</u>	<u>-</u>	<u>846,368</u>
Total primary government	<u>\$ 169,535,689</u>	<u>\$ 77,839,180</u>	<u>\$ 5,450,879</u>	<u>\$ 5,811,365</u>
<b>Component Unit:</b>				
Killeen Economic Development Corp.	\$ 1,426,385	\$ 729,669	\$ 981,809	\$ -

General revenues:  
Taxes:  
    Ad valorem taxes  
    Mixed beverage taxes  
    Franchise taxes  
    Sales and occupancy taxes  
    Bingo taxes  
Investment income  
Insurance proceeds  
Gain on disposition of capital assets  
Lease revenue  
Transfers  
    Total general revenues and transfers  
Change in net position  
Net position - beginning  
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business - Type Activities	Total	Killeen Economic Development Corp.
\$ (14,085,583)	\$ -	\$ (14,085,583)	\$ -
(53,294,874)	-	(53,294,874)	-
(4,101,190)	-	(4,101,190)	-
(8,418,068)	-	(8,418,068)	-
(748,315)	-	(748,315)	-
(7,610,776)	-	(7,610,776)	-
<u>(88,258,806)</u>	<u>-</u>	<u>(88,258,806)</u>	<u>-</u>
-	(3,744,307)	(3,744,307)	-
-	4,064,352	4,064,352	-
-	6,778,585	6,778,585	-
-	725,911	725,911	-
<u>-</u>	<u>7,824,541</u>	<u>7,824,541</u>	<u>-</u>
<u>(88,258,806)</u>	<u>7,824,541</u>	<u>(80,434,265)</u>	<u>-</u>
			<u>285,093</u>
37,499,361	-	37,499,361	-
236,722	-	236,722	-
5,268,332	-	5,268,332	-
23,725,822	-	23,725,822	-
198,375	-	198,375	-
204,862	155,399	360,261	-
795,893	43,439	839,332	-
90,763	55,511	146,274	-
331,441	71,500	402,941	-
14,330,769	(14,330,769)	-	-
<u>82,682,340</u>	<u>(14,004,920)</u>	<u>68,677,420</u>	<u>-</u>
(5,576,466)	(6,180,379)	(11,756,845)	285,093
9,150,320	214,940,454	224,090,774	9,458,189
<u>\$ 3,573,854</u>	<u>\$ 208,760,075</u>	<u>\$ 212,333,929</u>	<u>\$ 9,743,282</u>

**City of Killeen, Texas**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2016**

	General Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,644,061	\$ 513,259	\$ 16,285,218	\$ 31,442,538
Receivables (net of allowances for uncollectibles):				
Taxes	4,590,722	190,149	172,096	4,952,967
Accounts	1,199,494	-	69,961	1,269,455
Accrued interest	10,974	-	1,757	12,731
Intergovernmental receivable	4,275,076	-	721,509	4,996,585
Due from other funds	108,804	-	-	108,804
Inventories	103,606	-	6,381	109,987
Prepaid assets	114,407	-	4,828	119,235
Total assets	<u>\$25,047,144</u>	<u>\$ 703,408</u>	<u>\$ 17,261,750</u>	<u>\$ 43,012,302</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,754,076	\$ 37	\$ 3,093,115	\$ 5,847,228
Due to other governments	52,048	-	20,577	72,625
Due to other funds	-	-	108,804	108,804
Other liabilities	96,507	-	-	96,507
Accrued salaries payable	2,196,207	-	49,705	2,245,912
Unearned revenue	77,293	-	45,826	123,119
Total liabilities	<u>5,176,131</u>	<u>37</u>	<u>3,318,027</u>	<u>8,494,195</u>
Deferred inflows of resources:				
Unavailable revenue	2,215,802	190,149	-	2,405,951
Total deferred inflows of resources	<u>2,215,802</u>	<u>190,149</u>	<u>-</u>	<u>2,405,951</u>
Fund Balances:				
Nonspendable:				
Inventories	103,606	-	6,381	109,987
Prepaid assets	114,407	-	4,828	119,235
Restricted for:				
Debt service	-	513,222	288,676	801,898
Capital projects	-	-	10,506,281	10,506,281
Other purposes (see combining statements for detail)	-	-	3,138,898	3,138,898
Unassigned	17,437,198	-	(1,341)	17,435,857
Total fund balances	<u>17,655,211</u>	<u>513,222</u>	<u>13,943,723</u>	<u>32,112,156</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$25,047,144</u>	<u>\$ 703,408</u>	<u>\$ 17,261,750</u>	<u>\$ 43,012,302</u>

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

**City of Killeen, Texas**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**September 30, 2016**

<b>Total fund balance - governmental funds balance sheet</b>	\$ 32,112,156
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (net of accumulated depreciation) used in governmental funds are not financial resources and, therefore, are not reported in the funds.	239,303,066
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(209,641,851)
Vacation, sick leave, and compensatory time payable is not due and payable in the current period and, therefore, is not reported in the funds.	(11,645,112)
The Other Post Employment Benefit Obligation (OPEB) is not due and payable in the current period and, therefore, is not reported in the funds.	(2,247,455)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	(74,772,484)
Deferred inflows of resources are not reported in the governmental funds:	
Difference in expected and actual pension experience	(1,726,527)
Deferred outflows of resources are not reported in the governmental funds:	
Deferred charges on debt refundings	\$ 10,775,488
Pension contributions after measurement date	2,332,486
Difference in projected and actual earnings on pension assets	3,981,330
Difference in expected and actual pension experience	<u>7,181,452</u>
	24,270,756
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	2,405,951
Internal service funds are used by management to charge costs of fleet services to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the government-wide statement of net position.	<u>5,515,354</u>
<b>Net position of governmental activities - statement of net position</b>	<b><u><u>\$ 3,573,854</u></u></b>

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

**City of Killeen, Texas**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Year Ended September 30, 2016**

	General Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 51,990,528	12,794,097	\$ 2,213,034	\$ 66,997,659
Licenses and permits	1,615,634	-	-	1,615,634
Intergovernmental	3,454,896	-	3,251,851	6,706,747
Contributions	174,657	-	1,534,979	1,709,636
Charges for services	5,602,798	-	638,546	6,241,344
Fines	3,250,021	-	1,037,857	4,287,878
Investment Earnings	93,971	-	74,349	168,320
Miscellaneous	995,199	21,188	267,135	1,283,522
Total revenues	<u>67,177,704</u>	<u>12,815,285</u>	<u>9,017,751</u>	<u>89,010,740</u>
<b>EXPENDITURES</b>				
Current:				
General government	13,776,082	-	715,681	14,491,763
Public safety	50,357,657	-	706,994	51,064,651
Public works	4,560,890	-	47,851	4,608,741
Community services	5,814,606	-	3,153,529	8,968,135
Community development	2,196,927	-	-	2,196,927
Capital outlay	1,546,841	-	17,425,654	18,972,495
Debt service:				
Principal	65,693	7,120,000	395,000	7,580,693
Interest	2,608	7,607,436	318,554	7,928,598
Fiscal charges	-	21,027	1,370	22,397
Costs of issuance	-	584,349	-	584,349
Total expenditures	<u>78,321,304</u>	<u>15,332,812</u>	<u>22,764,633</u>	<u>116,418,749</u>
Deficiency of revenues under expenditures	<u>(11,143,600)</u>	<u>(2,517,527)</u>	<u>(13,746,882)</u>	<u>(27,408,009)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	44,090,000	-	44,090,000
Premium on issuance of debt	-	7,810,525	-	7,810,525
Payment to refunded bond escrow agent	-	(51,901,703)	-	(51,901,703)
Insurance proceeds	795,893	-	-	795,893
Sale of assets	43,253	-	47,510	90,763
Transfers in	9,830,769	3,010,129	2,481,583	15,322,481
Transfers out	-	(1,810,129)	(4,681,583)	(6,491,712)
Total other financing sources (uses)	<u>10,669,915</u>	<u>1,198,822</u>	<u>(2,152,490)</u>	<u>9,716,247</u>
Net change in fund balances	(473,685)	(1,318,705)	(15,899,372)	(17,691,762)
Fund balance - beginning	18,128,896	1,831,927	29,843,095	49,803,918
Fund balance - ending	<u>\$ 17,655,211</u>	<u>\$ 513,222</u>	<u>\$ 13,943,723</u>	<u>\$ 32,112,156</u>

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

**City of Killeen, Texas**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2016**

**Net change in fund balances - total governmental funds** \$ (17,691,762)

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

Governmental funds report all capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This reconciling item represents the amount by which capital outlays exceeded depreciation in the current period. 2,905,772

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, which does not have an effect on net position. This reconciling item represents the effect of this difference in the treatment of long-term debt. 7,580,693

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This reconciling item reflects the net of such expenses. (5,358,400)

Some revenues in the statement of activities do not provide current financial resources and are not included in the governmental funds. This reconciling item represents the total of such revenues. 1,471,877

Internal service funds are used by management to charge the costs of fleet maintenance. The net operating income of the internal service fund is reported with governmental activities net of the amount allocated to business-type activities. 5,515,354

**Change in net position of governmental activities - statement of activities** \$ (5,576,466)

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

**City of Killeen, Texas**  
**Statement of Net Position**  
**Enterprise Funds**  
**September 30, 2016**

	<b>Business-type Activities</b>					<b>Governmental</b>
	Airport	Solid Waste	Water and Sewer	Drainage Utility	Total	Internal
	Enterprise Fund	Enterprise Fund	Enterprise Fund	Enterprise Fund	Enterprise Funds	Service Fund
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 654,325	\$ 2,470,363	\$ 9,871,558	\$ 4,706,064	\$ 17,702,310	\$ 5,219,881
Receivables (net of allowances for uncollectibles):						
Accounts	5,664	1,928,864	4,771,962	300,878	7,007,368	-
Accrued interest	-	-	3,513	-	3,513	-
Intergovernmental receivable	98,734	-	-	-	98,734	-
Inventories	89,599	-	284,010	-	373,609	299,239
Prepaid assets	-	-	720,000	-	720,000	-
Restricted assets:						
Cash and cash equivalents	2,272,387	-	9,845,940	2,671,755	14,790,082	-
Investments	-	-	2,045,203	-	2,045,203	-
Total current assets	<u>3,120,709</u>	<u>4,399,227</u>	<u>27,542,186</u>	<u>7,678,697</u>	<u>42,740,819</u>	<u>5,519,120</u>
Noncurrent assets:						
Property and equipment:						
Land	1,319,003	72,165	243,332	172,190	1,806,690	-
Buildings	3,395,693	12,494,536	92,630,369	-	108,520,598	-
Improvements other than buildings	96,886,712	-	109,222,619	-	206,109,331	-
Furniture and equipment	1,602,836	3,725,201	1,655,987	113,402	7,097,426	-
Vehicles	1,102,650	13,681,167	5,571,949	2,369,217	22,724,983	183,420
Infrastructure	1,376	2,750	4,759,676	8,811,228	13,575,030	-
Construction in progress	581,642	-	8,907,386	49,700	9,538,728	-
Less accumulated depreciation	(36,507,642)	(18,085,992)	(61,262,158)	(4,124,595)	(119,980,387)	-
Net property and equipment	<u>68,382,270</u>	<u>11,889,827</u>	<u>161,729,160</u>	<u>7,391,142</u>	<u>249,392,399</u>	<u>183,420</u>
Total assets	<u>71,502,979</u>	<u>16,289,054</u>	<u>189,271,346</u>	<u>15,069,839</u>	<u>292,133,218</u>	<u>5,702,540</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charges on refunding	-	542,435	2,339,461	315,908	3,197,804	-
Pension contributions after measurement date	74,257	176,958	242,723	54,997	548,935	-
Difference in projected and actual earnings on pension assets	231,348	551,644	749,480	172,675	1,705,147	-
Total deferred outflows of resources	<u>305,605</u>	<u>1,271,037</u>	<u>3,331,664</u>	<u>543,580</u>	<u>5,451,886</u>	<u>-</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 390,605	\$ 443,691	\$ 2,516,129	\$ 370,673	\$ 3,721,098	\$ 187,186
Deposits payable	9,700	-	2,786,720	-	2,796,420	-
Unearned revenue	5,664	-	4,989	-	10,653	-
Accrued salaries payable	69,978	175,685	261,684	59,984	567,331	-
Accrued interest payable	-	53,858	246,490	29,529	329,877	-
Compensated absences	59,845	133,665	154,642	45,260	393,412	-
Current portion of general obligation bonds payable	-	315,000	-	360,000	675,000	-
Current portion of certificate of obligation/revenue bonds payable	-	85,000	5,205,000	-	5,290,000	-
Total current liabilities	<u>535,792</u>	<u>1,206,899</u>	<u>11,175,654</u>	<u>865,446</u>	<u>13,783,791</u>	<u>187,186</u>
Noncurrent liabilities:						
Compensated absences	51,912	142,889	146,016	33,976	374,793	-
Net pension liability	1,732,050	4,138,325	5,588,375	1,300,062	12,758,812	-
General obligation bonds payable, net of unamortized premium(discount)	-	7,645,302	-	4,436,490	12,081,792	-
Certificate of obligation/revenue bonds payable, net of unamortized premium(discount)	-	185,000	49,229,387	-	49,414,387	-
Total non-current liabilities	<u>1,783,962</u>	<u>12,111,516</u>	<u>54,963,778</u>	<u>5,770,528</u>	<u>74,629,784</u>	<u>-</u>
Total liabilities	<u>2,319,754</u>	<u>13,318,415</u>	<u>66,139,432</u>	<u>6,635,974</u>	<u>88,413,575</u>	<u>187,186</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Difference in expected and actual pension experience	55,836	133,325	180,472	41,821	411,454	-
Total deferred inflows of resources	<u>55,836</u>	<u>133,325</u>	<u>180,472</u>	<u>41,821</u>	<u>411,454</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	68,382,270	3,659,525	107,294,773	2,594,652	181,931,220	-
Restricted for debt service	-	400,000	5,205,000	360,000	5,965,000	-
Capital projects	1,077,841	-	10,893,642	2,617,450	14,588,933	-
Unrestricted	(27,117)	48,826	2,889,691	3,363,522	6,274,922	5,515,354
Total net position	<u>69,432,994</u>	<u>4,108,351</u>	<u>126,283,106</u>	<u>8,935,624</u>	<u>208,760,075</u>	<u>5,515,354</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 71,808,584</u>	<u>\$ 17,560,091</u>	<u>\$ 192,603,010</u>	<u>\$ 15,613,419</u>	<u>\$ 297,585,104</u>	<u>\$ 5,702,540</u>

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

**City of Killeen, Texas**  
**Statement of Revenues, Expenditures and**  
**Changes in Net Position - Enterprise Funds**  
**For the Year Ended September 30, 2016**

	<b>Business-type Activities</b>					<b>Governmental</b>
	Airport	Solid Waste	Water and Sewer	Drainage Utility	Total	Internal
	Enterprise Fund	Enterprise Fund	Enterprise Fund	Enterprise Fund	Enterprise Funds	Service Fund
<b>OPERATING REVENUES</b>						
Charges for services	\$ 3,664,204	\$ 17,644,154	\$ 38,803,969	\$ 4,008,810	\$ 64,121,137	\$ -
Miscellaneous	5,066	105	2,452	-	7,623	-
Total operating revenues	<u>3,669,270</u>	<u>17,644,259</u>	<u>38,806,421</u>	<u>4,008,810</u>	<u>64,128,760</u>	<u>-</u>
<b>OPERATING EXPENSES</b>						
Purchase of water	-	-	7,810,794	-	7,810,794	-
Sewage treatment	-	-	7,183,054	-	7,183,054	-
Salaries	1,567,286	3,734,932	5,038,357	1,160,766	11,501,341	-
Employee benefits	540,725	1,474,512	1,908,568	485,714	4,409,519	-
Repairs and maintenance	201,385	1,251,864	939,089	270,262	2,662,600	-
Supplies	66,490	717,681	606,058	108,117	1,498,346	-
Miscellaneous services and charges	814,867	441,555	1,692,867	478,609	3,427,898	-
Refuse disposal costs	-	3,874,792	-	-	3,874,792	-
Bad debt expense	-	148,115	258,802	23,860	430,777	-
Depreciation	5,062,622	1,626,142	5,772,581	580,313	13,041,658	-
Total operating expenses	<u>8,253,375</u>	<u>13,269,593</u>	<u>31,210,170</u>	<u>3,107,641</u>	<u>55,840,779</u>	<u>-</u>
Operating income (loss)	<u>(4,584,105)</u>	<u>4,374,666</u>	<u>7,596,251</u>	<u>901,169</u>	<u>8,287,981</u>	<u>-</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Insurance proceeds	2,326	5,298	35,059	756	43,439	-
Gain on disposition of capital assets	272	7,623	35,118	12,498	55,511	-
Lease revenue	-	71,500	-	-	71,500	-
Investment earnings	5,805	7,370	114,481	27,743	155,399	15,354
Industrial development	-	-	(712,729)	-	(712,729)	-
Interest and fiscal charges	-	(294,702)	(104,937)	(181,828)	(581,467)	-
Bond issuance costs	-	(15,612)	-	-	(15,612)	-
Total non-operating revenues (expenses)	<u>8,403</u>	<u>(218,523)</u>	<u>(633,008)</u>	<u>(140,831)</u>	<u>(983,959)</u>	<u>15,354</u>
Income (loss) before contributions and transfers	<u>(4,575,702)</u>	<u>4,156,143</u>	<u>6,963,243</u>	<u>760,338</u>	<u>7,304,022</u>	<u>15,354</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>						
Capital contributions from developers and others	839,798	-	-	6,570	846,368	-
Transfers in	-	-	-	-	-	5,500,000
Transfers out	-	(4,371,315)	(9,671,755)	(287,699)	(14,330,769)	-
Total contributions and transfers	<u>839,798</u>	<u>(4,371,315)</u>	<u>(9,671,755)</u>	<u>(281,129)</u>	<u>(13,484,401)</u>	<u>5,500,000</u>
Change in net position	(3,735,904)	(215,172)	(2,708,512)	479,209	(6,180,379)	5,515,354
Net position - beginning	73,168,898	4,323,523	128,991,618	8,456,415	214,940,454	-
Net position - ending	<u>\$69,432,994</u>	<u>\$ 4,108,351</u>	<u>\$ 126,283,106</u>	<u>\$ 8,935,624</u>	<u>\$ 208,760,075</u>	<u>\$ 5,515,354</u>

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

**City of Killeen, Texas**  
**Statement of Cash Flows**  
**Enterprise Funds**  
**For the Year Ended September 30, 2016**

	<b>Business-type Activities</b>				<b>Governmental Activities</b>	
	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund	Drainage Utility Enterprise Fund	Total Enterprise Funds	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 3,570,536	\$ 17,746,441	\$ 39,309,894	\$ 4,040,926	\$ 64,667,797	\$ -
Payments to suppliers	(865,474)	(6,740,403)	(18,604,545)	(706,810)	(26,917,232)	(112,053)
Payments to employees	(1,949,555)	(4,816,349)	(6,441,580)	(1,507,583)	(14,715,067)	-
Industrial development	-	-	(712,729)	-	(712,729)	-
Net cash provided by (used by) operating activities	<u>755,507</u>	<u>6,189,689</u>	<u>13,551,040</u>	<u>1,826,533</u>	<u>22,322,769</u>	<u>(112,053)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in from other funds	-	-	-	-	-	5,500,000
Transfers out to other funds	-	(4,371,315)	(9,671,755)	(287,699)	(14,330,769)	-
Net cash used by noncapital financing activities	<u>-</u>	<u>(4,371,315)</u>	<u>(9,671,755)</u>	<u>(287,699)</u>	<u>(14,330,769)</u>	<u>5,500,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital contributions/grants	839,798	-	-	6,570	846,368	-
Purchase and construction of capital assets	(1,278,885)	(1,674,382)	(6,581,786)	(1,387,173)	(10,922,226)	(183,420)
Proceeds from Sale of assets	272	7,623	35,417	12,498	55,810	-
Insurance proceeds	2,326	5,298	35,059	756	43,439	-
Lease revenue	-	71,500	-	-	71,500	-
Principal paid on long-term debt	-	(480,000)	(5,075,000)	(350,000)	(5,905,000)	-
Interest and fees paid on long-term debt	-	(228,373)	(88,345)	(200,537)	(517,255)	-
Net cash used by capital and related financing activities	<u>(436,489)</u>	<u>(2,298,334)</u>	<u>(11,674,655)</u>	<u>(1,917,886)</u>	<u>(16,327,364)</u>	<u>(183,420)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investment securities	-	-	8,468,236	4,000,000	12,468,236	-
Proceeds from sale of investments	-	1,000,000	-	-	1,000,000	-
Interest and dividends on investments	5,805	7,370	114,481	27,743	155,399	15,354
Net cash provided by investing activities	<u>5,805</u>	<u>1,007,370</u>	<u>8,582,717</u>	<u>4,027,743</u>	<u>13,623,635</u>	<u>15,354</u>
Net increase in cash and cash equivalents	324,823	527,410	787,347	3,648,691	5,288,271	5,219,881
Cash and cash equivalents, beginning of year	2,601,889	1,942,953	18,930,151	3,729,128	27,204,121	-
Cash and cash equivalents, end of year	<u>\$ 2,926,712</u>	<u>\$ 2,470,363</u>	<u>\$ 19,717,498</u>	<u>\$ 7,377,819</u>	<u>\$ 32,492,392</u>	<u>\$ 5,219,881</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (4,584,105)	\$ 4,374,666	\$ 7,596,251	\$ 901,169	\$ 8,287,981	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	5,062,622	1,626,142	5,772,581	580,313	13,041,658	-
Industrial development	-	-	(712,729)	-	(712,729)	-
Pension expense	132,320	304,126	500,170	81,547	1,018,163	-
Changes in assets and liabilities:						
Decrease (increase) in receivables	(102,823)	280,752	775,243	72,145	1,025,317	-
Decrease (increase) in inventories	7,904	-	(22,111)	-	(14,207)	(299,239)
Decrease (increase) in other assets	-	-	(15,000)	-	(15,000)	-
Decrease (increase) in pension related deferred outflows	(193,465)	(460,417)	(631,388)	(143,224)	(1,428,494)	-
Increase (decrease) in payables	209,364	(454,511)	(404,471)	150,178	(499,440)	187,186
Increase (decrease) in customer deposits	-	-	68,899	-	68,899	-
Increase (decrease) in accrued salaries payable	14,368	37,634	69,706	18,284	139,992	-
Increase (decrease) in compensated absences	(15,349)	(23,974)	(84,693)	2,581	(121,435)	-
Increase (decrease) in unearned revenue	4,089	(30,455)	(12,968)	(16,169)	(55,503)	-
Increase (decrease) in pension related deferred inflows	17,753	42,249	57,939	13,142	131,083	-
Increase (decrease) in net pension liability	202,829	493,477	593,611	166,567	1,456,484	-
Total adjustments	<u>5,339,612</u>	<u>1,815,023</u>	<u>5,954,789</u>	<u>925,364</u>	<u>14,034,788</u>	<u>(112,053)</u>
Net cash provided by operating activities	<u>\$ 755,507</u>	<u>\$ 6,189,689</u>	<u>\$ 13,551,040</u>	<u>\$ 1,826,533</u>	<u>\$ 22,322,769</u>	<u>\$ (112,053)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
Refunding bonds issued	\$ -	\$ 1,145,000	\$ -	\$ -	\$ 1,145,000	\$ -

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

**City of Killeen, Texas**  
**Statement of Fiduciary Net Position**  
**Employee Benefits Trust Fund**  
**September 30, 2016**

**ASSETS**

Cash and cash equivalents	\$ 548,351
Accounts receivable	1,005,953
Total assets	<u>\$ 1,554,304</u>

**LIABILITIES AND NET POSITION**

## Liabilities:

Distributions payable	\$ 1,559,630
Total liabilities	<u>1,559,630</u>

## Net Position:

Net position held in trust for employee benefits	<u>(5,326)</u>
Total net position	<u>(5,326)</u>

Total liabilities and net position	<u>\$ 1,554,304</u>
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The accompanying notes are an integral part of this financial statement.

**City of Killeen, Texas**  
**Statement of Changes in Fiduciary Net Position**  
**Employee Benefits Trust Fund**  
**For the Year Ended September 30, 2016**

**ADDITIONS**

Contributions:	
Employer	\$ 4,141,249
Employee	1,982,869
Retiree	294,499
COBRA	24,313
Total contributions	<u>6,442,930</u>
Net Investment Income:	
Interest earnings	13
Investment expense	(50)
Total net investment income	<u>(37)</u>
Total additions	<u>6,442,893</u>

**DEDUCTIONS**

Benefit payments	<u>6,492,991</u>
Total deductions	<u>6,492,991</u>

Change in net position	(50,098)
Net position - beginning of the year	<u>44,772</u>
Net position - end of the year	<u>\$ (5,326)</u>

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

**City of Killeen, Texas**  
**Notes to the Financial Statement**  
**September 30, 2016**

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**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

**I. Summary of Significant Accounting Policies**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**B. Reporting Entity**

The City of Killeen, Texas is a Home-Rule Municipal Corporation organized and existing under the Provisions of the Constitution of the State of Texas. The City operates under a home rule charter which was approved by the electorate March 3, 1949. The charter provides for the Council-Manager form of government for the City. As authorized by its charter, the City provides the following services: public safety (police and fire), public works, community services, solid waste, water and sewer, airport, drainage and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. The City did not have any blended component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**C. Discretely Presented Component Unit**

The Killeen Economic Development Corporation (KEDC) is a legally separate entity from the City. KEDC was created for the purpose of promoting economic development within the City of Killeen. The number of members may be increased or decreased by the City of Killeen City Council, and the members are also appointed by the City of Killeen City Council. There are three members nominated by and representing each of the following organizations: three from the City of Killeen Mayor and City Council, three from the Greater Killeen Chamber of Commerce, and three from the Killeen Industrial Foundation. Advisory members may be appointed by the City of Killeen City Council as ex officio members of KEDC, but they are non-voting members. KEDC has been included in the reporting entity as a discretely presented component unit of the City because the City appoints a voting majority of the board, provides approximately 60% of funding for the board and maintains the ability to impose its will on the board. Complete financial statements for KEDC may be obtained at the entity's administrative offices, which are located at: One Santa Fe Plaza, P.O. Box 548, Killeen, TX 76540.

**D. Basis of Presentation - Government-Wide and Fund Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporated data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**E. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The *debt service fund* is used to account for the accumulation of revenues that are restricted, committed or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The City reports the following major enterprise funds:

The *aviation fund* is used to account for the provision of airport facilities. All activities necessary to provide such services are accounted for in this fund.

The *solid waste fund* accounts for the provision of solid waste collection and disposal services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, maintenance, and financing and related debt service.

The *water and sewer fund* accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, maintenance, financing and related debt service, billing, and collection.

The *drainage utility fund* accounts for operations related to providing storm drainage services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, maintenance, and financing and related debt service.

Additionally, the City reports the following fund types:

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources (other than those listed below) that are legally restricted or committed to expenditures for specified purposes.

*Capital project funds* account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The *internal service fund* accounts for fleet management provided to other departments or agencies of the government on a cost-reimbursement basis.

The *employee benefits trust fund* accounts for the City's health and life insurance benefits. It does not include pension information.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service fund) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**F. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**G. Budgetary Information**

**1. Budgetary Basis of Accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. The appropriated budget is prepared by fund, department, and division. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- i. Prior to August 1, the City Manager submits a proposed budget to the City Council for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- ii. On or before September 20, the budget is legally adopted by the City Council.
- iii. Subsequent to enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget which may result in a change in total appropriations as long as total estimated expenditures do not exceed total estimated resources. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the department. Each special revenue fund represents a single department.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

The City Manager may reallocate expenditures within a department without prior City Council approval.

- iv. Formal budgetary integration is employed as a management control device by expenditure category for the following funds, which have legally adopted annual budgets: general fund, special revenue funds and enterprise funds. Formal annual budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Annual budgetary integration is not employed for the capital projects funds because the contracts and projects in these funds provide effective project-length budgetary control.
- v. Budgets for the general fund, the special revenue funds, and enterprise funds are adopted on a basis specified by the charge of the City of Killeen, which is consistent with the modified accrual basis of accounting.

All budget appropriations lapse at year-end and do not carry forward to future periods except for appropriations for major capital projects.

**H. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, external investment pools, and deposits in the City's internal cash and investment pool.

Investments for the City are reported at cost or amortized cost. The City invests in public funds investment pools that were created to function as money market mutual funds within the meaning of Rule 2a7 of the Investment Company Act of 1940. Each of these public funds investment pools seek to maintain a constant \$1.00 net asset value per share.

**2. Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first out (FIFO) method and consist of expendable supplies, vehicle repair parts, and fuel. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**3. Capital Assets**

Capital assets which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for facility and infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For facility and infrastructure assets the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$25,000 are reported as capital assets.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

As the City constructs or acquires additional capital assets each period, including facility and infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized cost of the assets constructed. Interest is capitalized on enterprise fund assets acquired with tax-exempt debt. The amount of interest expense, incurred from the date of the borrowing until completion of the project, is offset by interest earned on invested proceeds over the same period.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Machinery and equipment	5-20
Vehicles	5-10
Improvements	10-20
Infrastructure	10-50

**4. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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 City has the following items that qualify for reporting in this category:

- i. Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- ii. Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- iii. Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial 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 of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, ambulance fees, and parks and recreation fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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The City also has one item, which arises under a full accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, the difference in expected and actual pension experience, is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

The City also has one item, which arises under a full accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, the difference in expected and actual pension experience, is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

**5. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bonds or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered applied.

It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**6. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the purpose, committed fund balance depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**7. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally

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have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

- i. Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- ii. Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantors or contributors, laws or regulations of other governments, through constitutional provisions, or by enabling legislation.
- iii. Committed fund balance – amounts that can only be used for specific purposes, pursuant to constraints imposed to establish, modify or rescind a fund balance commitment by the City Council through a resolution.
- iv. Assigned fund balance – amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council has authorized the City Manager to assign, remove or modify fund balance assigned constraints to a specific purpose.
- v. Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, it may be necessary to report a negative residual balance as unassigned.

**I. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

The City’s property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real and personal property located in the City. The City may levy a tax of up to \$1.50 per \$100 of assessed valuations for operations and maintenance purposes. Taxes are due by January 1 following the October 1 levy date, at which time a lien attaches to the property.

Legislation has been passed by the Texas Legislature, which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislation creates a “property tax code” and

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provides among other things, for the establishment of county appraisal districts and for a state property tax board.

The appraisal of property within the City has been the responsibility of the county-wide appraisal district. The appraisal district is required under the property tax code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every five years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, and adjusted for new improvements, exceeds the rate of the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year.

**3. Compensated Absences**

i. Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

ii. Sick Leave

All full-time employees, other than policemen and firemen, upon retirement only, will be reimbursed for accrued sick pay up to 720 hours. Policemen and firemen, upon resignation or retirement, will be reimbursed for accrued sick up to 720 and 1080 hours, respectively. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

iii. Compensatory Leave

All non-exempt employees will receive payment for accumulated compensatory leave upon separation from the City. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

**4. Proprietary Funds Operating and Non-Operating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods

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in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the aviation fund, solid waste fund, water and sewer fund, drainage fund, and internal service fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**II. 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**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$239,303,066 difference are as follows:

Land	\$7,570,005
Construction in progress	54,196,580
Buildings	105,088,694
Vehicles	30,367,813
Furniture, fixtures, and equipment	10,867,207
Infrastructure	147,290,755
Accumulated depreciation	<u>(116,077,988)</u>
 Net adjustment to increase <i>fund balance – total government funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$239,303,066</u>

Another element of that reconciliation explains that “other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.” The details of this \$2,405,951 difference are as follows:

Ambulance fees receivable	\$278,897
Ad valorem taxes receivable	602,069
TxDOT ROW reimbursement receivable	1,489,812
Other receivable	<u>35,173</u>
 Net adjustment to increase <i>fund balance – total government funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$2,405,951</u>

The final element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$276,283,918 difference are as follows:

**City of Killeen, Texas**  
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Bonds payable	\$190,570,000
Issuance premium/(discount) (to be amortized over life of debt)	17,711,321
Accrued interest payable	<u>1,360,530</u>
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$209,641,851</u>

**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**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.” The details of this \$2,905,775 difference are as follows:

Capital outlay	\$20,065,737
Depreciation expense	<u>(17,159,962)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$2,905,775</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$7,580,693 difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$44,090,000
Plus: premium	7,810,525
Principal repayments:	
Capital lease	(65,693)
General obligation debt	(4,245,000)
Certificates of obligation	(3,270,000)
Payment to escrow agent for refunding	<u>(51,901,703)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$7,580,693</u>

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Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$5,503,719 difference are as follows:

Compensated absences	\$262,265
Pension related debt	(6,277,394)
Accrued interest	79,828
Net other postemployment benefits obligation	(414,336)
Amortization of bond premiums	1,430,268
Amortization of deferred charge on refunding	(584,350)
	\$5,503,719

Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities* \$5,503,719

The final element of that reconciliation explains that “some revenues in the statement of activities do not provide current financial resources and are not included in the governmental funds.” The details of this \$1,471,877 difference are as follows:

Ambulance fees	\$56,641
Ad valorem taxes	(109,749)
TxDOT ROW reimbursement	1,489,812
Other	35,173
	\$1,471,877

Net adjustment to increase *fund balance – total government funds* to arrive at *net position - governmental activities* \$1,471,877

**III. Stewardship, Compliance and Accountability**

**A. Deficit Fund Equity**

At year end, the community development grant fund, a minor fund, has a deficit fund balance of \$1,341. The reason for the deficit is that the grant fund is funded on a reimbursement basis once all grant requirements are met. The City accrued personnel liabilities that were paid in the following year and which reduced fund equity in the amount of \$1,703. A corresponding receivable was not accrued due to the reimbursement nature of the grant. This deficit will be eliminated as resources are obtained from the grantor.

**IV. Detailed Notes on all Funds**

**A. Deposits**

All of the City’s demand depository accounts are held in a local banking institution under the terms of a written depository contract. The City’s policy requires the depository bank to secure the City’s funds on a day-to-day basis with approved pledged securities with a fair value equal to, but not less than, 102 percent of the uninsured deposit. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2016, the City’s deposit balance was fully collateralized with securities held by the pledging financial institution. The City’s policy is to maximize its earnings potential by keeping a majority of the City’s

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funds on deposit with external investment pools. Funds are transferred from the pools, as needed, to ensure that the bank balance remains positive at all times.

**B. Cash and Investments**

Investments are made in accordance with the Investment Policy most recently updated and adopted by the City on September 22, 2016 to comply with the Public Funds Investment Act.

The Investment Policy is consistent with statutory limitations of the State of Texas, requiring collateralization of deposits on a dollar for dollar basis, or Treasury Issues, which are backed by the full faith and credit of the United States Government; therefore, the City was not exposed to custodial credit risk during the fiscal year ended September 30, 2016.

The City utilized a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

As of September 30, 2016, the City had the following cash and investments:

	<b>Fair Value</b>	<b>Maturity (days)</b>	<b>Method</b>
Demand Accounts	\$14,627,808	1	Cost
Investment Pools	7,680,827	1	Amortized Cost
Money Market Accounts	22,368,852	1	Cost
Certificates of Deposit	27,128,245	182	Cost
Total	<u>\$71,805,732</u>		
Weighted Average Maturity		69	

The City's deposit and investment policy addresses the following risks:

1. **Interest Rate Risk** – Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value of those securities if interest rates rise. The allowed maturity of any individual investment owned by the City shall not exceed two years at the time of purchase and pooled funds shall have a weighted maximum average dollar maturity of less than ninety days. Limiting investment maturities and purchasing government securities are the City's means for limiting exposure to fair value losses arising from interest rate fluctuations.
2. **Credit Risk** – Any securities which may be added should meet the requirements of the State of Texas as permissible investments for municipal governments which are in compliance with the Public Funds Investment Act. Investment pools must be continually rated AAAM by at least one nationally recognized rating service or not lower than investment grade by at least one nationally recognized rating service with a weighted average maturity not greater than 90 days. Money market mutual funds must be registered with and regulated by the Securities and Exchange Commission and must provide the City with a prospectus and other information required by federal law. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.
3. **Concentration Risk** – Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. All of the City's investments are explicitly guaranteed by the U. S.

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Government or invested in an external investment pool and therefore, are not exposed to concentration risk.

4. **Custodial Credit Risk** – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments, held by an outside party, are fully insured and backed by the U. S. Government and registered in the name of the City. Therefore, the City is not exposed to custodial credit risk on its investments.

**C. External Investment Pools**

**1. TexPool**

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool (the Texas Local Government Investment Pool). Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

Finally, as a requirement to maintain the credit rating, weekly portfolio information must be submitted to Standard & Poors, as well as the Office of the Comptroller of Public Accounts for review. TexPool maintains a AAAM rating from Standard & Poor’s which the highest rating that a local government investment pool can achieve.

TexPool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Act of 1940. TexPool uses amortized cost rather than fair value to report net asset to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

**2. TexStar**

The Texas Short Term Asset Reserve Program (TexStar) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexStar. TexStar will invest only in instruments authorized under both the Public Funds Investment Act and the current TexStar Investment Policy. The primary objectives of TexStar are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet participants’ needs, diversification to avoid unreasonable or avoidable risks, and yield. In order to comply with the Public Funds Investment Act, TexStar maintains a AAAM rating from Standard & Poors which monitors weekly the fund’s compliance with its rating requirements.

TexStar operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The TexStar Cash Reserve Fund seeks to maintain a net asset value of \$1.00 per unit and provides participants with the investment of funds that require daily liquidity availability. All investments are stated at amortized cost, which closely approximates the fair value of the securities. All TexStar securities are marked to market on a daily basis.

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**3. TexasTerm**

The TexasTerm Local Government Investment Pool was created by Texas local governments to provide investment programs tailored to the needs of Texas cities, school districts and other public investors. TexasTerm offers participants two investment portfolio options: TexasTerm and TexasDaily. TexasTerm is a fixed rate, fixed term portfolio option rated AAAM by Standard and Poor's Corporation. Participants may lock in a fixed rate for a term of 60 to 365 days.

The Pool is directed by an Advisory Board of experienced local governmental finance directors and treasurers. The Advisory Board contracts for services with professional service providers who are industry leaders in their field. The TexasTerm Program is managed by a team of industry leaders known throughout Texas for superior service and advice.

TexasTerm operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexasTerm uses amortized cost rather than fair value to report net asset to compute share prices. Accordingly, the fair value of the position in TexasTerm is the same as the value of TexasTerm shares.

The Program also has an Advisory Board made up of representatives of several participating local governments who meet periodically to discuss TexasTerm's services and provide recommendations for enhancements.

**D. Receivables**

Receivables at September 30, 2016 for the City's individual major governmental funds, in the aggregate non-major governmental funds, proprietary funds, and fiduciary fund, net of allowances for uncollectible accounts, consist of the following:

	Receivables				
	Taxes	Accounts	Accrued Interest	Intergovernmental	Total Net
General	\$ 4,590,722	\$ 1,199,494	\$ 10,974	\$ 4,275,076	\$ 10,076,266
Debt Service	190,149	-	-	-	190,149
Other Governmental Funds	172,096	69,961	1,757	721,509	965,323
Airport	-	5,664	-	98,734	104,398
Solid Waste	-	1,928,864	-	-	1,928,864
Water & Sewer	-	4,771,962	3,513	-	4,775,475
Drainage Utility	-	300,878	-	-	300,878
Total	\$ 4,952,967	\$ 8,276,823	\$ 16,244	\$ 5,095,319	\$ 18,341,353
Employee Benefits Trust	\$ -	\$ 1,005,953	\$ -	\$ -	\$ 1,005,953

The enterprise funds accounts receivable include unbilled charges for services rendered at September 30, 2016.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
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**E. Capital Assets**

Capital assets activity for the year ended September 30, 2016, was as follows:

**Governmental Activities:**

	Balance 09/30/2015	Additions	Deletions	Reclassifications	Balance 09/30/2016
Capital assets not being depreciated:					
Land	\$ 7,570,005	\$ -	\$ -	\$ -	\$ 7,570,005
Construction in progress	42,506,742	12,113,972	-	(424,134)	54,196,580
Total capital assets not being depreciated	<u>50,076,747</u>	<u>12,113,972</u>	<u>-</u>	<u>(424,134)</u>	<u>61,766,585</u>
Capital assets, being depreciated:					
Buildings and improvements	101,181,901	4,143,249	(401,586)	165,136	105,088,700
Furniture and equipment	26,027,438	1,073,774	(16,234,006)	-	10,867,206
Vehicles	29,784,997	1,541,964	(671,841)	258,998	30,914,118
Infrastructure assets	156,688,404	1,376,195	(11,136,734)	-	146,927,865
Total capital assets being depreciated	<u>313,682,740</u>	<u>8,135,182</u>	<u>(28,444,167)</u>	<u>424,134</u>	<u>293,797,889</u>
Less accumulated depreciation for:					
Buildings and improvements	34,197,975	3,585,874	(401,586)	-	37,382,263
Furniture and equipment	24,553,778	840,174	(16,234,006)	(493,673)	8,666,273
Vehicles	24,089,931	2,587,512	(671,841)	(1,645,720)	24,359,882
Infrastructure assets	44,520,509	10,146,402	(11,136,734)	2,139,393	45,669,570
Total accumulated depreciation	<u>127,362,193</u>	<u>17,159,962</u>	<u>(28,444,167)</u>	<u>-</u>	<u>116,077,988</u>
Total capital assets being depreciated, net	<u>186,320,547</u>	<u>(9,024,780)</u>	<u>-</u>	<u>424,134</u>	<u>177,719,901</u>
Governmental activities capital assets, net	<u>\$ 236,397,294</u>	<u>\$ 3,089,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,486,486</u>

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

Governmental activities:	
General government	\$ 8,596,720
Public safety	3,877,784
Public works	2,441,721
Community services	1,388,426
Community development	855,311
Total depreciation expense - governmental activities	<u>\$ 17,159,962</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

**Business – Type Activities: Aviation**

	Balance 09/30/2015	Additions	Deletions	Reclassifications	Balance 09/30/2016
Capital assets not being depreciated:					
Land	\$ 1,319,003	\$ -	\$ -	\$ -	\$ 1,319,003
Construction in progress	-	581,642	-	-	581,642
Total capital assets not being depreciated	<u>1,319,003</u>	<u>581,642</u>	<u>-</u>	<u>-</u>	<u>1,900,645</u>
Capital assets being depreciated:					
Buildings and improvements	13,466,571	-	(10,070,877)	-	3,395,694
Improvements other than buildings	96,226,516	695,868	(35,672)	-	96,886,712
Infrastructure assets	-	1,376	-	-	1,376
Furniture and equipment	2,649,114	-	(825,422)	(220,854)	1,602,838
Vehicles	881,881	-	(85)	220,854	1,102,650
Total capital assets being depreciated	<u>113,224,082</u>	<u>697,244</u>	<u>(10,932,056)</u>	<u>-</u>	<u>102,989,270</u>
Less accumulated depreciation for:					
Buildings and improvements	11,411,149	1,358,829	(10,070,877)	40,622	2,739,723
Improvements other than buildings	28,117,875	3,374,245	(35,672)	-	31,456,448
Infrastructure assets	-	115	-	-	115
Furniture and equipment	1,979,942	301,151	(825,422)	(138,081)	1,317,590
Vehicles	868,110	28,282	(85)	97,459	993,766
Total accumulated depreciation	<u>42,377,076</u>	<u>5,062,622</u>	<u>(10,932,056)</u>	<u>-</u>	<u>36,507,642</u>
Total capital assets being depreciated, net	<u>70,847,006</u>	<u>(4,365,378)</u>	<u>-</u>	<u>-</u>	<u>66,481,628</u>
Aviation activities capital assets, net	<u>\$ 72,166,009</u>	<u>\$ (3,783,736)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,382,273</u>

**Business-Type Activities: Solid Waste**

	Balance 09/30/2015	Additions	Deletions	Reclassifications	Balance 09/30/2016
Capital assets not being depreciated:					
Land	\$ 72,165	\$ -	\$ -	\$ -	\$ 72,165
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>72,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,165</u>
Capital assets being depreciated:					
Buildings and improvements	12,494,536	-	-	-	12,494,536
Infrastructure assets	-	2,750	-	-	2,750
Furniture and equipment	4,236,139	291,533	(589,762)	(212,709)	3,725,201
Vehicles	12,104,744	1,380,099	(16,385)	212,709	13,681,167
Total capital assets being depreciated	<u>28,835,419</u>	<u>1,674,382</u>	<u>(606,147)</u>	<u>-</u>	<u>29,903,654</u>
Less accumulated depreciation for:					
Buildings and improvements	4,509,940	412,167	-	-	4,922,107
Infrastructure assets	-	229	-	-	229
Furniture and equipment	4,113,428	102,395	(589,762)	(317,424)	3,308,637
Vehicles	8,442,629	1,111,353	(16,385)	317,424	9,855,021
Total accumulated depreciation	<u>17,065,997</u>	<u>1,626,144</u>	<u>(606,147)</u>	<u>-</u>	<u>18,085,994</u>
Total capital assets being depreciated, net	<u>11,769,422</u>	<u>48,238</u>	<u>-</u>	<u>-</u>	<u>11,817,660</u>
Solid waste activities capital assets, net	<u>\$ 11,841,587</u>	<u>\$ 48,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,889,825</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

**Business-Type Activities: Water and Sewer**

	Balance 09/30/2015	Additions	Deletions	Reclassifications	Balance 09/30/2016
Capital assets not being depreciated:					
Land	\$ 243,332	\$ -	\$ -	\$ -	\$ 243,332
Construction in progress	7,190,031	2,764,370	-	(1,047,015)	8,907,386
Total capital assets not being depreciated	<u>7,433,363</u>	<u>2,764,370</u>	<u>-</u>	<u>(1,047,015)</u>	<u>9,150,718</u>
Capital assets being depreciated:					
Buildings and improvements	96,833,588	222,207	(4,425,426)	-	92,630,369
Improvements - other	109,408,838	-	(57,818)	(128,401)	109,222,619
Infrastructure assets	-	3,584,259	-	1,175,416	4,759,675
Furniture and equipment	5,355,744	19,148	(3,220,176)	(498,729)	1,655,987
Vehicles	5,259,274	-	(186,054)	498,729	5,571,949
Total capital assets being depreciated	<u>216,857,444</u>	<u>3,825,614</u>	<u>(7,889,474)</u>	<u>1,047,015</u>	<u>213,840,599</u>
Less accumulated depreciation for:					
Buildings and improvements	34,007,077	1,899,602	(4,425,426)	-	31,481,253
Improvements - other	21,307,320	3,029,092	(57,818)	-	24,278,594
Infrastructure assets	-	29,253	-	-	29,253
Furniture and equipment	4,509,072	244,945	(3,220,176)	(326,211)	1,207,630
Vehicles	3,547,084	578,186	(186,054)	326,211	4,265,427
Total accumulated depreciation	<u>63,370,553</u>	<u>5,781,078</u>	<u>(7,889,474)</u>	<u>-</u>	<u>61,262,157</u>
Total capital assets being depreciated, net	<u>153,486,891</u>	<u>(1,955,464)</u>	<u>-</u>	<u>1,047,015</u>	<u>152,578,442</u>
Water and Sewer activities capital assets, net	<u>\$ 160,920,254</u>	<u>\$ 808,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,729,160</u>

**Business-Type Activities: Drainage Utility**

	Balance 09/30/2015	Additions	Deletions	Reclassifications	Balance 09/30/2016
Capital assets not being depreciated:					
Land	\$ 172,190	\$ -	\$ -	\$ -	\$ 172,190
Construction in progress	548,724	300	-	(499,324)	49,700
Total capital assets not being depreciated	<u>720,914</u>	<u>300</u>	<u>-</u>	<u>(499,324)</u>	<u>221,890</u>
Capital assets being depreciated:					
Improvements - other	7,243,195	1,068,711	-	499,324	8,811,230
Furniture and equipment	1,033,212	12,220	(143,893)	(788,138)	113,401
Vehicles	1,275,136	305,943	-	788,138	2,369,217
Total capital assets being depreciated	<u>9,551,543</u>	<u>1,386,874</u>	<u>(143,893)</u>	<u>499,324</u>	<u>11,293,848</u>
Less accumulated depreciation for:					
Improvements - other	1,833,659	368,830	-	-	2,202,489
Furniture and equipment	966,648	11,944	(143,893)	(741,433)	93,266
Vehicles	887,868	199,541	-	741,433	1,828,842
Total accumulated depreciation	<u>3,688,175</u>	<u>580,315</u>	<u>(143,893)</u>	<u>-</u>	<u>4,124,597</u>
Total capital assets being depreciated, net	<u>5,863,368</u>	<u>806,559</u>	<u>-</u>	<u>499,324</u>	<u>7,169,251</u>
Drainage Utility activities capital assets, net	<u>\$ 6,584,282</u>	<u>\$ 806,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,391,141</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

**Business-Type Activities: Total**

	Balance 09/30/2015	Additions	Deletions	Reclassifications	Balance 09/30/2016
Capital assets not being depreciated:					
Land	\$ 1,806,690	\$ -	\$ -	\$ -	\$ 1,806,690
Construction in progress	7,738,755	3,346,312	-	(1,546,339)	9,538,728
Total capital assets not being depreciated	<u>9,545,445</u>	<u>3,346,312</u>	<u>-</u>	<u>(1,546,339)</u>	<u>11,345,418</u>
Capital assets being depreciated:					
Buildings and improvements	122,794,695	222,207	(14,496,303)	-	108,520,599
Improvements - other	212,878,549	1,764,579	(93,490)	370,923	214,920,561
Infrastructure assets	-	3,588,385	-	1,175,416	4,763,801
Furniture and equipment	13,274,209	322,901	(4,779,253)	(1,720,430)	7,097,427
Vehicles	19,521,035	1,686,042	(202,524)	1,720,430	22,724,983
Total capital assets being depreciated	<u>368,468,488</u>	<u>7,584,114</u>	<u>(19,571,570)</u>	<u>1,546,339</u>	<u>358,027,371</u>
Less accumulated depreciation for:					
Buildings and improvements	49,928,166	3,670,598	(14,496,303)	40,622	39,143,083
Improvements - other	51,258,854	6,772,167	(93,490)	-	57,937,531
Infrastructure assets	-	29,597	-	-	29,597
Furniture and equipment	11,569,090	660,435	(4,779,253)	(1,523,149)	5,927,123
Vehicles	13,745,691	1,917,362	(202,524)	1,482,527	16,943,056
Total accumulated depreciation	<u>126,501,801</u>	<u>13,050,159</u>	<u>(19,571,570)</u>	<u>-</u>	<u>119,980,390</u>
Total capital assets being depreciated, net	<u>241,966,687</u>	<u>(5,466,045)</u>	<u>-</u>	<u>1,546,339</u>	<u>238,046,981</u>
Business-type activities capital assets, net	<u>\$ 251,512,132</u>	<u>\$ (2,119,733)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,392,399</u>

Depreciation expense was charged to Business-Type Activities as follows:

Business-type activities:	
Airport	5,062,622
Solid waste	1,626,144
Water and sewer	5,781,078
Drainage utility	580,315
Total business-type activities	<u>\$ 13,050,159</u>

**F. Accrued Liabilities**

Accrued liabilities reported by governmental funds at September 30, 2016, were as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Salary and employee benefits	\$ 3,809,073	\$ 49,705	\$ 3,858,778

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

**G. Pension Obligations**

**1. Texas Municipal Retirement System**

i. Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the City, except for firefighters, are required to participate in TMRS.

ii. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for the City are as follows:

	<u><b>Plan Year 2016</b></u>
Employee deposit rate	7.0%
Matching ratio (city to employee)	200%
Years required for vesting	5
Service retirement eligibility	20 years – any age / 5 years – age ≥ 60
Updated Service Credit	100%, Transfers
Annuity Increase (to retirees)	0%

iii. Employees Covered by Benefit Terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

Inactive employees or beneficiaries currently receiving benefits	437
Inactive employees entitled to but not yet receiving benefits	400
Active employees	<u>1,041</u>
Total	<u>1,878</u>

iv. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Killeen were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.39% and 8.41% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$3,948,703, and were equal to the required contributions.

v. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

a) Actuarial Assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

b) Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

c) Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2014	\$196,301,225	\$143,118,764	\$53,182,461
Changes for the year:			
Service cost	7,756,102	-	7,756,102
Interest	13,747,572	-	13,747,572
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,223,578)	-	(1,223,578)
Changes of assumptions	(39,423)	-	(39,423)
Contributions – employer	-	3,878,184	(3,878,184)
Contributions – employee	-	3,296,020	(3,296,020)
Net investment income	-	211,180	(211,180)
Benefit payments, including refunds of employee contributions	(7,570,788)	(7,570,788)	-
Administrative expense	-	(128,630)	128,630
Other changes	-	(6,353)	6,353
Net changes	12,669,885	(320,387)	12,990,272
Balance at 12/31/2015	\$208,971,110	\$142,798,377	\$66,172,733

d) Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$98,554,459	\$66,172,733	\$39,924,584

e) Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

vi. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of \$10,057,817. This amount is included as part of salaries within the functional program activities.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	-	\$2,137,981
Difference in projected and actual earnings on pension plan investments	\$8,886,599	-
Contributions subsequent to the measurement date	2,881,421	-
Total	\$11,768,020	\$2,137,981

\$2,881,421 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Net Deferred Outflows(Inflows) of Resources</b>
2016	\$1,733,493
2017	1,733,493
2018	1,733,494
2019	1,594,374
2020	(46,236)
Thereafter	-
Total	\$6,748,618

**2. Supplemental Death Benefits Fund**

i. Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. Retirees are responsible for 100% of premiums paid for the benefit.

	<u>Plan Year 2015</u>	<u>Plan Year 2016</u>
The City of Killeen offers supplemental death to:		
Active employees	Yes	Yes
Retirees	Yes	Yes

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contribution to the TMRS SDBF for the years ended 2016, 2015 and 2014 were \$14,120, 13,571, and \$13,500, respectively, which equaled the required contributions each year.

**Schedule of Contribution Rates**  
 (RETIREE-only portion of the rate, for OPEB)

<b>Plan/Calendar Year</b>	<b>Annual Required Contribution (Rate)</b>	<b>Annual Contribution Made (Rate)</b>	<b>Percentage of ARC Contributed</b>
2013	0.03%	0.03%	100.0%
2014	0.03%	0.03%	100.0%
2015	0.03%	0.03%	100.0%
2016	0.03%	0.03%	100.0%
2017	0.03%	0.03%	100.0%

**3. Deferred Compensation Fund**

i. Plan Description

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by Nationwide Retirement Solutions and ICMA. In accordance with the requirements of GASB Statement No. 32, "Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" and recent tax law changes, the City's trust agreements establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustee. Accordingly, the City has not presented the assets and income from the plan in these financial statements. Deferred compensation investments are held by an outside trustee, and plan investments are chosen by the individual participant (employee).

The plan, available to all permanent City employees, permits them to defer until future years up to 100% of annual gross earnings not to exceed \$16,500. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

**4. Firefighter's Relief And Retirement System**

i. Plan Description

The City contributes to the retirement plan for firefighters in the Killeen Fire Department known as the Killeen Firefighter's Relief and Retirement Fund (the Fund). The Fund is a

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Killeen Firefighter's Relief and Retirement Fund. The City does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Killeen Firefighter's Relief and Retirement Fund at P.O. Box 497, Conroe, Texas 77305. See that report for all information about the plan fiduciary net position.

ii. Benefits Provided

Firefighters in the Killeen Fire Department are covered by the Killeen Firefighter's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. Those benefits fully vest after 20 years of credited service. Paid firefighters may retire at age 50 with 25 years or at age 55 with 20 years of service. A partially vested benefit is provided for paid firefighters who terminate employment with at least 10 but less than 20 years of service. Volunteer firefighters may retire at age 55 with 20 years of service. If a terminated firefighter has a fully or partially vested benefit, he may retire starting on the date he would have satisfied service retirement eligibility if he had remained a Killeen firefighter. As of the September 30, 2014 actuarial valuation date, the plan effective July 1, 2007 provided a monthly normal service retirement benefit for paid firefighters, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 58.40% of Highest 60-Month Average Salary plus 2.275% of Highest 60-Month Average Salary for each year of service in excess of 20.

A retiring paid firefighter who is at least 3.5 years beyond first becoming eligible for service retirement has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 60-Monthly Average Salary as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later of the date which is 3.5 years following his earliest eligibility for retirement and the date two years prior to the date he actually retires. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits that member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

iii. Members Covered by the Fund

In the September 30, 2014 actuarial valuation, the following numbers of members were covered by the Fund:

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

Retirees and beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	9
Active employees and volunteers	<u>202</u>
Total	<u><u>268</u></u>

iv. Funding Policy

The contribution provisions of the Fund are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City and as a dollar amount for volunteer firefighters by the City.

The funding policy of the Killeen Firefighter’s Relief and Retirement Fund requires contributions equal to 11% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City currently contributes 13% of pay for each active firefighter according to the annual city budget process, but with an unwritten understanding between the City and the Fund’s board that the rate will not be reduced. The City also contributes an additional \$102 per year active volunteer firefighter plus \$16,010 per year for all active and retired volunteer firefighters. The actuarial valuation includes the assumption that the City contribution rate will be 13% over the UAAL amortization period and that the contributions for volunteers will continue each year. The costs of administering the plan are paid from the Fund assets.

Ultimately, the funding policy also depends upon the total return of the Fund’s assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. The board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending September 30, 2015, the money-weighted rate of return was -4.49%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying that the contribution commitment by the firefighters and the assumed City contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan’s normal cost contributions rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan’s unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan’s UAAL is actuarially determined using an open, level percentage of payroll method.

v. Net Pension Liability

The City of Killeen’s net pension liability was measured at September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014 and rolled forward to September 30, 2015.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

Total pension liability	\$ 52,431,265
Plan fiduciary net position	31,072,702
City's net pension liability	<u>\$ 21,358,563</u>
Plan fiduciary net position as a percentage of the total pension liability	59.3%

a) Actuarial Assumptions

The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%	
Salary increases	3.5%	Plus promotion, step, and longevity increases that vary by service
Investment rate of return	7.75%	Net of pension plan investment expense, including inflation

Mortality rates were based on the RP2000 Combined Healthy Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.58%) and by adding expected inflation (3.50%). In addition, the final 7.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.33% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Large cap domestic	30.0%	5.90%
Small/mid cap domestic	10.0	6.61
International developed	7.5	6.27
Emerging markets	7.5	6.92
Fixed Income		
Domestic core	18.5	1.27
Direct lending	6.5	1.71
Global	5.0	1.55
Alternatives		
Tactical strategies	5.0	6.56
Private equity	1.5	6.71
Real estate	5.0	3.71
Balanced fund	3.5	3.37
Cash	0.00	0.11
Total	<u>100.0%</u>	
Weighted Average		4.58%

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

b) Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the September 30, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years. Because of the 30-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

c) Changes in Net Pension Liability

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) – (b)</b>
Amounts as of September 30, 2015 (1)	\$49,056,514	\$31,844,201	\$17,212,313
Changes for the year:			
Service cost	1,827,057	-	1,827,057
Interest	3,854,103	-	3,854,103
Difference between expected and actual experience	-	-	-
Contributions – employer	-	1,696,664	(1,696,664)
Contributions – firefighter	-	1,419,132	(1,419,132)
Net investment income	-	(1,444,977)	1,444,977
Benefit payments	(2,306,409)	(2,306,409)	-
Administrative expense	-	(135,909)	135,909
Assumption changes	-	-	-
Other changes	-	-	-
Net changes	3,374,751	(771,499)	4,146,250
Amounts as of September 30, 2016 (2)	\$52,431,265	\$31,072,702	\$21,358,563

(1) Measurements for the fiscal year ended September 30, 2015 were taken as of September 30, 2014.

(2) Measurements for the fiscal year ended September 30, 2016 were taken as of September 30, 2015.

d) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Killeen, calculated using the discount rate of 7.75%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

<b>1% Decrease 6.75%</b>	<b>Current Discount Rate 7.75%</b>	<b>1% Increase 8.75%</b>
\$28,925,024	\$21,358,563	\$15,097,171

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

e) Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

vi. **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2016, the City's GASB 68 pension expense was \$2,826,264. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

<b>Components of Pension Expense</b>	
Service cost	\$1,827,057
Interest	3,854,103
Firefighter contributions	(1,419,132)
Projected earnings on pension plan investments	(2,494,023)
Amortization of differences between projected and actual earnings on plan investments	851,717
Amortization of changes in assumptions	70,633
Amortization of differences between expected and actual experience	-
Pension plan administrative expenses	135,909
Other	-
Total pension expense	\$2,826,264

vii. **Deferred Outflows of Resources to Be Recognized in Pension Expense in Future Years**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$3,342,950	-
Changes in assumptions	638,380	-
Differences between expected and actual experience	-	-
Total	\$3,981,330	-

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Net Deferred Outflows(Inflows) of Resources</b>
2017	\$922,350
2018	922,350
2019	922,349
2020	858,433
	70,633
Thereafter	285,215
Total	<u>\$3,981,330</u>

The total of the contributions by the City to the Fund contributed subsequent to the measurement date of the net pension liability, September 30, 2015, through September 30, 2016 is a deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending September 30, 2017.

**H. Postemployment Benefits other than Pensions**

Effective in fiscal year 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)” prospectively (no beginning Net OPEB Obligation). A separate, audited GAAP-basis postemployment benefit plan report is not available.

i. Plan Description

The City makes available health care benefits to all employees who retire from the City and who are receiving benefits from a City sponsored retirement program (Texas Municipal Retirement System or Firefighter’s Relief and Retirement Fund) through a single-employer defined benefit healthcare plan. This healthcare plan provides lifetime insurance, or until age 65 if eligible for Medicare to eligible retirees, their spouses and dependents through the City’s group health insurance plan, which covers both active and retired members. Benefit provisions are established by management.

Current retirees in the health plan at retirement are eligible to remain in the health plan at the total blended contribution rate for active and retiree participants.

ii. Funding Policy

Current retirees contribute to the health plan 100% of the total blended premium for active and retired participants, resulting in an implicit subsidy. Retiree contribution rates for fiscal year 2016 ranged from \$4,903 to \$16,292 per year depending on coverage levels selected. Consequently, since the plan is funded 100% by the retirees, the City has not established a trust arrangement to fund the plan since it does not contribute to the plan. The liability discussed in this section is strictly a result of the fact that the City’s health plan is based on a blended premium rate, or implicit subsidy as noted above. This means that the premiums paid by the City and its employees are slightly inflated due to the fact that retirees participate in the plan.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

Based on the funding policy noted above, the City’s annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City’s actuarially determined annual OPEB cost for the fiscal year ending September 30, 2016, is as follows:

	<b>Fiscal Year-End</b>	
	<b>09/30/2015</b>	<b>09/30/2016</b>
Net OPEB Obligation – beginning	\$1,533,198	\$1,833,119
Annual Required Contribution	600,747	694,033
Interest on prior year Net OPEB Obligation	68,994	82,490
Adjustment to ARC	(65,382)	(80,324)
Annual OPEB Cost	604,359	696,199
Actual Contributions made	(304,438)	(281,863)
Estimated Increase in Net OPEB Obligation	299,921	414,336
Estimated Net OPEB Obligation - ending	<u>\$1,833,119</u>	<u>\$2,247,455</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2016 and the preceding two fiscal years were as follows:

<b>Fiscal Year Ended</b>	<b>Discount Rate</b>	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
09/30/2014	4.50%	\$604,163	42.7%	\$1,533,198
09/30/2015	4.50%	604,359	50.4%	\$1,833,119
09/30/2016	4.50%	696,199	40.5%	\$2,247,455

Under the reporting parameters, the City’s retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$6,334,479 at October 1, 2015.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City’s retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

iii. Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City’s retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point.

Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

<b>Actuarial Methods and Assumptions</b>	
Measurement Date	October 1, 2015
Discount Rate	4.50% per annum
Payroll Growth	3.00% per annum
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level as a percentage of employee payroll
Amortization Period	30-year open amortization

**I. Construction and other Significant Commitments**

The City has active Water and Sewer, Drainage Utility, and Governmental construction projects as of September 30, 2016. At year-end the City's commitments with contractors are as follows:

	Contract Amount	Spent-to-Date	Remaining Commitment
Water and Sewer	\$ 3,033,155	\$ 1,900,463	\$ 1,132,692
Drainage Utility	1,054,568	589,425	465,143
Governmental Funds	20,853,475	17,827,001	3,026,474
	\$ 24,941,198	\$ 20,316,889	\$ 4,624,309

The City is committed under various leases for building and office space, data processing, and police equipment. These leases are considered for accounting purposes to be replaced in the ordinary course of business with similar leases. Future aggregate annual commitments are not material to the City's financial statements.

In 2003, the City of Killeen completed the process of moving airline operations from the Killeen Municipal Airport to Ft. Hood's Robert Gray Army Airfield as part of a joint use agreement with the U.S. Army. This is a regional intermodal transportation project that involved the construction of a new terminal building, aircraft parking aprons, east side parallel taxi-way, fuel and maintenance facilities, major access roadways to the terminal site, and vehicle parking facilities. The City currently has an operating lease agreement with the Department of the Army for joint-use of a tract of land containing 345 acres and exclusive use of a tract of land containing approximately 76.571 acres. The lease term is for 50 years, with an option to renew for an additional 50 years if the City is in full compliance with the terms of the lease.

In lieu of paying rent on the lease, the City is required to perform certain services related to the property, such as maintenance, protection, repairs, site restoration and improvements. Currently, no estimate is available for the annual amount of such expenditures related to satisfying the requirements of the lease.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

**J. Risk Management**

The City has insurable risks in various areas, including property, casualty, automobile, airport, surety bonding, comprehensive liability and workmen's compensation. The City has obtained insurance against risks through commercial carriers for airport liability and surety bonding. There were no related settlements in excess of insurance coverage during the past three fiscal years. All other insurance against risk is through the Texas Municipal League (TML) Intergovernmental Risk Pool, as discussed below. Management believes the amount and types of coverage are adequate to protect the City from losses which could reasonably be expected to occur.

A public entity risk pool is a cooperative group of governmental entities joining together to finance an exposure, liability or risk. The City participates in the TML Intergovernmental Risk Pool for various risk areas, wherein member cities pool risks and funds and share in the costs of losses. Claims against the City in each respective are expected to be paid by that public entity risk pool. However, in the event the public entity risk pool became insolvent, or otherwise is unable to pay claims, the City may have to pay the claims.

**K. Long-Term Liabilities**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2016 is as follows:

**Governmental Activities**

	September 30, 2015	Additions	Deletions	September 30, 2016	Due Within One Year
General obligation bonds	\$ 93,770,000	\$ 44,090,000	\$ (14,235,000)	\$ 123,625,000	\$ (4,565,000)
Tax/Revenue Certificates of obligation	105,350,000	-	(38,405,000)	66,945,000	(3,445,000)
Unamortized bond premiums/(discounts)	11,972,680	7,810,525	(2,071,883)	17,711,321	-
Total bonds payable	211,092,680	51,900,525	(54,711,883)	208,281,321	(8,010,000)
Compensated absences	11,907,377	3,367,254	(3,629,520)	11,645,112	(3,367,254)
Net OPEB obligation	1,833,119	414,336	-	2,247,455	-
Net pension liability	60,110,609	14,661,875	-	74,772,484	-
Capital lease payable	65,693	-	(65,693)	-	-
Governmental activity long-term debt	<u>\$ 285,009,478</u>	<u>\$ 70,343,990</u>	<u>\$ (58,407,096)</u>	<u>\$ 296,946,372</u>	<u>\$ (11,377,254)</u>

**Business-Type Activities**

	September 30, 2015	Additions	Deletions	September 30, 2016	Due Within One Year
Revenue bonds	\$ 55,820,000	\$ -	\$ (5,075,000)	\$ 50,745,000	\$ (5,205,000)
General obligation bonds	10,805,000	1,145,000	(655,000)	11,295,000	(675,000)
Certificates of obligation	1,590,000	-	(1,320,000)	270,000	(85,000)
Unamortized bond premiums/(discounts)	5,341,354	196,878	(387,053)	5,151,179	-
Total bonds payable	73,556,354	1,341,878	(7,437,053)	67,461,179	(5,965,000)
Compensated absences	889,640	393,412	(514,847)	768,205	(393,412)
Net pension liability	10,284,165	2,474,647	-	12,758,812	-
Business-type activity long-term debt	<u>\$ 84,730,159</u>	<u>\$ 4,209,937</u>	<u>\$ (7,951,900)</u>	<u>\$ 80,988,196</u>	<u>\$ (6,358,412)</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

Long-term debt at September 30, 2016 is comprised of the following:

**Governmental Activities**

	Interest Rates to Maturity (%)	Issue Date	Maturity Date	Original Issue	Outstanding
General Obligation Bonds:					
2009 Various purpose	3.00-4.80	2009	2034	13,175,000	1,230,000
2010 Refunding HOT	2.00-4.00	2010	2030	8,500,000	6,420,000
2010 Refunding	2.00-4.00	2010	2030	4,830,000	3,460,000
2011 Refunding	3.25-5.00	2011	2023	6,875,000	4,815,000
2012 Various purpose & refunding	2.00-5.00	2012	2032	19,500,000	17,930,000
2013 Refunding	2.00-5.00	2013	2032	37,290,000	36,795,000
2014 Refunding	2.00-5.00	2014	2034	10,610,000	8,885,000
2015 Refunding	3.00-4.00	2015	2034	8,640,000	8,640,000
2016 Refunding	3.00-5.00	2016	2034	35,845,000	34,715,000
2016 Refunding HOT	3.00-5.00	2016	2034	750,000	735,000
Total General Obligation Bonds				<u>146,015,000</u>	<u>123,625,000</u>
Tax/Revenue Certificates of Obligation:					
2009 Various purpose	2.75-4.35	2009	2029	6,500,000	915,000
2011 Various purpose	2.00-5.00	2011	2036	32,040,000	16,130,000
2011 PTF 195/201	2.00-5.00	2011	2034	18,060,000	4,895,000
2011A PTF 190/2410	2.00-5.00	2011	2035	31,400,000	25,700,000
2012 Various Purpose & Refunding	2.00-3.00	2012	2032	6,765,000	6,350,000
2014 Various Purpose	2.00-5.00	2014	2039	13,060,000	12,955,000
Total Tax/Revenue Certificates of Obligation				<u>107,825,000</u>	<u>66,945,000</u>
Total Governmental Activities				<u>\$ 253,840,000</u>	<u>\$ 190,570,000</u>

**Business-Type Activities**

	Interest Rates to Maturity (%)	Issue Date	Maturity Date	Original Issue	Outstanding
Revenue Bonds:					
2010 Refunding	2.00-4.00	2010	2021	6,870,000	3,335,000
2011 Refunding	3.75-5.00	2011	2022	11,135,000	8,650,000
2012 Refunding	2.98	2012	2027	7,365,000	7,170,000
2013 Refunding and Improvement	2.00-5.00	2013	2033	29,030,000	28,040,000
2013 Refunding	0.40-1.62	2013	2019	8,270,000	3,550,000
Total Revenue Bonds				<u>62,670,000</u>	<u>50,745,000</u>
General Obligation Bonds:					
2012 Various Purpose & Refunding	2.00-5.00	2012	2032	6,215,000	5,910,000
2013 Refunding	2.00-5.00	2013	2032	3,935,000	3,880,000
2014 GO & Refunding	2.00-5.00	2014	2034	1,010,000	360,000
2015 Refunding	3.00-4.00	2015	2034	300,000	300,000
2016 Refunding	3.00-5.00	2016	2034	845,000	845,000
Total General Obligation Bonds				<u>12,305,000</u>	<u>11,295,000</u>
Tax/Revenue Certificates of Obligation:					
2009 Various purpose	2.75-4.35	2009	2029	2,000,000	270,000
Total Tax/Revenue Certificates of Obligation				<u>2,000,000</u>	<u>270,000</u>
Total Business-type activities				<u>\$ 76,975,000</u>	<u>\$ 62,310,000</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

**General Obligation Bonds**

Annual debt service requirements to maturity for General Obligation Bonds are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 4,565,000	\$ 5,380,800	\$ 675,000	\$ 499,863
2018	4,995,000	5,207,800	690,000	472,863
2019	5,250,000	5,020,150	720,000	448,913
2020	5,775,000	4,823,350	830,000	423,513
2021	6,015,000	4,611,450	860,000	391,613
2022-2026	41,975,000	18,253,650	5,020,000	1,276,815
2027-2031	43,010,000	7,395,933	2,500,000	232,127
2032-2034	12,040,000	736,676	-	-
Total	<u>\$ 123,625,000</u>	<u>\$ 51,429,809</u>	<u>\$ 11,295,000</u>	<u>\$ 3,745,707</u>

**Revenue Bonds**

The City also issues Revenue Bonds where the city pledges income derived from the acquired or constructed assets to pay debt service. These Revenue Bonds constitute special obligations of the City solely secured by a lien and a pledge of the net revenues of the water and sewer system established by the bond ordinances and covenants. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amount and certain financial ratios are met. Management of the City believes that it is in compliance with all significant requirements as of September 30, 2015. Revenue Bond debt service requirements to maturity are as follows:

Year Ending September 30	Business-type Activities	
	Principal	Interest
2017	\$ 5,205,000	\$ 1,956,301
2018	4,335,000	1,830,871
2019	4,480,000	1,690,688
2020	3,935,000	1,528,158
2021	4,125,000	1,371,421
2022-2026	17,305,000	4,454,060
2027-2031	8,360,000	1,647,485
2032-2033	3,000,000	226,750
Total	<u>\$ 50,745,000</u>	<u>\$ 14,705,734</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

**Tax and Revenue Certificates of Obligation**

Annual debt service requirements to maturity for Tax and Revenue Certificates of Obligation are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 3,445,000	\$ 2,782,381	\$ 85,000	\$ 8,777
2018	3,550,000	2,681,475	90,000	6,046
2019	3,870,000	2,543,548	95,000	3,135
2020	3,715,000	2,369,388	-	-
2021	3,890,000	2,201,838	-	-
2022-2026	12,370,000	8,765,601	-	-
2027-2031	12,325,000	6,961,325	-	-
2032-2036	21,200,000	3,444,051	-	-
2037-2039	2,580,000	226,450	-	-
Total	<u>\$ 66,945,000</u>	<u>\$ 31,976,057</u>	<u>\$ 270,000</u>	<u>\$ 17,958</u>

All bonded debt requires semiannual payments of interest. The various bond ordinances provide the City with rights of redemption at par, plus accrued interest at specified future dates.

The bond indentures required the establishment and maintenance of interest and sinking funds and reserve funds in varying amounts. In addition, there are restrictions concerning the maintenance of sufficient rates charged for services to users to generate enough funds for debt service requirements, the maintenance of accounting records and insurance, as well as reporting the results of the City's operations to specified major bond holders. The City is in compliance with all significant requirements and restrictions.

**Refunding**

The City issued \$45,235,000 in General Obligation Refunding Bonds with an interest rate of 3% - 5% to refund and legally defease \$9,990,000 of General Obligation Bonds, Series 2009, \$4,245,000 of Certificates of Obligation, Series 2009, \$14,270,000 of Certificates Obligation Bonds, Series 2011, \$11,990,000 of Certificates of Obligation Bonds, Series 2011, \$4,630,000 of Certificates of Obligation Bonds, Series 2011A, and \$1,235,000 of Solid Waste Utility Revenue Certificates of Obligation, Series 2009. The net proceeds of \$53,227,969 (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt. It is bond counsel's opinion that the advance refunding is a legal defeasance.

Due to the refundings, the City's debt service requirements are decreased by \$5,041,987 over a period beginning fiscal year 2016 and ending with the fiscal year 2032. These refundings allowed the City of Killeen to obtain an economic gain of \$3,995,778.

**L. Fund Balance**

**Minimum fund balance policy.** The City Council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund and net position for the enterprise funds collectively. The target level is

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

set at 22% of operating expenditures/expenses. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a “revenue” source, as dictated by current circumstances, the policy provides for the development of a plan for City Council that addresses the shortfall.

**M. Interfund Transfers**

The composition of interfund transfers for the year ended September 30, 2016, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 9,830,769	\$ -
Debt Service Fund	3,010,129	1,810,129
Other Governmental Funds:		
Capital Project:		
2007 G.O. & C.O. Bonds	-	37,245
2009 C.O. Bonds	-	27,338
2011A Pass Thru Financing		
190/2410	-	1,100,000
2011 Pass Thru Financing		
195/201	-	1,500,000
2011 C.O. Bonds	461,338	-
2012 G.O. Bonds	120,000	-
2014 C.O. Bonds	1,400,000	1,897,000
2014 G.O. Bonds	300,245	120,000
Rosewood Extension Grant	200,000	-
Total Other Governmental	<u>2,481,583</u>	<u>4,681,583</u>
Funds	<u>15,322,481</u>	<u>6,491,712</u>
Total Governmental Funds		
Enterprise:		
Solid Waste	-	4,371,315
Water & Sewer	-	9,671,755
Drainage Utility	-	287,699
Total Enterprise Funds	<u>-</u>	<u>14,330,769</u>
Internal Service Fund	5,500,000	-
Total Transfers	<u>\$ 20,822,481</u>	<u>\$ 20,822,481</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2016**

**N. Discretely Presented Component Unit**

Capital assets activity for the Killeen Economic Development Corporation for the year ended September 30, 2016, was as follows:

	Balance 09/30/2015	Additions	Deletions	Reclassifications	Balance 09/30/2016
Capital assets not being depreciated:					
Land					
KEDC - owned	\$ 280,007	\$ -	\$ (35,752)	\$ -	\$ 244,255
Industrial Park	1,723,082	-	(42,245)	-	1,680,837
Convergys	110,000	-	-	-	110,000
Enterprise	100,000	-	-	-	100,000
First National Bank	90,303	-	-	-	90,303
Total capital assets not being depreciated	<u>2,303,392</u>	<u>-</u>	<u>(77,997)</u>	<u>-</u>	<u>2,225,395</u>
Capital assets being depreciated:					
Buildings					
Presidium	3,563,745	-	-	-	3,563,745
First National Bank/Raytheon	1,850,700	-	-	-	1,850,700
Entrance Sign	31,382	-	-	-	31,382
Total capital assets being depreciated	<u>5,445,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,445,827</u>
Less accumulated depreciation for:					
Buildings	2,431,840	148,451	-	-	2,580,291
Total accumulated depreciation	<u>2,431,840</u>	<u>148,451</u>	<u>-</u>	<u>-</u>	<u>2,580,291</u>
Total capital assets being depreciated, net	<u>3,013,987</u>	<u>(148,451)</u>	<u>-</u>	<u>-</u>	<u>2,865,536</u>
KEDC capital assets, net	<u>\$ 5,317,379</u>	<u>\$ (148,451)</u>	<u>\$ (77,997)</u>	<u>\$ -</u>	<u>\$ 5,090,931</u>

**V. Authoritative Pronouncements not yet Effective**

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will become effective for the City in fiscal year 2018. This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibly funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially unfunded portion of benefits earned to date.

GASB Statement No. 77, Tax Abatement Disclosures, will become effective for the City in fiscal year 2017. This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments.

**City of Killeen, Texas**  
**Required Supplementary Information**  
**Texas Municipal Retirement System (Unaudited)**  
**Schedule of Changes in the City's Net Pension Liability and Related Ratios**  
**September 30, 2016**

	<u>12/31/15</u>	<u>12/31/14</u>
<b>1. Total Pension Liability</b>		
a. Service cost	\$ 7,756,102	\$ 7,127,298
b. Interest	13,747,572	12,950,074
c. Changes of benefit provisions	-	-
d. Differences between expected and actual experience	(1,223,578)	(1,781,423)
e. Changes of assumptions	(39,423)	-
f. Benefit payments, including refunds of employee contributions	(7,570,788)	(6,864,254)
g. Net Change in Total Pension Liability	<u>12,669,885</u>	<u>11,431,695</u>
h. Total Pension Liability - Beginning	196,301,225	184,869,530
i. Total Pension Liability - Ending	<u>\$ 208,971,110</u>	<u>\$ 196,301,225</u>
<b>2. Plan Fiduciary Net Position</b>		
a. Contributions - employer	\$ 3,878,184	\$ 3,555,987
b. Contributions - employee	3,296,020	3,166,911
c. Net investment income	211,180	7,756,563
d. Benefit payments, including refunds of employee contributions	(7,570,788)	(6,864,254)
e. administrative expenses	(128,630)	(80,983)
f. other	(6,353)	(6,658)
g. Net Change in Plan Fiduciary Net Position	<u>(320,387)</u>	<u>7,527,566</u>
h. Plan Fiduciary Net Position - Beginning	143,118,764	135,591,198
i. Plan Fiduciary Net Position - Ending	<u>\$ 142,798,377</u>	<u>\$ 143,118,764</u>
<b>3. Net Pension Liability - Ending [Item 1(i) - 2(i)]</b>	66,172,733	53,182,461
<b>4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	68.33%	72.91%
<b>5. Covered Payroll for Year (Estimated)</b>	47,063,726	45,235,558
<b>6. City's Net Pension Liability as a Percentage of Covered Payroll</b>	140.60%	117.57%

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only available information is shown.

**City of Killeen, Texas**  
**Required Supplementary Information**  
**Texas Municipal Retirement System (Unaudited)**  
**Schedule of Contribution for the Last 10 Fiscal Years**  
**September 30, 2016**

Fiscal Year	(1) Actuarially Determined Contribution	(2) Contribution in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered employee payroll	(5) Contributions as a percentage of covered employee payroll (2)/(4)
2007	\$ 3,428,543	3,428,543	-	\$ 27,299,198	12.56%
2008	3,795,179	3,795,179	-	31,035,339	12.23%
2009	4,388,259	4,388,259	-	34,856,263	12.59%
2010	4,567,683	4,567,683	-	36,579,718	12.49%
2011	4,132,298	4,132,298	-	38,174,700	10.82%
2012	4,410,989	4,410,989	-	41,425,056	10.65%
2013	3,134,221	3,134,221	-	41,575,749	7.54%
2014	3,429,108	3,429,108	-	44,998,507	7.62%
2015	3,879,674	3,879,674	-	46,806,060	8.29%
2016	3,948,703	3,948,703	-	47,063,726	8.39%

**Valuation Date:**

Actuarially determined

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10-year Smoothed Market, 15% soft corridor
Inflation	2.50%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.8%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

1.) Granted 100% ad hoc USC with transfer.

**City of Killeen, Texas**  
**Required Supplementary Information**  
**Firefighter's Relief and Retirement Fund (Unaudited)**

**Schedule of Changes in the City's Net Pension Liability and Related Ratios for the Last 10 Fiscal Years <sup>1</sup>**  
**September 30, 2016**

	<u>9/30/2016</u>	<u>9/30/2015</u>
<b>1. Total Pension Liability</b>		
a. Service cost	\$ 1,827,057	\$ 1,830,207
b. Interest	3,854,103	3,548,068
c. Changes of benefit provisions	-	-
d. Differences between expected and actual experience	-	-
e. Changes of assumptions	-	779,646
f. Benefit payments	(2,306,409)	(2,105,453)
g. Net Change in Total Pension Liability	<u>3,374,751</u>	<u>4,052,468</u>
h. Total Pension Liability - Beginning	49,056,514 <sup>2</sup>	45,004,046
i. Total Pension Liability - Ending	<u><u>\$ 52,431,265</u></u>	<u><u>\$ 49,056,514</u></u> <sup>3</sup>
<b>2. Plan Fiduciary Net Position</b>		
a. Contributions by the city	\$ 1,696,664	\$ 1,541,096
b. Contributions by the firefighters	1,419,132	1,284,686
c. Net investment income	(1,444,977)	1,972,592
d. Benefit payments	(2,306,409)	(2,105,453)
e. administrative expenses	(135,909)	(130,049)
f. other	-	-
g. Net Change in Plan Fiduciary Net Position	<u>(771,499)</u>	<u>2,562,872</u>
h. Plan Fiduciary Net Position - Beginning	31,844,201	29,281,329
i. Plan Fiduciary Net Position - Ending	<u><u>\$ 31,072,702</u></u>	<u><u>\$ 31,844,201</u></u>
<b>3. City's Net Pension Liability - Ending [Item 1(i) - 2(i)]</b>	21,358,563	17,212,313
<b>4. Plan Fiduciary Net Position as a Percentage of the Total Pension</b>	59.3%	64.9%
<b>5. Covered Payroll for Year (Estimated)</b>	12,901,200	12,457,025
<b>6. City's Net Pension Liability as a Percentage of Covered Payroll</b>	165.6%	138.2%

## Notes to Schedule:

<sup>1</sup> The measurement date is September 30, 12 months prior to the fiscal year end. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only available information is shown. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

<sup>2</sup> Determined from the ending pension liability as of September 30, 2014, but based on the actuarial assumptions for the September 30, 2012 actuarial valuation, using the roll back procedure allowed for the initial year of implementing GASB 68.

<sup>3</sup> Determined from the beginning total pension liability based on the September 30, 2014 actuarial valuation, using the roll forward procedure allowed by GASB 68.

**City of Killeen, Texas**  
**Required Supplementary Information**  
**Other Post Employment Benefits (Unaudited)**  
**Schedule of Funding Progress**  
**September 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liability (AAL) (1)	Unfunded AAL (UAAL) (2)	Funded Ratio
10/1/2013	-	4.5%	\$5,560,589	\$5,560,589	0.0%
10/1/2014	-	4.5%	5,948,779	5,948,779	0.0%
10/1/2015	-	4.5%	6,334,479	6,334,479	0.0%

(1) Actuarial Accrued Liability determined under the projected unit credit cost method.

(2) Actuarial Accrued Liability less Actuarial Value of Assets.



**City of Killeen, Texas**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
<b>Taxes:</b>				
Ad valorem	\$ 24,575,609	\$ 24,488,663	\$ 24,488,663	\$ 86,946
Penalty and interest	144,247	271,000	271,000	(126,753)
Total ad valorem	24,719,856	24,759,663	24,759,663	(39,807)
Mixed beverage	236,722	275,000	278,600	(41,878)
Franchise	5,051,317	5,195,100	5,195,100	(143,783)
Sales and occupancy	21,784,258	22,100,843	22,100,843	(316,585)
Bingo	198,375	250,000	250,000	(51,625)
Total taxes	51,990,528	52,580,606	52,584,206	(593,678)
<b>Licenses, permits and fees:</b>				
Building permits and inspections	619,259	800,000	800,000	(180,741)
Electrical permits and inspections	136,875	115,000	115,000	21,875
Plumbing permits and inspections	105,927	110,000	110,000	(4,073)
Miscellaneous licenses	300,980	332,180	332,180	(31,200)
Taxi operators licenses	2,520	4,500	4,500	(1,980)
Food handlers permits	24,745	24,000	24,000	745
Trailer court licenses	9,395	1,000	1,000	8,395
Building plans review	181,484	100,000	100,000	81,484
Mechanical inspections	35,842	45,000	45,000	(9,158)
Code enforcement abatement	198,607	250,000	250,000	(51,393)
Total licenses, permits and fees	1,615,634	1,781,680	1,781,680	(166,046)
<b>Intergovernmental:</b>				
Bell County contribution - ambulance service	-	-	-	-
Community development	1,055,197	1,066,721	1,066,721	(11,524)
Public safety	1,839,629	1,034,208	2,304,298	(464,669)
Public works	560,070	24,070	24,070	536,000
Total intergovernmental	3,454,896	2,124,999	3,395,089	59,807
<b>Charges for Services:</b>				
Ambulance service fees	3,208,979	2,900,119	2,900,119	308,860
Miscellaneous police receipts	37,017	52,700	52,700	(15,683)
Planning and zoning fees	48,662	30,000	30,000	18,662
Cemetery lots	51,575	33,000	33,000	18,575
Golf course receipts	1,070,403	1,188,041	1,188,041	(117,638)
Recreation receipts	671,915	858,000	858,000	(186,085)
Family aquatics center	361,564	333,600	333,600	27,964
Library charges and contributions	25,753	39,500	39,500	(13,747)
Swimming pool receipts and lessons	43,325	76,375	76,375	(33,050)
Killeen arts and activities center	83,605	88,844	85,244	(1,639)
Leases	331,441	310,025	310,025	21,416
Total charges for services	5,602,798	5,600,179	5,596,579	6,219
<b>Fines:</b>				
Municipal court fines	3,132,644	2,330,050	2,580,050	552,594
Arrest fines	-	250,000	-	-
Parking fines	117,377	167,000	167,000	(49,623)
Court service fee	-	-	-	-
Total fines	3,250,021	2,747,050	2,747,050	502,971
<b>Investment earnings</b>	93,971	55,000	55,000	38,971
<b>Contributions</b>	174,657	268,138	268,138	(93,481)
<b>Miscellaneous</b>	995,199	2,063,319	2,063,319	(1,068,120)
Total revenues	67,177,704	67,220,971	68,491,061	(1,313,357)

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

**City of Killeen, Texas**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>Expenditures:</b>				
<b>General Government:</b>				
City council	\$ 40,990	\$ 54,211	\$ 54,211	\$ 13,221
City manager	463,837	475,290	485,606	21,769
ACM - external services	157,130	196,306	160,156	3,026
ACM - internal services	229,767	238,564	247,782	18,015
City auditor	123,468	119,964	119,964	(3,504)
Municipal court	967,859	976,507	954,115	(13,744)
Public information	236,797	244,903	244,903	8,106
City attorney	825,476	875,403	856,546	31,070
City secretary	132,801	140,009	132,620	(181)
Financial services	1,459,971	1,627,223	1,536,941	76,970
Support services	1,948,214	2,037,247	2,004,218	56,004
Human resources	1,030,497	1,198,559	1,142,199	111,702
Information systems	1,703,481	1,992,553	1,828,369	124,888
Planning and development	2,281,440	2,606,583	2,458,179	176,739
Non-departmental	2,174,354	3,130,311	2,415,464	241,110
Total general government	13,776,082	15,913,633	14,641,273	865,191
<b>Public Safety:</b>				
Police	29,689,256	29,484,015	30,147,264	458,008
Animal control	877,647	981,040	913,159	35,512
Fire	19,790,754	17,975,898	20,067,562	276,808
Total public safety	50,357,657	48,440,953	51,127,985	770,328
<b>Public Works:</b>				
Public works	1,693	231,470	11,110	9,417
Traffic	384,340	384,941	385,222	882
Streets	4,174,857	3,420,282	3,640,361	(534,496)
Total public works	4,560,890	4,036,693	4,036,693	(524,197)
<b>Community Services:</b>				
Senior citizens	238,850	250,760	250,760	11,910
Parks	2,753,808	3,104,253	2,873,208	119,400
Recreation	196,300	261,848	221,483	25,183
Athletics	342,628	363,817	380,636	38,008
Swimming pools	20,550	26,374	24,574	4,024
Family aquatics center	457,240	372,833	496,015	38,775
Golf course	1,405,009	1,414,263	1,469,784	64,775
Cemetery	266,998	303,089	297,033	30,035
Volunteer services	133,223	156,936	156,936	23,713
Total community services	5,814,606	6,254,173	6,170,429	355,823
<b>Community Development:</b>				
Community development	363,045	391,068	391,068	28,023
Library	1,337,304	1,376,069	1,384,069	46,765
Killeen arts and activities center	363,881	474,125	474,125	110,244
Lien services	132,697	141,661	141,661	8,964
Total community development	2,196,927	2,382,923	2,390,923	193,996
<b>Capital Outlay</b>				
	1,546,841	382,593	1,699,578	152,737
<b>Debt Payments</b>				
	68,301	-	-	(68,301)
Total expenditures	78,321,304	77,410,968	80,066,881	1,745,577
Excess (deficiency) of revenues over (under) expenditures	(11,143,600)	(10,189,997)	(11,575,820)	(3,058,934)
<b>Other financing sources (uses)</b>				
Insurance proceeds	795,893	-	-	(795,893)
Sale of assets	43,253	307,000	307,000	263,747
Transfers in	9,830,769	9,652,187	9,652,187	(178,582)
Total other financing sources (uses)	10,669,915	9,959,187	9,959,187	(710,728)
Net change in fund balance	(473,685)	\$ (230,810)	\$ (1,616,633)	\$ (3,769,662)
Fund balance - beginning	18,128,896			
Fund balance - ending	\$ 17,655,211			

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



**Combining Statements  
Nonmajor Governmental Funds**

**City of Killeen, Texas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,813,687	\$ 12,471,531	\$ 16,285,218
Receivables (net of allowances for uncollectibles):			
Taxes	172,096	-	172,096
Accounts	69,961	-	69,961
Accrued interest	-	1,757	1,757
Intergovernmental receivable	223,095	498,414	721,509
Inventories	6,381	-	6,381
Prepaid assets	4,828	-	4,828
Total assets	<u>\$ 4,290,048</u>	<u>\$ 12,971,702</u>	<u>\$ 17,261,750</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 639,255	\$ 2,453,860	\$ 3,093,115
Due to other governments	20,577	-	20,577
Due to other funds	108,804	-	108,804
Accrued salaries payable	38,144	11,561	49,705
Unearned revenue	45,826	-	45,826
Total liabilities	<u>852,606</u>	<u>2,465,421</u>	<u>3,318,027</u>
 Fund Balances:			
Nonspendable:			
Inventories	6,381	-	6,381
Prepaid assets	4,828	-	4,828
Restricted for:			
Debt service	288,676	-	288,676
Capital projects	-	10,506,281	10,506,281
Other purposes	3,138,898	-	3,138,898
Unassigned	(1,341)	-	(1,341)
Total fund balances	<u>3,437,442</u>	<u>10,506,281</u>	<u>13,943,723</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,290,048</u>	<u>\$ 12,971,702</u>	<u>\$ 17,261,750</u>

**City of Killeen, Texas**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>REVENUES</b>			
Taxes	\$ 2,213,034	\$ -	\$ 2,213,034
Intergovernmental	1,840,018	1,411,833	3,251,851
Investment earnings	7,245	67,104	74,349
Contributions	79,033	1,455,946	1,534,979
Charges for services	638,546	-	638,546
Fines	1,037,857	-	1,037,857
Miscellaneous	220,783	46,352	267,135
Total revenues	<u>6,036,516</u>	<u>2,981,235</u>	<u>9,017,751</u>
<b>EXPENDITURES</b>			
Current:			
General government	715,681	-	715,681
Public safety	706,994	-	706,994
Public works	18,561	29,290	47,851
Community services	3,153,529	-	3,153,529
Debt service:			
Principal	395,000	-	395,000
Interest	318,554	-	318,554
Fiscal charges	1,370	-	1,370
Capital outlay	215,371	17,210,283	17,425,654
Total expenditures	<u>5,525,060</u>	<u>17,239,573</u>	<u>22,764,633</u>
Excess (deficiency) of revenues over (under) expenditures	<u>511,456</u>	<u>(14,258,338)</u>	<u>(13,746,882)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	47,510	-	47,510
Transfers in	-	2,481,583	2,481,583
Transfers out	-	(4,681,583)	(4,681,583)
Total other financing sources (uses)	<u>47,510</u>	<u>(2,200,000)</u>	<u>(2,152,490)</u>
Net changes in fund balances	558,966	(16,458,338)	(15,899,372)
Fund balance - beginning	2,878,476	26,964,619	29,843,095
Fund balance - ending	<u>\$ 3,437,442</u>	<u>\$ 10,506,281</u>	<u>\$ 13,943,723</u>

## **City of Killeen, Texas Special Revenue Funds**

Special Revenue Funds are used This fund accounts for specific resources that are legally restricted to expenditure for particular purposes.

**Law Enforcement Grant Fund:** This fund accounts for the operation of projects utilizing Justice Assistance Grant funds. These projects are for the purpose of reducing crime and improving public safety.

**State Seizure Fund:** This fund accounts for the revenues and expenditures restricted by state seizure requirements for the Police Department.

**Federal Seizure Fund:** This fund accounts for revenues and expenditures restricted by federal seizure requirements for the Police Department.

**Emergency Management:** This fund accounts for revenues and expenditures restricted for the management of emergency situations.

**Hotel Occupancy Tax Fund:** This fund accounts for the levy and utilization of the hotel occupancy tax. State law requires that revenues from this tax be used for advertising and promotion of the City. This fund is also used This fund accounts for the revenues and expenditures of the Killeen Civic and Conference Center.

**Special Events Center Fund:** This fund accounts for the funds to be used for the construction and operation of the Special Events Center.

**Cablesystem Improvements Fund:** This fund accounts for resources contributed to the City, the use of which are restricted to the acquisition of appropriate equipment and other expenditure items for the benefit of the cable franchise system.

**Library Memorial Fund:** This fund accounts for revenues that are restricted for use for the Public Library.

**Community Development Fund:** This fund accounts for the operations of projects utilizing Community Development Block Grant funds. Such revenues are restricted to expenditures for specified projects authorized by the Department of Housing and Urban Development.

**Home Program Fund:** This fund accounts for program funds received from the Department of Housing and Urban Development. These programs are restricted to expenditures authorized by the Department of Housing and Urban Development.

**Tax Increment Fund:** This fund accounts for the ad valorem tax revenues collected from the taxable property in the tax increment zone. This fund also accounts for expenditures on projects that take place in the tax increment zone.

**Parks Donations:** This fund accounts for resources contributed to the City, restricted to the park activities.

**Teen Court Program:** This fund accounts for teen court fees collected in connection with citations issued by the City to juveniles who elect to attend the teen court program.

**Court Technology Fund:** This fund accounts for technology related expenditures of the Municipal Court from technology fees collected as enacted by the Texas Legislature.

**Court Security Fund:** This fund accounts for Municipal Court security related expenditures from security fees collected as enacted by the Texas Legislature.

**Juvenile Case Manager Fund:** This fund accounts for fees assessed and collected from defendants upon conviction of a fine-only misdemeanor offense. Funds are used to finance the salary and benefits of the Juvenile Case Manager appointed to assist in administering the Municipal Court juvenile docket and supervising the Court's order in juvenile court.

**City of Killeen, Texas**  
**Special Revenue Funds**

**Photo Red Light Enforcement:** This fund accounts for fees received from the photo red light ticket violation enforcement program and applicable authorized expenditures.

**Fire Department:** This fund accounts for receipts and expenditures related to fire activities.

**Animal Control Donations:** This fund accounts for receipts and expenditures related to animal control.

**Child Safety:** This fund accounts for child safety fees collected in connection with citations issued by the City. State law requires that revenue from these fees be used for child safety infrastructure projects.

**Police Department Donations:** This fund accounts for receipts and expenditures related to police activities.

**JLUS Grant Fund:** This fund accounts for receipts and expenditures related to the Joint Land Use Study.

**Force Reduction Grant Fund:** This fund accounts for receipts and expenditures related to the Force Reduction Study.

**City of Killeen, Texas**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**September 30, 2016**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Hotel Occupancy Tax
<b>ASSETS</b>					
Cash and cash equivalents	\$ 85,674	\$ 150,786	\$ 48,232	\$ 219	\$ 323,677
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	119,015
Accounts	-	-	-	1,526	1,905
Intergovernmental receivable	-	-	-	-	-
Inventories	-	-	-	-	6,381
Prepaid assets	-	-	-	-	4,828
Total assets	<u>\$ 85,674</u>	<u>\$ 150,786</u>	<u>\$ 48,232</u>	<u>\$ 1,745</u>	<u>\$ 455,806</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 16,143	\$ 11	\$ 3	\$ -	\$ 132,973
Due to other governments	20,577	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued salaries payable	-	-	-	-	22,948
Unearned revenue	45,826	-	-	-	-
Total liabilities	<u>82,546</u>	<u>11</u>	<u>3</u>	<u>-</u>	<u>155,921</u>
Fund Balances:					
Nonspendable:					
Inventories	-	-	-	-	6,381
Prepaid assets	-	-	-	-	4,828
Restricted for:					
Debt service	-	-	-	-	288,676
Other purposes	3,128	150,775	48,229	1,745	-
Unassigned	-	-	-	-	-
Total fund balances	<u>3,128</u>	<u>150,775</u>	<u>48,229</u>	<u>1,745</u>	<u>299,885</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 85,674</u>	<u>\$ 150,786</u>	<u>\$ 48,232</u>	<u>\$ 1,745</u>	<u>\$ 455,806</u>

Special Events Center	Cablesystem Improvements	Library Memorial	Community Development	Home Program	Tax Increment	Parks Donations
\$ 17,573	\$ 747,914	\$ 24,831	\$ -	\$ 3,188	\$ 405,716	\$ 42,116
-	53,081	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	210,436	3,188	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 17,573</u>	<u>\$ 800,995</u>	<u>\$ 24,831</u>	<u>\$ 210,436</u>	<u>\$ 6,376</u>	<u>\$ 405,716</u>	<u>\$ 42,116</u>
\$ 1	\$ 599	\$ 2	\$ 102,401	\$ 1	\$ 29	\$ 1,199
-	-	-	-	-	-	-
-	-	-	107,673	-	-	-
-	6,094	-	1,703	-	-	-
-	-	-	-	-	-	-
<u>1</u>	<u>6,693</u>	<u>2</u>	<u>211,777</u>	<u>1</u>	<u>29</u>	<u>1,199</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,572	794,302	24,829	-	6,375	405,687	40,917
-	-	-	(1,341)	-	-	-
<u>17,572</u>	<u>794,302</u>	<u>24,829</u>	<u>(1,341)</u>	<u>6,375</u>	<u>405,687</u>	<u>40,917</u>
<u>\$ 17,573</u>	<u>\$ 800,995</u>	<u>\$ 24,831</u>	<u>\$ 210,436</u>	<u>\$ 6,376</u>	<u>\$ 405,716</u>	<u>\$ 42,116</u>

**City of Killeen, Texas**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (Continued)**  
**September 30, 2016**

	Teen Court Program	Court Technology	Court Security	Juvenile Case Manager	Photo Red Light Enforcement
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,294	\$ 169,497	\$ 147,223	\$ 543,103	\$ 623,175
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	66,530
Intergovernmental receivable	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid assets	-	-	-	-	-
Total assets	<u>\$ 7,294</u>	<u>\$ 169,497</u>	<u>\$ 147,223</u>	<u>\$ 543,103</u>	<u>\$ 689,705</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 82	\$ 1,490	\$ 112	\$ 39	\$ 365,747
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued salaries payable	-	-	1,128	3,139	3,132
Unearned revenue	-	-	-	-	-
Total liabilities	<u>82</u>	<u>1,490</u>	<u>1,240</u>	<u>3,178</u>	<u>368,879</u>
Fund Balances:					
Nonspendable:					
Inventories	-	-	-	-	-
Prepaid assets	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Other purposes	7,212	168,007	145,983	539,925	320,826
Unassigned	-	-	-	-	-
Total fund balances	<u>7,212</u>	<u>168,007</u>	<u>145,983</u>	<u>539,925</u>	<u>320,826</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,294</u>	<u>\$ 169,497</u>	<u>\$ 147,223</u>	<u>\$ 543,103</u>	<u>\$ 689,705</u>

Fire Department	Animal Control Donations	Child Safety	Police Department Donations	JLUS Grant	Force Reduction Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 2,018	\$ 17,348	\$ 375,628	\$ 78,475	\$ -	\$ -	\$ 3,813,687
-	-	-	-	-	-	172,096
-	-	-	-	-	-	69,961
-	-	-	-	9,471	-	223,095
-	-	-	-	-	-	6,381
-	-	-	-	-	-	4,828
<u>\$ 2,018</u>	<u>\$ 17,348</u>	<u>\$ 375,628</u>	<u>\$ 78,475</u>	<u>\$ 9,471</u>	<u>\$ -</u>	<u>\$ 4,290,048</u>
\$ -	\$ 1,944	\$ 721	\$ 7,418	\$ 8,340	\$ -	\$ 639,255
-	-	-	-	-	-	20,577
-	-	-	-	1,131	-	108,804
-	-	-	-	-	-	38,144
-	-	-	-	-	-	45,826
<u>-</u>	<u>1,944</u>	<u>721</u>	<u>7,418</u>	<u>9,471</u>	<u>-</u>	<u>852,606</u>
-	-	-	-	-	-	6,381
-	-	-	-	-	-	4,828
-	-	-	-	-	-	288,676
2,018	15,404	374,907	71,057	-	-	3,138,898
-	-	-	-	-	-	(1,341)
<u>2,018</u>	<u>15,404</u>	<u>374,907</u>	<u>71,057</u>	<u>-</u>	<u>-</u>	<u>3,437,442</u>
<u>\$ 2,018</u>	<u>\$ 17,348</u>	<u>\$ 375,628</u>	<u>\$ 78,475</u>	<u>\$ 9,471</u>	<u>\$ -</u>	<u>\$ 4,290,048</u>

**City of Killeen, Texas**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended September 30, 2016**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Hotel Occupancy Tax
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,941,564
Intergovernmental	4,145	20,531	22,660	-	-
Investment earnings	187	245	80	2	221
Contributions	-	-	-	-	-
Charges for services	-	-	-	-	608,426
Fines	-	-	-	-	-
Miscellaneous	46	-	-	-	-
Total revenues	<u>4,378</u>	<u>20,776</u>	<u>22,740</u>	<u>2</u>	<u>2,550,211</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	4,146	-	-	-	-
Public works	-	-	-	-	-
Community services	-	-	-	-	1,627,656
Debt service:					
Principal	-	-	-	-	395,000
Interest	-	-	-	-	318,554
Fiscal charges	-	-	-	-	1,370
Capital outlay	-	-	-	-	183,333
Total expenditures	<u>4,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,525,913</u>
Excess (deficiency) of revenues over (under) expenditures	<u>232</u>	<u>20,776</u>	<u>22,740</u>	<u>2</u>	<u>24,298</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	-	-	-	1,526	2,228
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,526</u>	<u>2,228</u>
Net changes in fund balances	232	20,776	22,740	1,528	26,526
Fund balance - beginning	2,896	129,999	25,489	217	273,359
Fund balance - ending	<u>\$ 3,128</u>	<u>\$ 150,775</u>	<u>\$ 48,229</u>	<u>\$ 1,745</u>	<u>\$ 299,885</u>

Special Events Center	Cablesystem Improvements	Library Memorial	Community Development	CDBG Home Program	Tax Increment	Parks Donations
\$ -	\$ 217,015	\$ -	\$ -	\$ -	\$ 54,455	\$ -
-	-	-	957,156	347,439	40,702	-
30	1,768	44	-	27	828	105
-	-	10,658	-	-	-	34,729
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	11,266	209,471	-	-
<u>30</u>	<u>218,783</u>	<u>10,702</u>	<u>968,422</u>	<u>556,937</u>	<u>95,985</u>	<u>34,834</u>
-	190,046	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	933,334	556,616	-	35,923
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>190,046</u>	<u>-</u>	<u>933,334</u>	<u>556,616</u>	<u>-</u>	<u>35,923</u>
<u>30</u>	<u>28,737</u>	<u>10,702</u>	<u>35,088</u>	<u>321</u>	<u>95,985</u>	<u>(1,089)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
30	28,737	10,702	35,088	321	95,985	(1,089)
17,542	765,565	14,127	(36,429)	6,054	309,702	42,006
<u>\$ 17,572</u>	<u>\$ 794,302</u>	<u>\$ 24,829</u>	<u>\$ (1,341)</u>	<u>\$ 6,375</u>	<u>\$ 405,687</u>	<u>\$ 40,917</u>

**City of Killeen, Texas**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (Continued)**  
**For the Year Ended September 30, 2016**

	Teen Court Program	Court Technology	Court Security	Juvenile Case Manager	Photo Red Light Enforcement
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	787	-	-
Investment earnings	14	379	303	1,141	856
Contributions	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines	3,008	75,194	56,443	111,121	754,470
Miscellaneous	-	-	-	-	-
Total revenues	<u>3,022</u>	<u>75,573</u>	<u>57,533</u>	<u>112,262</u>	<u>755,326</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,652	116,802	42,728	84,671	-
Public safety	-	-	-	-	609,681
Public works	-	-	-	-	-
Community services	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>2,652</u>	<u>116,802</u>	<u>42,728</u>	<u>84,671</u>	<u>609,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>370</u>	<u>(41,229)</u>	<u>14,805</u>	<u>27,591</u>	<u>145,645</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	370	(41,229)	14,805	27,591	145,645
Fund balance - beginning	6,842	209,236	131,178	512,334	175,181
Fund balance - ending	<u>\$ 7,212</u>	<u>\$ 168,007</u>	<u>\$ 145,983</u>	<u>\$ 539,925</u>	<u>\$ 320,826</u>

Fire Department	Animal Control Donations	Child Safety	Police Department Donations	JLUS Grant	Force Reduction Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,213,034
848	-	149,937	17,031	218,871	59,911	1,840,018
4	49	791	171	-	-	7,245
-	17,460	-	16,186	-	-	79,033
-	-	-	30,120	-	-	638,546
-	-	37,621	-	-	-	1,037,857
-	-	-	-	-	-	220,783
<u>852</u>	<u>17,509</u>	<u>188,349</u>	<u>63,508</u>	<u>218,871</u>	<u>59,911</u>	<u>6,036,516</u>
-	-	-	-	218,871	59,911	715,681
-	30,760	-	62,407	-	-	706,994
-	-	18,561	-	-	-	18,561
-	-	-	-	-	-	3,153,529
-	-	-	-	-	-	395,000
-	-	-	-	-	-	318,554
-	-	-	-	-	-	1,370
-	-	14,948	17,090	-	-	215,371
<u>-</u>	<u>30,760</u>	<u>33,509</u>	<u>79,497</u>	<u>218,871</u>	<u>59,911</u>	<u>5,525,060</u>
<u>852</u>	<u>(13,251)</u>	<u>154,840</u>	<u>(15,989)</u>	<u>-</u>	<u>-</u>	<u>511,456</u>
-	-	-	43,756	-	-	47,510
-	-	-	43,756	-	-	47,510
852	(13,251)	154,840	27,767	-	-	558,966
1,166	28,655	220,067	43,290	-	-	2,878,476
<u>\$ 2,018</u>	<u>\$ 15,404</u>	<u>\$ 374,907</u>	<u>\$ 71,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,437,442</u>



## Capital Projects Funds

Capital Projects Funds are used This fund accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**2007 G.O. and C.O. Bonds:** This fund accounts for expenditures for the construction of various projects.

**2009 C.O. Bonds:** This fund accounts for expenditures of funds to be used for street improvements, acquiring and purchasing vehicles and equipment for public works, improving city parks and recreation facilities, acquiring and purchasing information technology, and improving the city landfill.

**2011 Pass Thru Financing 195/201:** This fund accounts for expenditures of funds to be used for improving roads on the state highway system located in the City, or as a continuation of the project or facility, adjacent to the City.

**2011A Pass Thru Financing 190/2410:** This fund accounts for expenditures of funds to be used for improving roads on the state highway system located in the City, or as a continuation of the project or facility, adjacent to the City. This fund is presented as a major fund; therefore, it is not presented in the following non-major combining statements.

**2011 C.O. Bonds:** This fund accounts for expenditures of funds to be used for street improvements. This fund is presented as a major fund; therefore, it is not presented in the following non-major combining statements.

**2012 G.O. Bonds:** This fund accounts for expenditures of funds to be used for renovating and equipping the existing Community Center.

**Downtown Improvements Phase II:** This fund accounts for the Killeen Economic Development Corporation's share of Phase II of the downtown improvement project.

**2014 C.O. Bonds:** This fund accounts for expenditures of funds to be used for the constructing, improving and repairing of city fire facilities and community service facilities as well as completing various streets projects.

**2014 G.O. Bonds:** This fund accounts for expenditures of funds to be used for public safety buildings/facilities and parks and recreation projects.

**Governmental Capital Projects:** This fund accounts for miscellaneous capital project activity attributable to the governmental funds.

**Golf Capital Projects:** This fund accounts for capital improvements to the golf course.

**City of Killeen, Texas**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**September 30, 2016**

	2007 G.O. & C.O. Bonds	2009 C.O. Bonds	2011A Pass Thru Financing 190/2410	2011 Pass Thru Financing 195/201	2011 C.O. Bonds	2012 G.O. Bonds
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 40,490	\$ 589,384	\$ 851,206	\$ 2,901,963	\$ 156,560
Receivables (net of allowance for uncollectibles):						
Accrued interest	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 40,490</u>	<u>\$ 589,384</u>	<u>\$ 851,206</u>	<u>\$ 2,901,963</u>	<u>\$ 156,560</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 246	\$ 8,165	\$ 62	\$ 1,217,917	\$ 24,657
Accrued salaries payable	-	-	11,561	-	-	-
Total liabilities	<u>-</u>	<u>246</u>	<u>19,726</u>	<u>62</u>	<u>1,217,917</u>	<u>24,657</u>
Fund balances:						
Restricted for:						
Capital projects	-	40,244	569,658	851,144	1,684,046	131,903
Total fund balances	<u>-</u>	<u>40,244</u>	<u>569,658</u>	<u>851,144</u>	<u>1,684,046</u>	<u>131,903</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 40,490</u>	<u>\$ 589,384</u>	<u>\$ 851,206</u>	<u>\$ 2,901,963</u>	<u>\$ 156,560</u>

Downtown Improvements Phase II	2014 C.O. Bonds	2014 G.O. Bonds	Governmental Capital Projects	Golf Capital Projects	Rosewood Extension Project	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 77,860	\$ 6,002,114	\$ 1,631,112	\$ 20	\$ 35,086	\$ 185,736	\$ 12,471,531
-	1,757	-	-	-	-	1,757
-	278,168	220,246	-	-	-	498,414
<u>\$ 77,860</u>	<u>\$ 6,282,039</u>	<u>\$ 1,851,358</u>	<u>\$ 20</u>	<u>\$ 35,086</u>	<u>\$ 185,736</u>	<u>\$ 12,971,702</u>
\$ 6	\$ 1,035,707	\$ 167,097	\$ -	\$ 3	\$ -	\$ 2,453,860
-	-	-	-	-	-	11,561
<u>6</u>	<u>1,035,707</u>	<u>167,097</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>2,465,421</u>
77,854	5,246,332	1,684,261	20	35,083	185,736	10,506,281
<u>77,854</u>	<u>5,246,332</u>	<u>1,684,261</u>	<u>20</u>	<u>35,083</u>	<u>185,736</u>	<u>10,506,281</u>
<u>\$ 77,860</u>	<u>\$ 6,282,039</u>	<u>\$ 1,851,358</u>	<u>\$ 20</u>	<u>\$ 35,086</u>	<u>\$ 185,736</u>	<u>\$ 12,971,702</u>

**City of Killeen, Texas**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended September 30, 2016**

	2007 G.O. & C.O. Bonds	2009 C.O. Bonds	2011A Pass Thru Financing 190/2410	2011 Pass Thru Financing 195/201	2011 C.O. Bonds	2012 G.O. Bonds
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	56	132	4,904	3,137	9,499	2,122
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	5,701	73	4,041	-
Total revenues	<u>56</u>	<u>132</u>	<u>10,605</u>	<u>3,210</u>	<u>13,540</u>	<u>2,122</u>
<b>EXPENDITURES</b>						
Public works	-	-	-	63	-	21,669
Capital outlay	45,468	2,967	871,808	182,014	3,510,134	2,385,315
Costs of issuance	-	-	-	-	-	-
Total expenditures	<u>45,468</u>	<u>2,967</u>	<u>871,808</u>	<u>182,077</u>	<u>3,510,134</u>	<u>2,406,984</u>
Excess (deficiency) of revenues over expenditures	<u>(45,412)</u>	<u>(2,835)</u>	<u>(861,203)</u>	<u>(178,867)</u>	<u>(3,496,594)</u>	<u>(2,404,862)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	461,338	120,000
Transfers out	<u>(37,245)</u>	<u>(27,338)</u>	<u>(1,100,000)</u>	<u>(1,500,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(37,245)</u>	<u>(27,338)</u>	<u>(1,100,000)</u>	<u>(1,500,000)</u>	<u>461,338</u>	<u>120,000</u>
Net change in fund balances	(82,657)	(30,173)	(1,961,203)	(1,678,867)	(3,035,256)	(2,284,862)
Fund balance - beginning	82,657	70,417	2,530,861	2,530,011	4,719,302	2,416,765
Fund balance - ending	<u>\$ -</u>	<u>\$ 40,244</u>	<u>\$ 569,658</u>	<u>\$ 851,144</u>	<u>\$ 1,684,046</u>	<u>\$ 131,903</u>

Downtown Improvements Phase II	2014 C.O. Bonds	2014 G.O. Bonds	Governmental Capital Projects	Golf Capital Projects	Rosewood Extension Project	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ -	\$ -	\$ 1,411,833	\$ -	\$ -	\$ -	\$ 1,411,833
165	41,419	5,595	20	55	-	67,104
-	1,455,946	-	-	-	-	1,455,946
-	1,091	450	-	34,996	-	46,352
165	1,498,456	1,417,878	20	35,051	-	2,981,235
-	12	7,546	-	-	-	29,290
725	7,551,153	2,608,362	28,753	9,320	14,264	17,210,283
-	-	-	-	-	-	-
725	7,551,165	2,615,908	28,753	9,320	14,264	17,239,573
(560)	(6,052,709)	(1,198,030)	(28,733)	25,731	(14,264)	(14,258,338)
-	1,400,000	300,245	-	-	200,000	2,481,583
-	(1,897,000)	(120,000)	-	-	-	(4,681,583)
-	(497,000)	180,245	-	-	200,000	(2,200,000)
(560)	(6,549,709)	(1,017,785)	(28,733)	25,731	185,736	(16,458,338)
78,414	11,796,041	2,702,046	28,753	9,352	-	26,964,619
\$ 77,854	\$ 5,246,332	\$ 1,684,261	\$ 20	\$ 35,083	\$ 185,736	\$ 10,506,281



**Budgetary Comparison Schedules**

**City of Killeen, Texas**  
**Law Enforcement Grant Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 4,145	\$ 16,270	\$ 16,270	\$ (12,125)
Investments Earnings	187	-	-	187
Miscellaneous	46	-	-	46
Total revenues	<u>4,378</u>	<u>16,270</u>	<u>16,270</u>	<u>(11,892)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	4,146	16,270	16,270	12,124
Capital outlay	-	-	-	-
Total expenditures	<u>4,146</u>	<u>16,270</u>	<u>16,270</u>	<u>12,124</u>
Net change in fund balance	232	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232</u>
Fund balance - beginning	<u>2,896</u>			
Fund balance - ending	<u>\$ 3,128</u>			

**City of Killeen, Texas**  
**Emergency Management Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ 2	-	-	2
Total revenues	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	31	31	31
Total expenditures	<u>-</u>	<u>31</u>	<u>31</u>	<u>31</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2</u>	<u>(31)</u>	<u>(31)</u>	<u>33</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	1,526	-	-	1,526
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,526</u>	<u>-</u>	<u>-</u>	<u>1,526</u>
Net change in fund balance	1,528	\$ (31)	\$ (31)	\$ 1,559
Fund balance - beginning	<u>217</u>			
Fund balance - ending	<u>\$ 1,745</u>			

**City of Killeen, Texas**  
**Hotel Occupancy Tax Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 1,941,564	\$ 1,800,000	\$ 1,800,000	\$ 141,564
Contributions	-	1,000	1,000	(1,000)
Charges for services	608,426	735,000	735,000	(126,574)
Investment earnings	221	100	100	121
Total revenues	<u>2,550,211</u>	<u>2,536,100</u>	<u>2,536,100</u>	<u>14,111</u>
<b>EXPENDITURES</b>				
Current:				
Community services	1,627,656	1,809,662	1,814,962	187,306
Debt service:				
Principal	395,000	395,000	395,000	-
Interest	318,554	331,200	331,200	12,646
Fiscal charges	1,370	2,500	2,500	1,130
Capital outlay	183,333	195,716	195,416	12,083
Total expenditures	<u>2,525,913</u>	<u>2,734,078</u>	<u>2,739,078</u>	<u>213,165</u>
Excess of revenues over expenditures	<u>24,298</u>	<u>(197,978)</u>	<u>(202,978)</u>	<u>227,276</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	2,228	750	750	1,478
Total other financing uses	<u>2,228</u>	<u>750</u>	<u>750</u>	<u>1,478</u>
Net change in fund balance	26,526	<u>\$ (197,228)</u>	<u>\$ (202,228)</u>	<u>\$ 228,754</u>
Fund balance - beginning	<u>273,359</u>			
Fund balance - ending	<u>\$ 299,885</u>			

**City of Killeen, Texas**  
**Special Events Center Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ 30	\$ 20	\$ 20	\$ 10
Miscellaneous	-	75	75	(75)
Total revenues	<u>30</u>	<u>95</u>	<u>95</u>	<u>(65)</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	30	\$ 95	\$ 95	\$ (65)
Fund balance - beginning	<u>17,542</u>			
Fund balance - ending	<u>\$ 17,572</u>			

**City of Killeen, Texas**  
**Cablesystem Improvements Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance -
		Original	Final	Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 217,015	\$ 205,000	\$ 205,000	\$ 12,015
Investment earnings	1,768	200	200	1,568
Miscellaneous	-	-	-	-
Total revenues	<u>218,783</u>	<u>205,200</u>	<u>205,200</u>	<u>13,583</u>
<b>EXPENDITURES</b>				
Current:				
General government	190,046	233,042	233,042	42,996
Capital outlay	-	467	467	467
Total expenditures	<u>190,046</u>	<u>233,509</u>	<u>233,509</u>	<u>43,463</u>
Net change in fund balance	28,737	<u>\$ (28,309)</u>	<u>\$ (28,309)</u>	<u>\$ 57,046</u>
Fund balance - beginning	<u>765,565</u>			
Fund balance - ending	<u>\$ 794,302</u>			

**City of Killeen, Texas**  
**Library Memorial Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Contributions	\$ 10,658	\$ 9,500	\$ 9,500	\$ 1,158
Investment earnings	44	-	-	44
Miscellaneous	-	-	-	-
Total revenues	<u>10,702</u>	<u>9,500</u>	<u>9,500</u>	<u>1,202</u>
<b>EXPENDITURES</b>				
Current:				
Community services	-	-	4,365	4,365
Capital outlay	-	11,764	11,764	11,764
Total expenditures	<u>-</u>	<u>11,764</u>	<u>16,129</u>	<u>16,129</u>
Net change in fund balance	10,702	<u>\$ (2,264)</u>	<u>\$ (6,629)</u>	<u>\$ 17,331</u>
Fund balance - beginning	14,127			
Fund balance - ending	<u>\$ 24,829</u>			

**City of Killeen, Texas**  
**Community Development Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 957,156	\$1,581,482	\$ 1,581,482	\$ (624,326)
Miscellaneous	11,266	3,532	3,532	7,734
Total revenues	<u>968,422</u>	<u>1,585,014</u>	<u>1,585,014</u>	<u>(616,592)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	933,334	669,894	1,532,247	598,913
Total expenditures	<u>933,334</u>	<u>669,894</u>	<u>1,532,247</u>	<u>598,913</u>
Net change in fund balance	35,088	<u>\$ 915,120</u>	<u>\$ 52,767</u>	<u>\$ (17,679)</u>
Fund balance - beginning	<u>(36,429)</u>			
Fund balance - ending	<u>\$ (1,341)</u>			

**City of Killeen, Texas**  
**CDBG Home Program Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 347,439	\$ 749,507	\$ 749,507	\$ (402,068)
Investment earnings	27	-	-	27
Miscellaneous	209,471	49,822	49,822	159,649
Total revenues	<u>556,937</u>	<u>799,329</u>	<u>799,329</u>	<u>(242,392)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	556,616	319,885	779,386	222,770
Total expenditures	<u>556,616</u>	<u>319,885</u>	<u>779,386</u>	<u>222,770</u>
Net change in fund balance	321	\$ 479,444	\$ 19,943	\$ (19,622)
Fund balance - beginning	6,054			
Fund balance - ending	<u>\$ 6,375</u>			

**City of Killeen, Texas**  
**Tax Increment Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 54,455	\$ 54,720	\$ 54,720	\$ (265)
Intergovernmental	40,702	41,316	41,316	(614)
Investment earnings	828	-	-	828
Total revenues	<u>95,985</u>	<u>96,036</u>	<u>96,036</u>	<u>(51)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	95,985	<u>\$ 96,036</u>	<u>\$ 96,036</u>	<u>\$ (51)</u>
Fund balance - beginning	<u>309,702</u>			
Fund balance - ending	<u>\$ 405,687</u>			

**City of Killeen, Texas**  
**Parks Donations**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive - (Negative)
		Original	Final	
<b>REVENUES</b>				
Contributions	\$ 34,729	\$ -	\$ 34,279	\$ 450
Investment earnings	105	-	101	4
Total revenues	<u>34,834</u>	<u>-</u>	<u>34,380</u>	<u>454</u>
<b>EXPENDITURES</b>				
Current:				
Community services	<u>35,923</u>	<u>-</u>	<u>34,334</u>	<u>(1,589)</u>
Total expenditures	<u>35,923</u>	<u>-</u>	<u>34,334</u>	<u>(1,589)</u>
Net change in fund balance	(1,089)	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ (1,135)</u>
Fund balance - beginning	<u>42,006</u>			
Fund balance - ending	<u><u>\$ 40,917</u></u>			

**City of Killeen, Texas**  
**Teen Court Program**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 3,008	\$ -	\$ 2,742	\$ 266
Investment earnings	14	-	-	(14)
Total revenues	<u>3,022</u>	<u>-</u>	<u>2,742</u>	<u>252</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,652	-	2,548	(104)
Total expenditures	<u>2,652</u>	<u>-</u>	<u>2,548</u>	<u>(104)</u>
Net change in fund balance	370	\$ -	\$ 194	\$ 148
Fund balance - beginning	<u>6,842</u>			
Fund balance - ending	<u>\$ 7,212</u>			

**City of Killeen, Texas**  
**Court Technology Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 75,194	\$ 81,317	\$ 81,317	\$ (6,123)
Investment earnings	379	-	-	(379)
Total revenues	<u>75,573</u>	<u>81,317</u>	<u>81,317</u>	<u>(6,502)</u>
<b>EXPENDITURES</b>				
Current:				
General government	116,802	159,574	159,574	42,772
Capital outlay	-	3,472	3,472	3,472
Total expenditures	<u>116,802</u>	<u>163,046</u>	<u>163,046</u>	<u>46,244</u>
Net change in fund balance	(41,229)	<u>\$ (81,729)</u>	<u>\$ (81,729)</u>	<u>\$ 40,500</u>
Fund balance - beginning	<u>209,236</u>			
Fund balance - ending	<u><u>\$ 168,007</u></u>			

**City of Killeen, Texas**  
**Court Security Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 787	\$ 785	\$ 785	\$ 2
Fines	56,443	60,870	60,870	(4,427)
Investment earnings	303	-	-	303
Total revenues	<u>57,533</u>	<u>61,655</u>	<u>61,655</u>	<u>(4,122)</u>
<b>EXPENDITURES</b>				
Current:				
General government	42,728	46,774	51,774	9,046
Total expenditures	<u>42,728</u>	<u>46,774</u>	<u>51,774</u>	<u>9,046</u>
Net change in fund balance	14,805	<u>\$ 14,881</u>	<u>\$ 9,881</u>	<u>\$ 4,924</u>
Fund balance - beginning	<u>131,178</u>			
Fund balance - ending	<u>\$ 145,983</u>			

**City of Killeen, Texas**  
**Juvenile Case Manager Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 111,121	\$ 114,148	\$ 114,148	\$ (3,027)
Investment earnings	1,141	-	-	(1,141)
Total revenues	<u>112,262</u>	<u>114,148</u>	<u>114,148</u>	<u>(4,168)</u>
<b>EXPENDITURES</b>				
Current:				
General government	84,671	92,969	92,969	8,298
Total expenditures	<u>84,671</u>	<u>92,969</u>	<u>92,969</u>	<u>8,298</u>
Net change in fund balance	27,591	<u>\$ 21,179</u>	<u>\$ 21,179</u>	<u>\$ 6,412</u>
Fund balance - beginning	<u>512,334</u>			
Fund balance - ending	<u><u>\$ 539,925</u></u>			

**City of Killeen, Texas**  
**Photo Red Light Enforcement Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 754,470	\$ 800,000	\$ 800,000	\$ (45,530)
Investment earnings	856	-	-	(856)
Total revenues	<u>755,326</u>	<u>800,000</u>	<u>800,000</u>	<u>(46,386)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>609,681</u>	<u>985,622</u>	<u>985,622</u>	<u>375,941</u>
Total expenditures	<u>609,681</u>	<u>985,622</u>	<u>985,622</u>	<u>375,941</u>
Net change in fund balance	145,645	<u>\$ (185,622)</u>	<u>\$ (185,622)</u>	<u>\$ 331,267</u>
Fund balance - beginning	<u>175,181</u>			
Fund balance - ending	<u>\$ 320,826</u>			

**City of Killeen, Texas**  
**Fire Department**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 848	\$ -	\$ -	\$ 848
Investment earnings	4	-	-	4
Total revenues	<u>852</u>	<u>-</u>	<u>-</u>	<u>852</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	852	\$ -	\$ -	\$ 852
Fund balance - beginning	<u>1,166</u>			
Fund balance - ending	<u>\$ 2,018</u>			

**City of Killeen, Texas**  
**Animal Control Donations**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Contributions	\$ 17,460	\$ 19,500	\$ 19,500	\$ (2,040)
Miscellaneous	49	-	-	49
Total revenues	<u>17,509</u>	<u>19,500</u>	<u>19,500</u>	<u>(1,991)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>30,760</u>	<u>38,822</u>	<u>38,822</u>	<u>8,062</u>
Total expenditures	<u>30,760</u>	<u>38,822</u>	<u>38,822</u>	<u>8,062</u>
Net change in fund balance	(13,251)	<u>\$ (19,322)</u>	<u>\$ (19,322)</u>	<u>\$ 6,071</u>
Fund balance - beginning	<u>28,655</u>			
Fund balance - ending	<u>\$ 15,404</u>			

**City of Killeen, Texas**  
**Child Safety Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 149,937	\$ 152,310	\$ 152,310	\$ (2,373)
Fines	37,621	33,427	33,427	4,194
Investments Earnings	791	-	-	791
Total revenues	<u>188,349</u>	<u>185,737</u>	<u>185,737</u>	<u>2,612</u>
<b>EXPENDITURES</b>				
Current:				
Public works	18,561	26,950	26,950	8,389
Capital outlay	14,948	363,550	378,854	363,906
Total expenditures	<u>33,509</u>	<u>390,500</u>	<u>405,804</u>	<u>372,295</u>
Net change in fund balance	154,840	<u>\$ (204,763)</u>	<u>\$ (220,067)</u>	<u>\$ 374,907</u>
Fund balance - beginning	<u>220,067</u>			
Fund balance - ending	<u>\$ 374,907</u>			

**City of Killeen, Texas**  
**Police Department Donations**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 17,031	\$ 17,329	\$ 17,329	\$ (298)
Investment earnings	171	-	-	171
Contributions	16,186	-	-	16,186
Charges for services	30,120	13,000	13,000	17,120
Miscellaneous	-	2,000	2,000	(2,000)
Total revenues	<u>63,508</u>	<u>32,329</u>	<u>32,329</u>	<u>31,179</u>
<b>EXPENDITURES</b>				
Public safety	62,407	91,936	74,736	12,329
Capital outlay	17,090	-	17,200	110
Total expenditures	<u>79,497</u>	<u>91,936</u>	<u>91,936</u>	<u>12,439</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,989)</u>	<u>(59,607)</u>	<u>(59,607)</u>	<u>43,618</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of assets	43,756	3,000	3,000	40,756
Transfers in	-	-	-	-
Total other financing sources	<u>43,756</u>	<u>3,000</u>	<u>3,000</u>	<u>40,756</u>
Net change in fund balance	27,767	<u>\$ (56,607)</u>	<u>\$ (56,607)</u>	<u>\$ 84,374</u>
Fund balance - beginning	<u>43,290</u>			
Fund balance - ending	<u>\$ 71,057</u>			

**City of Killeen, Texas**  
**JLUS Grant**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 218,871	-	262,050	\$ (43,179)
Total revenues	<u>218,871</u>	<u>-</u>	<u>262,050</u>	<u>(43,179)</u>
<b>EXPENDITURES</b>				
Current:				
General government	218,871	-	262,050	43,179
Total expenditures	<u>218,871</u>	<u>-</u>	<u>262,050</u>	<u>43,179</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance - beginning	-			
Fund balance - ending	<u>\$ -</u>			

**City of Killeen, Texas**  
**Force Reduction Grant**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 59,911	-	148,400	\$ (88,489)
Total revenues	<u>59,911</u>	<u>-</u>	<u>148,400</u>	<u>(88,489)</u>
<b>EXPENDITURES</b>				
Current:				
General government	59,911	-	148,400	88,489
Total expenditures	<u>59,911</u>	<u>-</u>	<u>148,400</u>	<u>88,489</u>
Net change in fund balance	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance - beginning	-			
Fund balance - ending	<u>\$ -</u>			

**City of Killeen, Texas**  
**Debt Services**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2016**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 12,794,097	\$ 12,756,780	\$ 12,756,780	\$ 37,317
Intergovernmental	-	1,835,566	1,835,566	(1,835,566)
Miscellaneous	21,188	10,000	10,000	11,188
Total revenues	<u>12,815,285</u>	<u>14,602,346</u>	<u>14,602,346</u>	<u>(1,787,061)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	7,120,000	7,580,000	7,120,000	-
Interest	7,607,436	8,345,603	7,607,436	-
Fiscal charges	21,027	15,000	19,949	(1,078)
Bond issuance costs	584,349	-	599,962	
Total expenditures	<u>15,332,812</u>	<u>15,940,603</u>	<u>15,347,347</u>	<u>14,535</u>
Deficiency of revenues under expenditures	(2,517,527)	(1,338,257)	(745,001)	(1,772,526)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,010,129	-	-	3,010,129
Bond proceeds	45,235,000	-	45,235,000	-
Premium on bonds issued	7,810,525	-	8,007,403	(196,878)
Payment to bond escrow agent	(53,046,703)	-	(53,821,226)	774,523
Total other financing sources (uses)	<u>3,008,951</u>	<u>-</u>	<u>(578,823)</u>	<u>3,587,774</u>
Net change in fund balance	491,424	<u>\$ (1,338,257)</u>	<u>\$ (1,323,824)</u>	<u>\$ 1,815,248</u>
Fund balance - beginning	<u>1,831,927</u>			
Fund balance - ending	<u>\$ 2,323,351</u>			



**CITY OF KILLEEN, TEXAS  
STATISTICAL SECTION  
(UNAUDITED)**

This part of the City of Killeen's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	122
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	132
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	136
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	143
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	146
Continuing Financial Disclosures <i>These tables present various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. This financial information is provided to the Municipal Securities Rulemaking Board (MSRB) annually via the Electronic Municipal Market Access (EMMA) system.</i>	150

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Killeen, Texas**  
**Net Position By Component**  
Last Ten Fiscal Years  
( Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 66,407,909	\$ 71,779,033	\$ 70,086,573	\$ 66,697,447
Nonspendable:				
Inventories	-	-	-	-
Prepaid assets	-	-	-	-
Restricted for:				
Debt service	2,358,132	3,440,517	3,359,077	3,008,055
Capital projects	5,336,131	5,073,720	9,269,562	8,085,411
Other purposes	1,976,662	2,976,016	3,944,130	3,271,170
Unrestricted	17,780,708	19,250,157	17,417,463	16,516,531
Total governmental activities net position	<u>\$ 93,859,542</u>	<u>\$ 102,519,443</u>	<u>\$ 104,076,805</u>	<u>\$ 97,578,614</u>
Business-type activities				
Net investment in capital assets	\$ 153,152,207	\$ 157,885,676	\$ 160,788,607	\$ 164,542,836
Restricted for:				
Debt service	6,277,051	6,466,505	9,025,106	7,987,426
Capital projects	-	-	-	-
Unrestricted	32,582,310	36,562,391	31,232,183	32,495,856
Total business-type activities net position	<u>\$ 192,011,568</u>	<u>\$ 200,914,572</u>	<u>\$ 201,045,896</u>	<u>\$ 205,026,118</u>
Primary government				
Net investment in capital assets	\$ 219,560,116	\$ 229,664,709	\$ 230,875,180	\$ 231,240,283
Nonspendable:				
Inventories	-	-	-	-
Prepaid assets	-	-	-	-
Restricted for:				
Debt service	8,635,183	9,907,022	12,384,183	10,995,481
Capital projects	5,336,131	5,073,720	9,269,562	8,085,411
Other purposes	1,976,662	2,976,016	3,944,130	3,271,170
Unrestricted	50,363,018	55,812,548	48,649,646	49,012,387
Total primary government activities net position	<u>\$ 285,871,110</u>	<u>\$ 303,434,015</u>	<u>\$ 305,122,701</u>	<u>\$ 302,604,732</u>

Note: The data in this schedule is extracted from Exhibit A-1

Table I

2011	2012	2013	2014	2015	2016
\$ 67,024,699	\$ 62,566,576	\$ 62,867,902	\$ 54,564,150	\$ 55,015,444	\$ 52,004,821
-	-	-	-	-	109,987
-	-	-	-	-	119,235
6,033,367	4,893,750	1,730,132	3,131,449	905,327	-
7,134,634	2,089,363	2,910,571	2,472,582	2,414,025	298,693
2,768,621	3,045,444	2,963,110	2,952,565	2,641,546	3,138,898
12,126,100	16,857,071	14,455,124	11,671,245	(51,826,021)	(52,097,780)
<u>\$ 95,087,421</u>	<u>\$ 89,452,204</u>	<u>\$ 84,926,839</u>	<u>\$ 74,791,991</u>	<u>\$ 9,150,321</u>	<u>\$ 3,573,854</u>
\$ 171,472,647	\$ 176,347,544	\$ 188,453,458	\$ 192,106,889	\$ 203,053,020	\$ 181,931,220
7,963,550	7,999,802	8,724,350	8,437,776	8,436,533	5,965,000
-	-	-	-	-	14,588,933
33,318,199	33,556,533	31,760,856	21,921,142	3,450,901	6,274,922
<u>\$ 212,754,396</u>	<u>\$ 217,903,879</u>	<u>\$ 228,938,664</u>	<u>\$ 222,465,807</u>	<u>\$ 214,940,454</u>	<u>\$ 208,760,075</u>
\$ 238,497,346	\$ 238,914,120	\$ 251,321,360	\$ 246,671,039	\$ 258,068,464	\$ 233,936,041
-	-	-	-	-	109,987
-	-	-	-	-	119,235
13,996,917	12,893,552	10,454,482	11,569,225	9,341,860	5,965,000
7,134,634	2,089,363	2,910,571	2,472,582	2,414,025	14,887,626
2,768,621	3,045,444	2,963,110	2,952,565	2,641,546	3,138,898
45,444,299	50,413,604	46,215,980	33,592,387	(48,375,120)	(45,822,858)
<u>\$ 307,841,817</u>	<u>\$ 307,356,083</u>	<u>\$ 313,865,503</u>	<u>\$ 297,257,798</u>	<u>\$ 224,090,775</u>	<u>\$ 212,333,929</u>

**City of Killeen, Texas**  
**Changes in Net Position**  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 14,461,521	\$ 16,345,666	\$ 13,873,564	\$ 16,580,327
Public safety	29,767,888	34,735,208	38,080,463	38,841,024
Public works	8,835,018	8,982,754	10,655,648	11,062,840
Community services	8,274,887	9,187,704	10,977,545	10,110,998
Community development	1,324,670	1,454,180	1,683,583	1,481,728
Interest on long-term debt	3,526,706	5,229,662	5,092,447	5,280,410
Total governmental activities expenses	<u>66,190,690</u>	<u>75,935,174</u>	<u>80,363,250</u>	<u>83,357,327</u>
Business-type activities				
Airport operations	6,032,956	6,945,205	6,788,224	6,843,195
Solid waste	9,923,685	11,119,731	11,811,015	12,239,129
Water and sewer	21,805,817	23,228,947	24,610,252	25,586,685
Drainage utility	1,354,988	1,792,628	2,405,678	2,336,704
Total business-type activities expenses	<u>39,117,446</u>	<u>43,086,511</u>	<u>45,615,169</u>	<u>47,005,713</u>
Total primary government expenses	<u>\$ 105,308,136</u>	<u>\$ 119,021,685</u>	<u>\$ 125,978,419</u>	<u>\$ 130,363,040</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ 3,260,376	\$ 3,781,035	\$ 4,501,278	\$ 4,185,056
Public safety	2,612,372	3,015,438	4,116,109	3,601,361
Community services	1,317,744	1,545,706	2,323,438	3,001,552
Community development	41,944	48,501	39,973	42,879
Community development/services	-	-	-	-
Operating grants and contributions	5,088,196	3,402,527	3,079,605	2,816,838
Capital grants and contributions	4,293,671	6,400,992	2,348,835	1,842,757
Total governmental activities program revenues	<u>\$ 16,614,303</u>	<u>\$ 18,194,199</u>	<u>\$ 16,409,238</u>	<u>\$ 15,490,443</u>
Business-type activities:				
Charges for services:				
Airport operations	\$ 4,182,662	\$ 4,349,157	\$ 4,165,638	\$ 4,632,837
Solid waste	11,541,857	11,669,439	11,688,896	13,530,501
Water and sewer	26,898,319	30,195,389	30,603,258	30,001,656
Drainage utility	2,124,081	2,807,992	2,909,004	3,016,767
Operating grants and contributions	25,304	49,885	-	-
Capital grants and contributions	8,981,423	6,263,495	4,590,343	5,125,074
Total business-type activities program revenues	<u>53,753,646</u>	<u>55,335,357</u>	<u>53,957,139</u>	<u>56,306,835</u>
Total primary government program revenues	<u>\$ 70,367,949</u>	<u>\$ 73,529,556</u>	<u>\$ 70,366,377</u>	<u>\$ 71,797,278</u>
Net (expense)/revenue:				
Governmental activities	\$ (49,576,387)	\$ (57,740,975)	\$ (63,954,012)	\$ (69,866,884)
Business-type activities	14,636,200	12,248,846	8,341,970	9,301,122
Total primary government net expense	<u>\$ (34,940,187)</u>	<u>\$ (45,492,129)</u>	<u>\$ (55,612,042)</u>	<u>\$ (60,565,762)</u>

Note: The data in this table is extracted from Exhibit A-2.

Table II

2011	2012	2013	2014	2015	2016
\$ 18,165,769	\$ 16,841,919	\$ 18,130,388	\$ 18,280,688	\$ 19,738,067	\$ 23,881,088
44,462,918	45,108,412	47,472,507	49,434,466	57,032,023	59,748,462
10,395,353	11,038,454	10,041,012	11,861,694	10,859,949	7,240,120
11,071,638	9,524,690	9,682,663	9,549,328	10,741,314	10,686,576
1,607,797	1,494,038	1,563,247	2,292,071	2,306,419	3,218,079
5,418,468	7,632,519	8,547,412	8,263,132	8,598,463	7,610,776
91,121,943	91,640,032	95,437,229	99,681,379	109,276,235	112,385,101
7,266,448	7,244,913	7,287,062	7,572,452	7,439,685	8,253,375
12,522,011	13,019,791	12,871,668	12,953,683	13,025,124	13,579,907
26,689,831	27,525,085	28,455,634	34,975,124	32,611,994	32,027,836
2,926,201	2,778,690	2,949,262	3,400,443	3,092,520	3,289,469
49,404,491	50,568,479	51,563,626	58,901,702	56,169,323	57,150,587
\$ 140,526,434	\$ 142,208,511	\$ 147,000,855	\$ 158,583,081	\$ 165,445,558	\$ 169,535,688
\$ 4,613,298	\$ 5,340,754	\$ 5,894,028	\$ 5,750,455	\$ 3,755,430	\$ 6,610,874
3,784,908	3,777,581	3,091,333	3,612,991	3,367,392	4,182,979
3,098,699	3,193,406	3,210,649	2,331,670	2,273,902	2,198,783
40,032	40,430	38,892	40,365	38,757	717,784
-	-	-	756,278	847,315	-
3,398,318	2,143,652	2,726,431	3,326,406	4,220,705	5,450,879
5,300,013	954,919	5,489,297	2,113,813	6,385,540	4,964,996
\$ 20,235,268	\$ 15,450,742	\$ 20,450,630	\$ 17,931,978	\$ 20,889,041	\$ 24,126,295
\$ 4,699,432	\$ 4,470,443	\$ 4,573,403	\$ 4,234,301	\$ 4,071,067	\$ 3,669,270
14,405,513	15,366,604	15,053,351	15,535,858	16,074,277	17,644,259
35,659,361	37,571,221	36,532,116	35,391,913	37,487,713	38,806,421
3,597,206	3,732,993	3,779,799	3,828,757	3,888,581	4,008,810
-	21,759	6,418	6,900	-	-
6,195,071	2,322,768	9,643,994	2,424,583	5,096,651	846,368
64,556,583	63,485,788	69,589,081	61,422,312	66,618,289	64,975,128
\$ 84,791,851	\$ 78,936,530	\$ 90,039,711	\$ 79,354,290	\$ 87,507,330	\$ 89,101,423
\$ (70,886,675)	\$ (76,189,290)	\$ (74,986,599)	\$ (81,749,401)	\$ (88,387,194)	\$ (88,258,806)
15,152,092	12,917,309	18,025,455	2,520,610	10,448,966	7,824,541
\$ (55,734,583)	\$ (63,271,981)	\$ (56,961,144)	\$ (79,228,791)	\$ (77,938,228)	\$ (80,434,265)

**City of Killeen, Texas**  
**Changes in Net Position**  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
General revenues and other changes in net position				
Governmental activities:				
Ad valorem taxes	\$ 23,692,133	\$ 26,916,750	\$ 29,735,458	\$ 30,779,266
Penalties and interest	205,665	222,122	238,617	250,000
Mixed beverage taxes	240,268	310,536	268,902	293,119
Franchise taxes	4,960,867	5,078,001	5,203,332	5,406,007
Sales and occupancy taxes	20,009,130	21,220,074	19,850,152	20,648,682
Bingo taxes	199,589	222,237	221,231	220,694
Investment income	3,722,650	3,380,735	1,013,032	211,699
Insurance Proceeds	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Lease revenue	-	-	-	-
Transfers	4,013,454	5,877,838	7,697,188	5,559,226
Total governmental activities	<u>57,043,756</u>	<u>63,228,293</u>	<u>64,227,912</u>	<u>63,368,693</u>
Business-type activities:				
Investment income	2,920,129	2,500,202	747,651	203,576
Insurance Proceeds	-	-	-	-
Gain on sale of capital assets	-	31,794	22,353	34,750
Lease revenue	-	-	-	-
Transfers	(4,013,454)	(5,877,838)	(7,697,188)	(5,559,226)
Total business-type activities	<u>(1,093,325)</u>	<u>(3,345,842)</u>	<u>(6,927,184)</u>	<u>(5,320,900)</u>
Total primary government	<u>\$ 55,950,431</u>	<u>\$ 59,882,451</u>	<u>\$ 57,300,728</u>	<u>\$ 58,047,793</u>
Changes in net position:				
Governmental activities	\$ 7,467,369	\$ 5,487,318	\$ 273,900	\$ (6,498,191)
Business-type activities	13,542,875	8,903,004	1,414,786	3,980,222
Total primary government	<u>\$ 21,010,244</u>	<u>\$ 14,390,322</u>	<u>\$ 1,688,686</u>	<u>\$ (2,517,969)</u>

Note: The data in this table is extracted from Exhibit A-2.

**Table II**

	2011	2012	2013	2014	2015	2016
\$	33,109,001	\$ 34,033,003	\$ 34,611,293	\$ 35,730,858	\$ 36,270,783	\$ 37,499,361
	256,765	254,874	236,548	271,326	238,569	-
	254,405	202,262	179,856	293,502	233,159	236,722
	6,277,179	5,621,923	5,269,332	5,428,953	5,836,042	5,268,332
	20,306,910	21,557,147	22,058,498	22,118,887	23,315,571	23,725,822
	213,972	218,269	218,595	258,546	203,264	198,375
	353,738	502,041	314,478	140,560	135,958	204,862
	-	-	-	-	-	795,893
	-	27,600	-	24,192	262,934	90,763
	-	166,113	153,092	165,351	309,270	331,441
	7,623,512	7,970,841	7,419,542	8,394,420	9,294,363	14,330,769
	<u>68,395,482</u>	<u>70,554,073</u>	<u>70,461,234</u>	<u>72,826,595</u>	<u>76,099,913</u>	<u>82,682,340</u>
	128,751	144,151	168,372	140,175	120,247	155,399
	-	-	-	-	-	43,439
	21,334	31,364	212,404	14,853	193,875	55,511
	49,613	27,500	48,096	66,000	27,500	71,500
	<u>(7,623,512)</u>	<u>(7,970,841)</u>	<u>(7,419,542)</u>	<u>(8,394,420)</u>	<u>(9,294,363)</u>	<u>(14,330,769)</u>
	<u>(7,423,814)</u>	<u>(7,767,826)</u>	<u>(6,990,670)</u>	<u>(8,173,392)</u>	<u>(8,952,741)</u>	<u>(14,004,920)</u>
\$	<u>60,971,668</u>	<u>\$ 62,786,247</u>	<u>\$ 63,470,564</u>	<u>\$ 64,653,203</u>	<u>\$ 67,147,172</u>	<u>\$ 68,677,420</u>
\$	(2,491,193)	\$ (5,635,217)	\$ (4,525,365)	\$ (8,922,806)	\$ (12,287,281)	\$ (5,576,466)
	7,728,278	5,149,483	11,034,785	(5,652,782)	1,496,225	(6,180,379)
\$	<u>5,237,085</u>	<u>\$ (485,734)</u>	<u>\$ 6,509,420</u>	<u>\$ (14,575,588)</u>	<u>\$ (10,791,056)</u>	<u>\$ (11,756,845)</u>

**City of Killeen, Texas**  
**Fund Balances of Governmental Funds**  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
General fund				
Reserved				
Encumbrances	\$ 1,716,100	\$ 754,278	\$ 692,172	\$ 635,783
Inventories	361,620	414,624	368,180	404,478
Debt service	-	240,170	240,170	240,170
Unreserved				
Designated	1,525,000	1,525,000	1,837,688	1,891,405
Undesignated	18,186,697	21,177,858	19,825,761	19,029,602
Nonspendable:				
Inventories	-	-	-	-
Prepaid assets	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Other purposes	-	-	-	-
Committed to:				
Vehicle replacement	-	-	-	-
Unassigned	-	-	-	-
<b>Total general fund</b>	<b>\$ 21,789,417</b>	<b>\$ 24,111,930</b>	<b>\$ 22,963,971</b>	<b>\$ 22,201,438</b>
All other governmental funds:				
Reserved for:				
Encumbrances	\$ 328,900	\$ 101,922	\$ 116,078	\$ 244,044
Inventories	-	-	4,861	6,864
Debt service	2,806,680	4,019,172	4,042,477	3,630,277
Capital projects	24,355,131	45,197,523	34,946,977	18,801,542
Unreserved:				
Other governmental funds	-	-	1,972	-
Undesignated - special revenue	1,976,662	2,976,016	3,944,130	3,271,170
Nonspendable:				
Inventories	-	-	-	-
Prepaid Assets	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Committed to:				
Killeen Arts and Activities Center	-	-	-	-
Unassigned	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 29,467,373</b>	<b>\$ 52,294,633</b>	<b>\$ 43,056,495</b>	<b>\$ 25,953,897</b>

Note: The data in this table is extracted from Exhibit A-3.

The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011, and opted not to restate the previous years' activity.

**Table III**

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
417,664	449,156	509,387	441,742	442,190	103,606
170,891	105,188	106,615	108,402	110,157	114,407
240,171	-	68,313	68,313	68,313	-
380,641	492,440	468,064	315,957	-	-
63,383	-	-	-	-	-
17,977,741	22,517,086	21,182,627	19,398,607	17,508,236	17,437,198
<u>\$ 19,250,491</u>	<u>\$ 23,563,870</u>	<u>\$ 22,335,006</u>	<u>\$ 20,333,021</u>	<u>\$ 18,128,896</u>	<u>\$ 17,655,211</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,196	7,493	4,905	5,850	7,173	6,381
-	-	-	-	-	4,828
7,055,118	6,315,862	2,900,309	4,434,714	2,098,113	801,898
56,991,885	73,687,602	47,546,673	44,788,179	26,964,619	10,506,281
2,387,980	2,553,004	2,495,046	2,636,608	2,641,546	3,138,898
38,232	34,311	101,169	-	-	-
-	-	-	-	(36,429)	(1,341)
<u>\$ 66,479,411</u>	<u>\$ 82,598,272</u>	<u>\$ 53,048,102</u>	<u>\$ 51,865,351</u>	<u>\$ 31,675,022</u>	<u>\$ 14,456,945</u>

**City of Killeen, Texas**  
**Changes in Fund Balances of Governmental Funds**  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
Revenues:				
Taxes	\$ 49,259,941	\$ 53,937,806	\$ 55,435,770	\$ 57,594,108
Licenses and permits	1,292,332	1,438,989	1,100,819	1,365,200
Intergovernmental	5,088,196	3,023,159	2,416,723	3,302,656
Contributions	-	-	465,885	446,996
Charges for services	4,034,110	4,857,966	5,474,140	5,581,992
Fines	1,845,447	2,644,196	3,993,509	3,246,230
Developer contributions	3,305,484	5,888,521	1,984,083	850,165
Investment Earnings	-	-	-	-
Miscellaneous	4,711,079	3,755,908	2,021,935	905,216
Total revenues	<u>69,536,589</u>	<u>75,546,545</u>	<u>72,892,864</u>	<u>73,292,563</u>
Expenditures:				
General government	6,656,910	7,096,970	8,709,995	10,465,499
Public safety	28,487,534	33,188,694	35,666,780	36,873,391
Public works	4,881,644	5,100,406	4,672,140	4,047,734
Community services	9,822,757	10,566,828	10,863,401	9,305,228
Community development	-	-	-	-
Miscellaneous	4,652,358	5,468,436	4,247,495	5,531,595
Capital outlay	19,518,661	30,278,105	37,746,644	20,243,349
Debt service:				
Principal	4,528,400	5,120,434	5,005,274	4,985,911
Interest	3,507,615	4,795,150	4,938,132	5,195,100
Fiscal charges	6,227	259,376	18,924	25,732
Costs of issuance	-	-	-	109,000
Deferred amount on refunding	-	-	-	546,097
Total expenditures	<u>82,062,106</u>	<u>101,874,399</u>	<u>111,868,785</u>	<u>97,328,636</u>
Deficiency of revenues under expenditures	<u>(12,525,517)</u>	<u>(26,327,854)</u>	<u>(38,975,921)</u>	<u>(24,036,073)</u>
Other financing sources (uses):				
Capital-related bonds issued	-	42,868,775	19,675,000	-
Refunding bonds issued	-	-	744,600	13,330,000
Capital lease	-	-	-	-
Premium/discount on issuance of debt	-	(441,569)	(82,825)	365,808
Insurance Proceeds	-	-	-	-
Sale of capital assets	-	-	-	-
Payment to refunded bond escrow agent	-	-	(727,601)	(13,084,092)
Transfers in	6,056,081	7,294,703	13,392,203	20,103,714
Transfers out	(2,042,627)	(1,416,865)	(5,695,015)	(14,544,488)
Total other financing sources (uses)	<u>4,013,454</u>	<u>48,305,044</u>	<u>27,306,362</u>	<u>6,170,942</u>
Net change in fund balances	<u>\$ (8,512,063)</u>	<u>\$ 21,977,190</u>	<u>\$ (11,669,559)</u>	<u>\$ (17,865,131)</u>
Debt service as a percentage of noncapital expenditures	13.1%	14.1%	13.3%	12.8%

Note: The data in this table is extracted from Exhibit A-5.

Table IV

	2011	2012	2013	2014	2015	2016
\$	60,328,145	\$ 61,993,688	\$ 62,585,863	\$ 64,115,782	\$ 66,189,875	\$ 66,997,659
	1,284,569	1,396,708	1,290,444	1,898,797	1,589,563	1,615,634
	4,714,540	2,067,471	4,761,906	3,043,666	4,958,666	6,706,747
	549,145	450,532	513,433	766,886	321,188	1,709,636
	5,896,989	5,952,211	5,487,183	5,944,876	6,186,000	6,241,344
	3,503,274	3,308,807	3,893,338	3,488,335	3,761,425	4,287,878
	3,375,908	-	-	-	-	-
	-	-	-	-	-	168,320
	1,220,296	1,931,194	1,711,522	1,424,859	1,938,413	1,283,522
	<u>80,872,866</u>	<u>77,100,611</u>	<u>80,243,689</u>	<u>80,683,201</u>	<u>84,945,130</u>	<u>89,010,740</u>
	10,794,299	10,704,020	11,193,546	11,297,186	11,890,861	14,491,763
	40,841,867	41,517,877	42,733,351	44,735,530	48,458,020	51,064,651
	4,340,764	5,097,995	4,249,519	4,769,726	4,144,229	4,608,741
	10,701,424	8,858,814	9,056,971	-	-	8,968,135
	-	-	-	9,636,330	10,395,629	2,196,927
	6,412,904	5,451,968	6,181,920	6,256,371	6,495,235	-
	19,187,531	19,626,046	30,380,527	22,861,208	20,640,470	18,972,495
	5,366,470	5,575,102	5,915,391	4,421,871	5,718,681	7,580,693
	5,123,184	7,583,116	8,973,642	8,081,587	8,865,656	7,928,598
	13,395	14,245	17,540	22,235	22,905	22,397
	335,000	336,101	170,215	196,863	2,261	584,349
	140,981	-	-	-	-	-
	<u>103,257,819</u>	<u>104,765,284</u>	<u>118,872,622</u>	<u>112,278,907</u>	<u>116,633,947</u>	<u>116,418,749</u>
	<u>(22,384,953)</u>	<u>(27,664,673)</u>	<u>(38,628,933)</u>	<u>(31,595,706)</u>	<u>(31,688,817)</u>	<u>(27,408,009)</u>
	50,100,000	39,320,000	-	18,730,000	-	-
	6,875,000	18,345,000	37,290,000	4,940,000	-	44,090,000
	-	-	258,936	-	-	-
	2,451,008	3,391,957	5,716,664	1,739,296	-	7,810,525
	-	-	-	-	-	795,893
	-	-	-	-	-	90,763
	(7,090,000)	(20,930,885)	(42,835,243)	(5,392,746)	-	(51,901,703)
	18,075,712	10,257,467	11,216,236	10,629,638	14,865,656	15,322,481
	<u>(10,452,200)</u>	<u>(2,286,626)</u>	<u>(3,796,694)</u>	<u>(2,235,218)</u>	<u>(5,571,293)</u>	<u>(6,491,712)</u>
	<u>59,959,520</u>	<u>48,096,913</u>	<u>7,849,899</u>	<u>28,410,970</u>	<u>9,294,363</u>	<u>9,716,247</u>
\$	<u>37,574,567</u>	<u>\$ 20,432,240</u>	<u>\$ (30,779,034)</u>	<u>\$ (3,184,736)</u>	<u>\$ (22,394,454)</u>	<u>\$ (17,691,762)</u>
	12.4%	15.5%	16.8%	14.0%	15.2%	15.9%

**Table V**

**City of Killeen, Texas**  
**Assessed Value and Estimated Actual Value of Property**  
 Last Ten Years

Fiscal Year Ended	Taxable Assessed Value		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property					
2007	\$ 3,492,613,445	\$ 362,828,152	\$ 350,942,363	\$ 3,504,499,234	0.6950	\$ 3,904,819,744	89.75%
2008	3,977,228,893	370,077,827	371,725,172	3,975,581,548	0.6950	4,375,136,071	90.87%
2009	4,399,405,101	388,992,264	390,286,994	4,398,110,371	0.6950	4,810,217,058	91.43%
2010	4,697,341,556	381,864,985	513,563,290	4,565,643,251	0.6950	5,097,637,799	89.56%
2011	4,757,431,670	379,688,426	538,872,784	4,598,247,312	0.7428	5,153,883,639	89.22%
2012	4,910,126,647	372,499,175	555,982,344	4,726,643,478	0.7428	5,301,412,785	89.16%
2013	5,056,322,730	367,818,504	612,203,199	4,811,938,035	0.7428	5,439,453,166	88.46%
2014	5,260,588,761	414,547,783	670,960,505	5,004,176,039	0.7428	5,677,195,525	88.15%
2015	5,378,345,788	405,312,087	764,110,031	5,019,547,844	0.7498	5,784,580,161	86.77%
2016	5,601,877,911	434,281,825	860,867,315	5,175,292,421	0.7498	6,036,159,736	85.74%

Source: Bell County Tax Appraisal District

**Table VI**

**City of Killeen, Texas  
Property Tax Rates  
Direct and Overlapping Governments**

Fiscal Year	Tax Year	City of Killeen			Overlapping Rates				Total Direct and Overlapping Rates
		Operating Rate	Debt Service Rate	Total Direct Rate	Bell County	Killeen ISD	Central Texas College	Clear Water Underground Water Conservation District	
2007	2006	0.47625	0.21875	0.6950	0.4114	1.4191	0.1420	0.00400	2.67150
2008	2007	0.46256	0.23244	0.6950	0.4094	1.1412	0.1420	0.00400	2.39159
2009	2008	0.49281	0.20219	0.6950	0.4078	1.1412	0.1410	0.00400	2.38899
2010	2009	0.49057	0.20443	0.6950	0.4058	1.1412	0.1409	0.00400	2.38689
2011	2010	0.50872	0.23408	0.7428	0.4119	1.1412	0.1409	0.00400	2.44079
2012	2011	0.54734	0.19546	0.7428	0.4395	1.1412	0.1409	0.00400	2.46839
2013	2012	0.50563	0.23717	0.7428	0.4511	1.1310	0.1400	0.00400	2.46890
2014	2013	0.50410	0.23870	0.7428	0.4511	1.1280	0.1370	0.00400	2.46290
2015	2014	0.52290	0.22690	0.7498	0.4511	1.1280	0.1366	0.00395	2.46945
2016	2015	0.49380	0.25600	0.7498	0.4511	1.1280	0.1366	0.00392	2.46942

Source: Bell County Tax Appraisal District

**Table VII**

**City of Killeen, Texas**  
**Principal Property Taxpayers**  
 Current Year and Nine Years Ago

Name of Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery Co. LLC	\$ 59,675,640	1	1.15%	\$ 37,646,040	1	1.07%
Wal-Mart Real Estate Business Trust	18,777,538	2	0.36%	18,877,496	3	0.54%
Killeen Mall LLC	16,388,819	3	0.32%	16,976,285	4	0.48%
Central Telephone Co. of Texas	14,354,534	4	0.28%	25,151,420	2	0.72%
Stone Creek Investment LLC	13,620,400	5	0.26%			
Stewart & Stevenson	12,618,994	6	0.24%			
Watercrest Place LP	11,825,894	7	0.23%			
HEB Grocery Company LP	11,822,788	8	0.23%			
Feiga/Sierra Creek LP	10,232,231	9	0.20%	9,952,274	7	0.28%
Bentina LTD	9,575,531	10	0.19%			
TWE Advance/Newhouse				13,996,480	5	0.40%
Sallie Mae Inc.				12,787,822	6	0.36%
SPRM Killeen LP				8,975,733	8	0.26%
Automax				8,869,224	9	0.25%
KC-Cooper Mountain, LP				8,693,703	10	0.25%
Subtotal	<u>178,892,369</u>		<u>3.46%</u>	<u>161,926,477</u>		<u>4.61%</u>
All other taxpayers	<u>4,996,400,052</u>		<u>96.54%</u>	<u>3,813,288,893</u>		<u>95.93%</u>
	<u>\$ 5,175,292,421</u>		<u>100.00%</u>	<u>\$ 3,975,215,370</u>		<u>100.54%</u>

Source: Bell County Tax Appraisal District

**City of Killeen, Texas**  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

Fiscal Year September 30	Total Tax Levy for Fiscal Year	Ad Valorem Rate			Tax Levy	Collected within the Fiscal Year of the Levy			Collection in Subsequent Years (1)	Total Collections to Date	
		Tax Rate	General Fund	Interest & Sinking Fund		Amount	Percentage of Levy	Amount		Percentage of Levy	
2007	2006	0.69500	0.47620	0.21880	\$24,348,127	\$23,386,242	96.05%	\$ 490,899	\$23,877,141	98.07%	
2008	2007	0.69500	0.46256	0.23244	27,630,290	26,697,567	96.62%	339,246	27,036,813	97.85%	
2009	2008	0.69500	0.49281	0.20219	30,566,865	29,523,348	96.59%	354,100	29,877,448	97.74%	
2010	2009	0.69500	0.49057	0.20443	31,715,948	30,605,848	96.50%	370,681	30,976,529	97.67%	
2011	2010	0.74280	0.50870	0.23410	34,067,649	32,916,498	96.62%	295,346	33,211,844	97.49%	
2012	2011	0.74280	0.54730	0.19550	35,011,924	33,901,259	96.83%	432,065	34,333,324	98.06%	
2013	2012	0.74280	0.50560	0.23720	35,654,174	34,501,855	96.77%	248,085	34,749,940	97.46%	
2014	2013	0.74280	0.50410	0.23870	37,098,327	35,407,969	95.44%	252,866	35,660,835	96.13%	
2015	2014	0.74980	0.52290	0.22690	37,567,615	36,064,932	96.00%	228,450	36,293,382	96.61%	
2016	2015	0.74980	0.49380	0.25600	38,715,541	38,091,782	98.39%	240,106	38,331,888	99.01%	

(1) Collections in subsequent years represent total delinquent amounts received during the fiscal year, regardless of the fiscal year of the tax levy.

**City of Killeen, Texas**  
**Ratios of Outstanding Debt by Type**  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					General Obligation Bonds	Revenue Bonds
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Unamortized bond premiums/ discounts	Total Governmental Activities (1)		
2007	\$ 31,963,701	\$ 41,421,743	\$ -	\$ 352,101	\$ 73,737,545	\$ 5,486,299	\$ 43,670,000
2008	46,576,501	63,697,743	859,541	(82,982)	111,050,803	4,523,499	63,105,000
2009	56,829,600	68,331,973	658,937	(76,496)	125,744,014	3,635,400	60,390,000
2010	67,810,500	52,865,000	449,099	295,798	121,420,397	2,614,500	56,640,000
2011	72,163,200	93,250,000	229,602	2,735,003	168,377,805	1,626,800	53,570,000
2012	79,662,700	118,365,000	-	5,995,983	204,023,683	6,887,300	50,945,000
2013	92,135,000	98,420,000	191,245	11,106,401	201,852,646	10,095,000	65,430,000
2014	97,255,000	107,520,000	129,374	12,498,860	217,403,234	11,105,000	60,775,000
2015	93,770,000	105,350,000	65,693	11,972,680	211,158,373	10,805,000	55,820,000
2016	123,625,000	66,945,000	-	17,711,321	208,281,321	11,295,000	50,745,000

- (1) Presented net of original issuance discounts and premiums
- (2) Personal income is disclosed on Table 14
- (3) Greater Killeen Chamber of Commerce

**Table IX**

Business-Type Activities						
Certificates of Obligation	Unamortized bond premiums/ discounts	Total Business-Type Activities (1)	Total Primary Government (1)	Percentage of Personal Income (2)	Population (3)	Per Capita
\$ 16,203,257	\$ 1,256,365	\$ 66,615,921	\$ 140,353,466	1.09%	103,210	\$ 1,359.88
15,602,257	1,052,884	84,283,640	195,334,443	1.44%	112,434	1,737.33
17,073,027	974,532	82,072,959	207,816,973	1.41%	116,934	1,777.22
16,320,000	1,238,245	76,812,745	198,233,142	1.31%	119,510	1,658.72
15,710,000	1,571,499	72,478,299	240,856,104	1.54%	127,921	1,882.85
8,570,000	2,285,920	68,688,220	272,711,903	1.65%	131,286	2,077.24
3,725,000	6,069,368	85,319,368	287,172,014	1.71%	135,015	2,126.96
2,010,000	5,698,043	79,588,043	296,991,277	1.78%	137,147	2,165.50
1,590,000	5,341,354	73,556,354	284,714,727	1.72%	140,806	2,022.04
270,000	5,151,179	67,461,179	275,742,500	1.59%	141,846	1,943.96

**City of Killeen, Texas**  
**Ratios of General Bonded Debt Outstanding**  
 Last Ten Fiscal Years

Fiscal Year Ended September 30	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2007	\$ 37,450,000	\$ 3,775,000	\$ 33,675,000	0.86%	\$ 326
2008	51,100,000	3,910,000	47,190,000	1.08%	420
2009	60,465,000	3,100,000	57,365,000	1.19%	491
2010	70,425,000	3,565,000	66,860,000	1.31%	559
2011	73,790,000	3,780,000	70,010,000	1.36%	547
2012	86,550,000	4,115,000	82,435,000	1.55%	628
2013	102,230,000	2,840,000	99,390,000	1.83%	736
2014	108,360,000	3,785,000	104,575,000	1.84%	763
2015	104,575,000	4,900,000	99,675,000	1.72%	708
2016	134,920,000	5,240,000	129,680,000	2.15%	914

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments.
- (3) See the Schedule of Assessed and Estimated Actual Value of Property for property value data.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics.

**City of Killeen, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
As of September 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Amount Applicable to Primary Government</u>
Bell County	\$ 137,430,000	31.61%	\$ 43,444,517
Killeen Independent School District	60,295,000	69.43%	41,864,384
Central Texas College	-	68.59%	-
Clear Water UWCD	-	31.62%	-
Subtotal, overlapping debt			85,308,901
City of Killeen, net debt payable from ad valorem taxes			<u>221,165,000</u> (1)
Total direct and overlapping net funded debt			<u><u>\$ 306,473,901</u></u>
Ratio of Direct and Overlapping Net Funded Debt to Taxable Assessed Valuation			5.92% (1)
Per Capita Direct and Overlapping Net Funded Debt			\$ 2,160.61 (1)

Sources: Outstanding debt provided by each governmental unit.

(1) Excludes self-supporting debt

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the entities' taxable assessed value that is within the City's boundaries and dividing by the entities' total taxable assessed value.

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Killeen. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**City of Killeen, Texas**  
**Legal Debt Margin Information**  
September 30, 2016

	Fiscal Year			
	2007	2008	2009	2010
Assessed Value, Tax Roll	\$ 3,504,499,234	\$ 3,975,581,548	\$ 4,398,110,371	\$ 4,565,643,251
	2.50%	2.50%	2.50%	2.50%
Legal Debt Limit	<u>\$ 87,612,481</u>	<u>\$ 99,389,539</u>	<u>\$ 109,952,759</u>	<u>\$ 114,141,081</u>
Actual amount expended for general obligation debt service during the year	\$ 5,470,766	\$ 5,449,036	\$ 6,162,242	\$ 6,100,636

Source: Bell County Appraisal District and Finance Department, City of Killeen

**Table XII**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 4,598,247,312	\$ 4,726,643,478	\$ 4,811,938,035	\$ 5,004,176,039	\$ 5,019,547,844	\$ 5,175,292,421
<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>
<u>\$ 114,956,183</u>	<u>\$ 118,166,087</u>	<u>\$ 120,298,451</u>	<u>\$ 125,104,401</u>	<u>\$ 125,488,696</u>	<u>\$ 129,382,311</u>
\$ 6,407,155	\$ 6,834,172	\$ 8,202,360	\$ 7,184,594	\$ 8,457,092	\$ 15,463,387

**City of Killeen, Texas**  
**Revenue Bond Coverage - Water and Sewer Fund**  
September 30, 2016

Fiscal Year	Gross Revenue	Operating Expenses *	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2007	\$ 26,898,319	\$ 16,935,527	\$ 9,962,792	\$ 1,730,000	\$ 2,035,991	\$ 3,765,991	2.65
2008	30,195,389	17,735,554	12,459,835	2,715,000	2,881,361	5,596,361	2.23
2009	30,603,258	19,476,310	11,126,948	3,870,000	2,776,886	6,646,886	1.67
2010	30,001,656	20,290,881	9,710,775	3,050,000	2,298,482	5,348,482	1.82
2011	35,659,361	21,360,822	14,298,539	3,280,000	2,383,260	5,663,260	2.52
2012	37,571,221	21,373,966	16,197,255	3,765,000	2,259,114	6,024,114	2.69
2013	36,532,116	21,749,379	14,782,737	4,655,000	2,780,579	7,435,579	1.99
2014	35,391,913	23,329,781	12,062,132	4,955,000	2,204,430	7,159,430	1.68
2015	37,487,713	24,850,101	12,637,612	5,075,000	2,088,175	7,163,175	1.76
2016	38,806,421	25,417,427	13,388,994	5,205,000	1,956,301	7,161,301	1.87

Source: Finance Department, City of Killeen

\* Total operating expenses less depreciation

**Table XIV**

**City of Killeen, Texas**  
**Demographic and Economic Statistics**  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (a)</u>	<u>Killeen-Temple Fort Hood Metropolitan Statistical Area Population (b)</u>	<u>Killeen-Temple Fort Hood Metropolitan Per Capita Income</u>	<u>Killeen-Temple Fort Hood Metropolitan Personal Income (amounts expressed in thousands) (b)</u>	<u>Killeen-Temple Fort Hood Metropolitan Unemployment Rates (c)</u>
2007	103,210	370,755	\$ 34,647	\$ 12,845,443	4.7
2008	112,434	378,935	35,895	13,601,991	5.4
2009	116,934	379,231	38,757	14,697,693	7.1
2010	119,510	408,366	37,142	15,167,523	7.8
2011	127,921	405,300	38,260	15,620,330	8.5
2012	131,286	412,804	39,971	16,500,090	7.2
2013	135,015	420,532	39,973	16,809,925	7.2
2014	137,147	423,257	39,520	16,727,204	5.9
2015	140,806	424,858	39,017	16,576,889	4.7
2016	141,846	433,658	40,237	17,343,479	4.8

Sources: (a) U. S. Census Bureau, Greater Killeen Chamber of Commerce  
 (b) U. S. Department of Commerce, Bureau of Economic  
 (c) U. S. Department of Labor, Bureau of Labor Statistics.

Table XV

**City of Killeen, Texas**  
**Principal Employers**  
 Current Year and Nine Years Ago

Name of Employer	Business Category	2016			2007		
		Employees	Rank	% of Total	Employees	Rank	% of Total
III Corp & Fort Hood	Government	38,567	1	55.84%	42,322	1	71.25%
Military Defense Contractors & Others	Defense Contractor	12,187	2	17.64%			
Killeen ISD	Education	6,000	3	8.69%	6,000	2	10.10%
Civilian Personnel Office	Government	5,488	4	7.95%	3,187	3	5.37%
Teleperformance	Call Center	1,700	5	2.46%			
Central Texas College	Education	1,487	6	2.15%	1,360	4	2.29%
City of Killeen	Government	1,360	7	1.97%			
Metroplex Health System	Health Care	1,200	8	1.74%	1,300	5	2.19%
Z-Systems	Defense Contractor	660	9	0.96%			
ESP, Inc.	Defense Contractor	420	10	0.61%			
Fort Hood Exchange					1,218	6	2.05%
Westar Aerospace and Defense					1,050	7	1.77%
Science Application International					1,000	8	1.68%
First National Bank					1,000	9	1.68%
Sallie Mae					966	10	1.63%
Total		<u>69,069</u>		<u>100.00%</u>	<u>59,403</u>		<u>100.00%</u>

Source: Greater Killeen Chamber of Commerce



Table XVI

**City of Killeen, Texas**  
**Full-time Equivalent Employees by Function**  
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
<b>Administration</b>										
City Manager	4.0	4.0	4.0	4.0	4.0	3.0	4.0	2.0	2.0	2.0
Assistant City Manager - External	-	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
Assistant City Manager - Internal	-	-	-	-	-	-	-	2.0	2.0	2.0
Downtown Revitalization	1.0	1.0	-	-	-	1.0	-	-	-	-
City Auditor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Grant Administration	-	-	-	1.0	1.0	-	-	-	-	-
<b>Total Administration</b>	<b>6.0</b>	<b>9.0</b>	<b>8.0</b>	<b>9.0</b>	<b>9.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>
Municipal Court	23.0	23.0	24.0	24.0	24.0	24.0	25.0	23.0	23.0	23.0
Public Information	1.5	1.5	2.5	2.0	2.0	2.5	2.5	2.5	2.5	2.5
<b>Legal</b>										
City Attorney	7.0	7.0	7.0	7.0	8.0	8.0	7.0	7.0	7.0	8.0
City Secretary	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total Legal</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>9.0</b>	<b>9.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>9.0</b>
<b>Finance</b>										
Finance	13.0	13.0	13.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0
EMS Billing & Collections	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0
<b>Total Finance</b>	<b>18.0</b>	<b>18.0</b>	<b>18.0</b>	<b>17.0</b>	<b>18.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>	<b>19.0</b>
<b>Support Services</b>										
Purchasing	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Building Services	3.0	3.0	3.5	3.5	3.5	3.5	6.0	6.0	7.0	7.0
Custodial Services	9.0	10.0	10.0	13.0	13.0	12.0	18.0	18.0	18.0	18.0
Printing Services	2.0	2.0	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0
Support Services	-	-	-	-	-	-	1.0	1.0	1.0	2.0
<b>Total Support Services</b>	<b>18.0</b>	<b>19.0</b>	<b>20.0</b>	<b>23.0</b>	<b>24.0</b>	<b>23.0</b>	<b>33.0</b>	<b>33.0</b>	<b>34.0</b>	<b>35.0</b>
Human Resources	10.0	11.0	12.0	12.0	12.0	12.0	12.0	13.0	14.0	14.0
Information Technology	12.0	14.0	15.0	15.0	15.0	14.0	17.0	17.0	19.0	20.0
<b>Community Services</b>										
Volunteer Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Golf Course	17.0	18.0	18.0	19.0	19.0	19.0	20.0	19.0	18.5	18.5
Golf Course Food & Beverage	5.0	5.0	5.0	5.0	5.0	-	-	-	-	-
Community Center Operations	-	6.0	6.0	6.0	6.0	6.0	3.0	5.0	3.0	3.0
Parks	37.0	33.0	33.0	33.0	33.0	33.0	33.0	35.0	37.0	37.0
Lions Club Park	-	14.0	14.0	14.0	14.0	14.0	13.0	12.0	16.0	15.5
Aquatics Center	-	-	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Recreation	3.0	6.0	6.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Athletics	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Cemetery	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0
Senior Citizens	5.0	6.0	6.0	6.0	6.0	6.0	4.0	4.0	4.0	4.0
<b>Total Community Services</b>	<b>79.0</b>	<b>100.0</b>	<b>102.0</b>	<b>99.0</b>	<b>99.0</b>	<b>94.0</b>	<b>89.0</b>	<b>91.0</b>	<b>92.5</b>	<b>92.0</b>
<b>Community Development</b>										
Library Services	31.0	32.0	32.0	32.0	32.0	32.0	29.0	26.0	26.0	27.0
Killeen Arts and Activities Center	-	-	-	-	-	4.0	4.0	4.5	5.0	6.0
Community Development	3.0	3.0	3.0	3.0	3.0	3.0	4.0	5.0	4.0	4.0
Home Program	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Lien Services	-	-	-	-	-	-	-	-	2.0	2.0
<b>Total Community Development</b>	<b>35.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>	<b>40.0</b>	<b>38.0</b>	<b>36.5</b>	<b>38.0</b>	<b>40.0</b>
<b>Public Works</b>										
Public Works	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.1
Traffic	9.0	10.0	10.0	10.0	10.0	10.0	5.0	5.0	5.0	5.0
Streets	39.0	43.0	47.0	47.0	47.0	48.0	52.0	52.0	52.0	52.0
Engineering	2.0	2.0	2.0	2.0	2.0	-	-	-	-	-
<b>Total Public Works</b>	<b>52.0</b>	<b>57.0</b>	<b>61.0</b>	<b>61.0</b>	<b>61.0</b>	<b>60.0</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>	<b>57.1</b>

Table XVI

**City of Killeen, Texas**  
**Full-time Equivalent Employees by Function**  
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Planning &amp; Development</b>										
Planning & Development	9.0	9.0	9.0	10.0	10.0	10.0	7.0	7.0	7.0	7.0
Building Inspections	16.0	14.0	14.0	15.0	15.0	15.0	15.0	14.0	14.0	14.0
Code Enforcement	8.0	8.0	9.0	9.0	11.0	11.0	13.0	14.0	15.0	15.0
<b>Total Planning &amp; Development</b>	<b>33.0</b>	<b>31.0</b>	<b>32.0</b>	<b>34.0</b>	<b>36.0</b>	<b>36.0</b>	<b>35.0</b>	<b>35.0</b>	<b>36.0</b>	<b>36.0</b>
<b>Police</b>										
Commissioned Officers	208.0	208.0	225.0	225.0	240.0	242.0	244.0	256.0	268.0	281.0
Civilian Personnel	59.0	79.0	80.0	89.0	76.0	85.0	75.0	86.0	87.0	87.0
Animal Control	8.0	11.0	11.0	11.0	11.0	11.0	12.0	13.0	17.0	18.0
<b>Total Police</b>	<b>275.0</b>	<b>298.0</b>	<b>316.0</b>	<b>325.0</b>	<b>327.0</b>	<b>338.0</b>	<b>331.0</b>	<b>355.0</b>	<b>372.0</b>	<b>386.0</b>
<b>Fire</b>										
Commissioned Officers	189.0	189.0	195.0	195.0	195.0	195.0	195.0	195.0	195.0	232.0
Civilian Personnel	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total Fire</b>	<b>195.0</b>	<b>195.0</b>	<b>201.0</b>	<b>238.0</b>						
<b>Total General Fund</b>	<b>765.5</b>	<b>820.5</b>	<b>855.5</b>	<b>866.0</b>	<b>873.0</b>	<b>879.5</b>	<b>876.5</b>	<b>900.0</b>	<b>925.0</b>	<b>978.6</b>
<b>Aviation Funds</b>										
<b>Killeen-Fort Hood Regional Airport</b>										
Operations	35.5	37.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0
Information Technology	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1.0	1.0
<b>Total KFHRA</b>	<b>37.5</b>	<b>40.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>39.0</b>	<b>39.0</b>
Skylark Field	5.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Total Aviation Funds</b>	<b>43.0</b>	<b>44.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>43.0</b>	<b>43.0</b>
<b>Solid Waste Fund</b>										
Public Works	-	-	-	-	-	-	-	-	-	0.6
Custodial	-	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Accounting	-	-	-	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Residential Operations	38.0	38.0	40.0	41.2	41.2	42.2	44.0	44.5	44.5	43.5
Commercial Operations	19.0	20.0	21.0	20.0	20.0	20.0	20.0	21.0	21.0	23.0
Recycling	7.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0
Transfer Station	11.0	13.0	13.0	15.0	15.0	16.0	16.0	15.5	15.5	15.5
Mowing Operations	11.0	11.0	19.0	22.0	22.0	22.0	17.5	22.5	22.5	21.5
<b>Total Solid Waste Fund</b>	<b>86.0</b>	<b>90.0</b>	<b>101.0</b>	<b>110.2</b>	<b>110.2</b>	<b>112.2</b>	<b>109.5</b>	<b>113.5</b>	<b>113.5</b>	<b>114.1</b>
<b>Water/Sewer Fund</b>										
Public Works	-	-	-	-	-	-	-	-	-	1.2
Utility Collections	32.0	34.0	35.0	38.0	38.0	38.0	40.0	40.5	40.5	40.5
Fleet Services	19.0	22.0	23.0	23.0	23.0	23.0	26.0	26.0	26.0	27.0
Information Technology	-	-	-	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Water Distribution	15.0	15.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Sanitary Sewers	13.0	13.0	13.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Water and Sewer Operations	24.0	20.0	24.0	24.0	24.0	26.0	27.0	28.0	28.0	28.0
Engineering	-	8.0	9.0	9.6	9.6	10.6	11.8	11.8	13.8	13.8
<b>Total Water/Sewer Fund</b>	<b>103.0</b>	<b>112.0</b>	<b>123.0</b>	<b>133.6</b>	<b>133.6</b>	<b>136.6</b>	<b>143.8</b>	<b>145.3</b>	<b>147.3</b>	<b>148.5</b>
<b>Drainage Utility Fund</b>										
Public Works	-	-	-	-	-	-	-	-	-	0.1
Engineering	9.0	3.0	3.0	3.2	3.2	4.2	4.2	4.0	4.0	4.0
Drainage Maintenance	-	12.0	21.0	30.0	30.0	31.0	32.5	33.5	33.5	34.5
Environmental Services	-	-	-	-	-	-	-	1.2	1.2	1.2
<b>Total Drainage Utility Fund</b>	<b>9.0</b>	<b>15.0</b>	<b>24.0</b>	<b>33.2</b>	<b>33.2</b>	<b>35.2</b>	<b>36.7</b>	<b>38.7</b>	<b>38.7</b>	<b>39.8</b>
<b>Special Revenue Funds</b>										
Killeen Civic Conference Center	15.0	14.0	14.0	14.0	14.0	14.0	14.0	11.5	11.5	11.5
Convention Visitor Bureau	-	-	-	-	-	-	-	2.5	2.5	2.5
Community Development	4.0	4.0	4.0	5.0	5.0	2.0	2.0	1.0	1.0	1.0
Cablesystem Improvements PEG	-	1.5	1.5	1.5	1.5	3.1	3.5	3.5	3.5	3.5
Home Program	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Court Security Fund	-	-	-	-	-	-	-	1.0	1.0	1.0
Juvenile Case Manager Fund	-	-	-	-	-	-	-	1.0	2.0	2.0
<b>Total Special Revenue Fund</b>	<b>20.0</b>	<b>20.5</b>	<b>20.5</b>	<b>21.5</b>	<b>21.5</b>	<b>20.1</b>	<b>20.5</b>	<b>21.5</b>	<b>22.5</b>	<b>22.5</b>
<b>Capital Project Funds</b>										
Bond Construction	-	-	-	1.0	1.0	1.0	1.0	-	-	-
Water and Sewer Improvements	-	-	-	-	-	-	-	-	5.0	5.0
Pass Thru Finance Construction	-	-	-	-	-	5.0	5.0	8.0	8.0	8.0
<b>Total Capital Project Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>	<b>6.0</b>	<b>6.0</b>	<b>8.0</b>	<b>13.0</b>	<b>13.0</b>
<b>Total Personnel</b>	<b>1,026.5</b>	<b>1,102.0</b>	<b>1,169.0</b>	<b>1,210.5</b>	<b>1,217.5</b>	<b>1,234.6</b>	<b>1,238.0</b>	<b>1,272.0</b>	<b>1,303.0</b>	<b>1,359.5</b>

Table XVII

**City of Killeen, Texas**  
**Operating Indicators by Function**  
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Government</b>										
Building Permits Issued	20,411	20,874	16,316	11,468	11,620	11,126	10,711	16,091	12,264	10,522
<b>Public Safety</b>										
<b>Police</b>										
Calls for Service	128,185	134,223	135,530	157,625	161,936	171,736	166,454	170,695	156,167	149,738
Citations	18,338	20,284	20,039	24,570	23,615	22,641	31,985	23,278	20,979	19,843
Traffic Accidents	3,712	3,596	3,293	3,045	2,319	2,479	2,199	2,324	2,396	2,540
UCR Part 1 Violent Crimes	813	886	751	999	815	850	753	846	869	992
UCR Part 1 Non-violent Crim	5,684	4,757	5,516	5,837	5,199	5,006	4,791	4,703	4,034	3,946
Arrests	6,610	7,624	7,426	7,515	7,887	7,932	7,913	6,449	5,355	4,459
<b>Fire</b>										
Fire Emergency Responses	500	614	560	479	685	447	486	529	459	468
Fire Inspections	1,245	2,557	3,135	1,930	1,486	1,451	1,321	1,225	1,000	1,124
EMS Responses	11,247	12,385	12,229	13,548	13,831	14,245	13,725	13,961	15,763	16,877
<b>Public Works</b>										
Number of Shade Trees:										
Removed	-	4	10	3	19	13	6	6	6	19
Trimmed	40	98	28	90	66	181	179	119	755	536
<b>Library</b>										
Visitors	317,008	303,771	308,007	269,360	294,139	292,086	284,072	271,495	270,983	227,411
Volumes in Collection	102,012	105,450	116,908	119,679	128,268	134,567	136,022	138,140	140,235	143,012
Children's Program Attendance	16,481	16,875	11,108	14,701	11,166	9,655	9,427	7,816	8,933	8,679
Public Computer Sessions	81,635	90,700	59,114	92,110	99,563	98,371	100,560	100,057	81,897	56,308
<b>Aviation</b>										
Airlines	4	3	3	3	3	3	3	3	3	3
Passengers Enplaning	191,745	192,718	198,827	211,439	188,121	168,487	175,353	165,452	149,008	136,008
Passengers Deplaning	189,409	193,867	198,487	208,473	189,800	165,568	174,961	163,722	154,124	135,412
<b>Solid Waste</b>										
Tons Collected and Disposed:										
Solid Waste - Residential	-	-	-	-	-	-	-	52,421	54,367	56,542
Solid Waste - Commercial	-	-	-	-	-	-	-	35,838	35,887	36,595
Recyclable Material	-	-	-	-	-	-	-	5,549	5,825	5,859
<b>Water</b>										
Metered Accounts	39,762	41,802	43,440	44,689	45,873	47,040	48,172	49,189	50,175	51,058
Water Demand (Purchased) (MG)	4,366.00	5,468.00	5,157.00	5,063.00	5,940.00	5,855.00	5,497.00	5,371.00	5,585.00	4,967.00
Avg. Daily Demand (MGD)	11.99	14.47	14.93	14.64	15.25	15.16	15.06	14.72	14.72	13.61
Avg. Monthly Demand/Cust (gal)	3,236.00	3,897.00	3,596.00	3,298.00	3,838.00	3,711.00	3,440.00	3,318.00	3,405.00	2,990.00
Peak Demand (MGD)	18.72	23.37	26.28	25.74	24.96	25.82	25.12	22.33	22.33	25.10
<b>Sewer</b>										
Service Connections	34,087	36,007	36,520	39,321	40,786	39,945	43,205	52,636	52,636	55,786
Total Sewer Flows (MGD)	14	11	13	13	10	11	11	11	14	12
Total Sewer Flow (MG)	4,948	3,921	4,581	4,742	3,607	3,871	3,941	4,165	5,022	4,470
Avg Daily Demand (MGD)	14	11	13	13	10	11	11	11	14	12
Avg Daily Demand/Cust (gal)	121	92	105	102	77	81	81	85	101	89

Table XVIII

**City of Killeen, Texas**  
**Capital Asset Statistics by Function**  
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Government</b>										
Area of City (square miles)	45.35	45.41	54.69	54.72	54.72	55.47	55.562	55.564	55.564	55.564
Vehicles	-	-	-	-	-	-	-	-	-	48
<b>Public Safety</b>										
<b>Police</b>										
Police Stations	3	3	3	3	3	3	3	3	3	3
Firing Ranges	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	-	-	-	-	-	-	-	-	-	140
Other Police Vehicles	-	-	-	-	-	-	-	-	-	147
Animal Shelters	1	1	1	1	1	1	1	1	1	1
Animal Control Vehicles	-	-	-	-	-	-	-	-	-	8
<b>Fire</b>										
Fire Stations	7	7	8	8	8	8	8	8	8	8
Fire Apparatus	16	16	17	27	35	20	19	23	23	20
EMS Units	11	11	12	11	11	10	11	14	14	18
Other Vehicles	-	-	-	-	-	-	-	-	-	24
<b>Public Works</b>										
Paved Streets (miles)	467.00	489.00	503.00	511.92	522.48	525.00	533.00	539.00	552.00	563.00
Unpaved Streets (miles)	1	1	1	1	1	1	1	1	1	1
Curb and Gutter (miles)	-	600	600	866	866	866	866	878	878	900
Signalized Intersections	80	81	87	87	89	92	95	88	92	97
Vehicles	-	-	-	-	-	-	-	-	-	44
<b>Parks and Recreation</b>										
Parks	17	19	19	21	21	21	21	21	21	21
Playgrounds	24	22	22	22	22	22	22	22	22	22
Municipal Golf Courses	1	1	1	1	1	1	1	1	1	1
Disc Golf Course	-	-	-	-	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2	2	2	2	1
Tennis Courts	9	9	9	9	9	9	9	9	5	5
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Fields	14	14	14	15	15	15	15	15	15	15
Soccer Fields	-	-	-	6	6	6	6	6	6	6
Jogging/Walking Trails	-	-	-	6	6	7	7	7	7	3
Senior Centers	-	-	2	2	2	2	2	2	2	2
Aquatics Centers	-	-	-	1	1	1	1	1	1	1
Vehicles	-	-	-	-	-	-	-	-	-	26
<b>Library</b>										
Libraries	2	2	2	2	2	2	2	2	2	2
Vehicles	-	-	-	-	-	-	-	-	-	1
<b>Aviation</b>										
Airports	2	2	2	2	2	2	2	2	2	2
Acreage	289	289	289	289	289	289	289	289	289	289
Skylark on road vehicles	2	2	2	2	2	2	3	3	3	3
Skylark off road vehicles	1	1	1	1	1	1	1	1	1	1
KFHRA on road vehicles	6	6	6	6	6	6	6	6	6	6
KFHRA off road vehicles	3	3	3	3	3	3	3	3	3	3
<b>Solid Waste</b>										
Refuse Disposal Vehicles	-	-	-	-	-	-	-	-	-	58
Other Vehicles	-	-	-	-	-	-	-	-	-	35
<b>Water</b>										
Rated Daily Capacity (gpd)	29,500,000	29,500,000	29,500,000	29,500,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000
Storage Capacity (gallons)	19,650,000	19,650,000	29,250,000	29,250,000	29,250,000	32,380,000	41,000,000	41,000,000	41,000,000	41,000,000
Water Mains (miles)	507.60	520.90	677.32	685.06	602.41	616.67	617.00	618.00	618.00	618.00
Fire Hydrants	3,600	3,368	3,431	3,530	3,630	4,315	4,800	5,000	5,000	5,000
Vehicles	-	-	-	-	-	-	-	-	-	61
<b>Sewer</b>										
Sanitary Sewers (miles)	466.70	484.50	511.86	521.86	520.20	522.41	535.00	535.00	535.00	574.00
Manholes	-	-	-	6,247	6,630	6,780	7,230	7,230	7,230	7,863
Sewer Treatment Capacity:										
Plant 1 (mgd)	15	15	15	15	15	15	15	18	18	18
Plant 2 (mgd)	6	6	6	6	6	6	6	6	6	6
Plant 3 (mgd)	-	6	6	6	6	6	6	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	15
<b>Drainage</b>										
Storm Sewers (linear feet)	56,333	150,000	150,000	150,000	150,000	150,000	150,000	150,000	93,099	93,099
Inlets and Outfalls	-	3,000	3,000	3,000	3,173	3,173	3,173	3,173	3,125	3,173
Open Channels (miles)	-	83.0	150.0	131.0	283.0	316.6	312.0	312	96.0	197.0
Vehicles	-	-	-	-	-	-	-	-	-	22
<b>Fleet</b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	-	-	-	-	-	-	-	-	-	7

**City of Killeen, Texas**  
**General Obligation Bond Tables**  
**Valuation, Exemptions and Tax Supported Debt**  
September 30, 2016

Market Valuation Established by Bell County Appraisal District		\$ 6,036,159,736
Less Exemptions/Deductions		860,867,315
Net Taxable Assessed Valuation		<u>\$ 5,175,292,421</u>
Debt Payable from Ad Valorem Taxes		
General Obligation Bonds	\$ 134,920,000	
Certificates of Obligation	67,215,000	
Pass Through Toll Revenue Bonds	<u>30,595,000</u>	
Debt Payable from Ad Valorem Taxes		\$ 232,730,000
Less Self-Supporting Debt <sup>(1)</sup>		<u>11,565,000</u>
Net Debt Payable from Ad Valorem Taxes		\$ 221,165,000
Interest and Sinking Fund		\$ 513,222
Ratio Tax Supported Debt to Taxable Assessed Valuation		4.50%
Net Tax Supported Debt to Taxable Assessed Valuation		4.27%
Estimated Population		141,846
Per Capita Taxable Assessed Valuation		\$ 36,485
Per Capita Net Debt Payable from Ad Valorem Taxes		\$ 1,559

(1) Certain tax-supported indebtedness which was issued for, and is currently being paid from revenues of, the City's waterworks and sewer system, solid waste system, drainage utility system, and hotel occupancy tax/civic center, is considered by the City to be self-supporting debt. While the City considers such tax-supported debt to be self-supporting, revenues are not (except to the extent of certain limited pledges of surplus net revenues of the waterworks and sewer system, solid waste system, drainage utility system, or hotel occupancy tax/civic center which may or may not have been fully satisfied) pledged to the payment of such debt. The transfer of such revenues to make debt service payments on such tax debt is discretionary and may be discontinued by the City, in whole or in part, at any time. In the event and to the extent of such revenue transfers, the City will be required to levy ad valorem taxes or to appropriate other lawfully available funds of the City in an amount sufficient to pay the debt service on such debt.

**City of Killeen, Texas**  
**General Obligation Bond Tables**  
**Valuation and General Obligation Debt History**

Fiscal Year	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Year <sup>(2) (3)</sup>	Ratio Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2011	127,921	\$ 4,598,247,312	\$ 35,946	\$ 182,979,601	3.98%	\$ 1,430
2012	130,018	4,726,643,478	36,354	213,485,000	4.52%	1,642
2013	134,654	4,811,938,035	35,736	204,375,000	4.25%	1,518
2014	137,147	5,004,176,039	36,488	217,890,000	4.35%	1,589
2015	140,806	5,019,547,844	35,649	211,515,000	4.21%	1,502
2016	141,846	5,175,292,421	36,485	232,730,000	4.50%	1,641

(1) Source: The U.S. Census Bureau.

(2) Includes self-supporting debt. See Table 1, footnote 1 for more information.

(3) Includes capital lease payable which was paid off in Fiscal Year Ended 9/30/2012.

**City of Killeen, Texas**  
**General Obligation Bond Tables**  
**General Obligation Debt Service Requirements**

Fiscal Year	Outstanding Debt <sup>(1)</sup>			LESS: System- Supported Debt Service	Total Tax- Supported Debt Service
	Principal	Interest	Total		
2017	\$ 8,770,000	\$ 8,671,821	\$ 17,441,821	\$ 2,007,768	\$ 15,434,053
2018	9,325,000	8,368,184	17,693,184	2,005,073	15,688,111
2019	9,935,000	8,015,746	17,950,746	2,008,515	15,942,231
2020	10,320,000	7,616,251	17,936,251	1,997,997	15,938,254
2021	10,765,000	7,204,901	17,969,901	1,997,899	15,972,002
2022	11,275,000	6,716,401	17,991,401	2,000,264	15,991,137
2023	11,815,000	6,205,151	18,020,151	1,999,852	16,020,299
2024	11,525,000	5,666,038	17,191,038	1,976,263	15,214,775
2025	12,095,000	5,138,438	17,233,438	1,988,863	15,244,575
2026	12,655,000	4,570,038	17,225,038	1,978,663	15,246,375
2027	11,690,000	3,975,138	15,665,138	1,435,413	14,229,725
2028	12,255,000	3,421,888	15,676,888	1,439,863	14,237,025
2029	12,795,000	2,888,338	15,683,338	1,433,313	14,250,025
2030	11,270,000	2,363,920	13,633,920	1,289,638	12,344,282
2031	9,825,000	1,940,101	11,765,101	109,200	11,655,901
2032	10,265,000	1,513,564	11,778,564	-	11,778,564
2033	7,210,000	1,116,050	8,326,050	-	8,326,050
2034	7,460,000	807,450	8,267,450	-	8,267,450
2035	5,210,000	488,325	5,698,325	-	5,698,325
2036	3,095,000	255,338	3,350,338	-	3,350,338
2037	825,000	111,700	936,700	-	936,700
2038	860,000	76,000	936,000	-	936,000
2039	895,000	38,750	933,750	-	933,750
	<u>\$ 202,135,000</u>	<u>\$ 87,169,531</u>	<u>\$ 289,304,531</u>	<u>\$ 25,668,584</u>	<u>\$ 263,635,947</u>

(1) Includes general obligation debt considered self-supporting.



**City of Killeen, Texas**  
**General Obligation Bond Tables**  
**General Fund Revenues and Expenditures History**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Revenues:</u>					
Taxes	\$ 40,410,383	\$ 42,897,091	\$ 45,166,024	\$ 46,863,166	\$ 48,290,563
Licenses and Permits	1,292,332	1,438,989	1,100,819	1,365,200	1,284,569
Intergovernmental	3,018,413	758,031	836,626	641,191	638,832
Charges for Services	3,967,248	4,339,351	5,037,560	5,148,265	5,422,747
Fines	1,735,531	2,087,985	2,555,771	2,334,651	2,550,388
Investment Earnings	-	-	-	-	-
Contributions	-	-	312,688	366,405	444,024
Developer Contributions	-	-	-	-	3,375,908
Miscellaneous	1,925,938	1,354,581	1,009,977	467,695	650,178
Total Revenues	<u>52,349,845</u>	<u>52,876,028</u>	<u>56,019,465</u>	<u>57,186,573</u>	<u>62,657,209</u>
<u>Expenditures:</u>					
General Government	12,833,345	11,759,369	13,061,828	14,227,623	9,114,615
Public Safety	30,297,537	33,554,350	37,309,545	36,109,190	40,314,176
Public Works	4,753,414	5,085,501	4,650,430	5,490,806	4,117,983
Community Services	-	-	-	-	-
Community Development	7,678,929	8,523,554	7,493,635	7,550,756	7,904,779
Miscellaneous	-	-	-	-	6,412,904
Capital Outlay	-	-	-	-	4,968,038
Debt Service	-	-	-	-	240,170
Total Expenditures	<u>55,563,225</u>	<u>58,922,774</u>	<u>62,515,438</u>	<u>63,378,375</u>	<u>73,072,665</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,213,380)</u>	<u>(6,046,746)</u>	<u>(6,495,973)</u>	<u>(6,191,802)</u>	<u>(10,415,456)</u>
<u>Other financing sources (uses)</u>					
Reimbursements from Debt Issuance	-	1,083,775	-	-	-
Insurance Proceeds	-	-	-	-	-
Sale of Assets	-	-	-	-	-
Transfers In	4,813,454	5,400,294	5,425,346	5,509,779	7,571,598
Transfers Out	(1,350,336)	(325,571)	(15,226)	(24,121)	(107,089)
Capital Lease	-	-	-	-	-
Total other financing sources (uses)	<u>3,463,118</u>	<u>6,158,498</u>	<u>5,410,120</u>	<u>5,485,658</u>	<u>7,464,509</u>
Net Increase (Decrease)	249,738	111,752	(1,085,853)	(706,144)	(2,950,947)
Beginning Fund Balance	23,688,334	23,938,072	24,049,824	22,907,582	22,201,438
Ending Fund Balance	<u>\$ 23,938,072</u>	<u>\$ 24,049,824</u>	<u>\$ 22,963,971</u>	<u>\$ 22,201,438</u>	<u>\$ 19,250,491</u>

Table XXII

2012	2013	2014	2015	2016
\$ 51,269,833	\$ 49,575,864	\$ 50,650,046	\$ 53,087,788	\$ 51,990,528
1,396,708	1,290,444	1,898,797	1,589,563	1,615,634
708,341	961,131	754,572	2,937,314	3,454,896
5,486,497	5,022,021	5,330,262	5,495,085	5,602,798
2,390,901	3,035,507	2,629,747	2,619,270	3,250,021
-	-	-	-	93,971
423,348	513,433	440,296	177,817	174,657
-	-	-	-	-
1,037,278	1,003,786	1,283,669	1,473,637	995,199
<u>62,712,906</u>	<u>61,402,186</u>	<u>62,987,389</u>	<u>67,380,474</u>	<u>67,177,704</u>
9,013,405	9,552,639	9,712,302	10,068,421	13,776,082
40,775,286	42,167,379	44,258,487	47,834,075	50,357,657
3,696,299	3,743,936	4,133,163	3,685,521	4,560,890
-	-	-	-	5,814,606
7,320,501	7,114,645	7,990,472	8,349,931	2,196,927
5,451,968	6,181,920	6,256,371	6,495,235	-
758,245	1,638,211	1,247,656	2,083,546	1,546,841
241,187	67,691	68,313	68,313	68,301
<u>67,256,891</u>	<u>70,466,421</u>	<u>73,666,764</u>	<u>78,585,042</u>	<u>78,321,304</u>
<u>(4,543,985)</u>	<u>(9,064,235)</u>	<u>(10,679,375)</u>	<u>(11,204,568)</u>	<u>(11,143,600)</u>
-	-	-	-	795,893
-	-	-	-	43,253
8,857,364	7,588,166	8,694,145	9,294,366	9,830,769
-	(11,731)	(16,755)	(293,923)	-
-	258,936	-	-	-
<u>8,857,364</u>	<u>7,835,371</u>	<u>8,677,390</u>	<u>9,000,443</u>	<u>10,669,915</u>
4,313,379	(1,228,864)	(2,001,985)	(2,204,125)	(473,685)
19,250,491	23,563,870	22,335,006	20,333,021	18,128,896
<u>\$ 23,563,870</u>	<u>\$ 22,335,006</u>	<u>\$ 20,333,021</u>	<u>\$ 18,128,896</u>	<u>\$ 17,655,211</u>

**City of Killeen, Texas**  
**General Obligation Bond Tables**  
**Municipal Sales Tax History**

<u>Fiscal Year</u>	<u>Total Collected</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Per Capita</u>
2007	\$ 18,622,823	76.49%	0.5316	\$180.44
2008	19,369,194	70.10%	0.4872	172.27
2009	18,124,196	59.29%	0.4121	155.00
2010	18,947,322	59.74%	0.4152	158.54
2011	18,670,908	54.81%	0.4416	145.96
2012	19,904,737	56.85%	0.4573	151.61
2013	20,361,888	57.11%	0.4596	150.81
2014	20,396,264	54.98%	0.4084	148.72
2015	21,539,372	57.33%	0.4299	152.97
2016	21,784,258	56.27%	0.4219	153.58



**City of Killeen, Texas**  
**General Obligation Bond Tables**  
**Hotel Occupancy Tax Revenues and Expenditures History**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>Revenues:</u></b>					
Taxes	\$ 1,428,029	\$ 1,850,880	\$ 1,725,955	\$ 1,701,360	\$ 1,636,001
Intergovernmental	8,330	8,247	3,000	-	-
Charges for Services	-	518,615	436,580	433,727	-
Investment Earnings	-	-	-	-	-
Miscellaneous	479,503	45,745	283,571	273,569	579,242
<b>Total Revenues</b>	<b><u>1,915,862</u></b>	<b><u>2,423,487</u></b>	<b><u>2,449,106</u></b>	<b><u>2,408,656</u></b>	<b><u>2,215,243</u></b>
<b><u>Expenditures:</u></b>					
General Government	1,321,427	1,228,504	1,757,473	1,760,925	1,606,911
Community Services	113,950	223,431	204,266	233,188	264,559
Miscellaneous	40,768	19,536	22,579	-	-
Capital Outlay	186,012	18,916	62,540	55,390	87,959
Debt Service	-	-	760,000	690,000	695,300
<b>Total Expenditures</b>	<b><u>1,662,157</u></b>	<b><u>1,490,387</u></b>	<b><u>2,806,858</u></b>	<b><u>2,739,503</u></b>	<b><u>2,654,729</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>253,705</u>	<u>933,100</u>	<u>(357,752)</u>	<u>(330,847)</u>	<u>(439,486)</u>
<b><u>Other Financing Uses:</u></b>					
Sale of Assets	-	-	-	-	-
Transfers In	450,000	300,000	-	-	-
Transfers Out	(692,291)	(695,000)	-	-	-
<b>Total Other Financing Uses</b>	<b><u>(242,291)</u></b>	<b><u>(395,000)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Net Change in Fund Balance	11,414	538,100	(357,752)	(330,847)	(439,486)
Beginning Fund Balance	1,307,280	1,318,694	1,856,794	1,499,042	1,168,195
Ending Fund Balance	<b><u>\$ 1,318,694</u></b>	<b><u>\$ 1,856,794</u></b>	<b><u>\$ 1,499,042</u></b>	<b><u>\$ 1,168,195</u></b>	<b><u>\$ 728,709</u></b>

**Table XXIV**

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 1,652,409	\$ 1,696,609	\$ 1,722,623	\$ 1,776,199	\$ 1,941,564
-	-	-	-	-
-	-	-	-	608,426
-	-	-	-	221
<u>702,994</u>	<u>637,271</u>	<u>616,840</u>	<u>678,495</u>	<u>-</u>
<u>2,355,403</u>	<u>2,333,880</u>	<u>2,339,463</u>	<u>2,454,694</u>	<u>2,550,211</u>
1,582,371	1,540,785	1,506,634	1,567,108	-
213,883	252,097	175,652	274,526	1,627,656
-	-	-	-	-
14,001	-	5,136	19,097	183,333
<u>607,200</u>	<u>725,200</u>	<u>727,900</u>	<u>727,200</u>	<u>714,924</u>
<u>2,417,455</u>	<u>2,518,082</u>	<u>2,415,322</u>	<u>2,587,931</u>	<u>2,525,913</u>
<u>(62,052)</u>	<u>(184,202)</u>	<u>(75,859)</u>	<u>(133,237)</u>	<u>24,298</u>
-	-	-	-	2,228
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,228</u>
(62,052)	(184,202)	(75,859)	(133,237)	26,526
<u>728,709</u>	<u>666,657</u>	<u>482,455</u>	<u>406,596</u>	<u>273,359</u>
<u>\$ 666,657</u>	<u>\$ 482,455</u>	<u>\$ 406,596</u>	<u>\$ 273,359</u>	<u>\$ 299,885</u>

**City of Killeen, Texas**  
**Waterworks and Sewer System Revenue Bond Tables**  
**Ten Largest Water and Wastewater Customers (In Thousands of Gallons)**

Customer	Water				Wastewater		
	Annual Water Usage	Annual Amount Billed	% of Total Water Usage	Ranking	Annual Wastewater Usage	Annual Amount Billed	Ranking
City of Killeen	162,173,986	\$298,340.29	3.75746%	1			
Killeen Independent School Distric	120,120,400	415,222.01	2.78311%	2	44,243,350	176,469.24	2
Central Texas College					71,475,300	\$271,699.13	1
Metroplex Health Systems	28,676,400	95,804.34	0.66441%	3	21,773,970	82,834.09	3
Independence Place at Fort Hood	19,544,700	63,852.95	0.45284%	4	13,246,020	50,427.88	4
Premier Cemetery Service, Inc.	11,807,100	38,532.07	0.27356%	5			
101 S. Twin Creek, LLC	11,770,300	37,441.58	0.27271%	6	10,596,870	40,361.11	5
TGFT Enterprise Inc., DBA Zip	10,929,900	36,165.01	0.25324%	7	9,840,510	37,486.93	6
Stone Hill Apartments	10,387,900	33,057.86	0.24068%	8	9,352,710	35,633.29	7
Bridgemoor Apartments	10,206,500	34,044.17	0.23648%	9	9,189,450	35,012.93	8
Independence Place - Arbors	9,734,200	32,560.68	0.22553%	10			
Blessing Stone MHP					7,739,700	44,104.86	9
Remington Apartments					7,396,650	28,200.26	10

Note: Percent of total consumption based on 4,316,055,371 gallons annual consumption.

**City of Killeen, Texas**  
**Waterworks and Sewer System Revenue Bond Tables**  
**Monthly Water and Wastewater Rates (Effective 10/01/2015)**

**Water Rates**

The following rates apply to all classes of users inside the city limits.

	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>
0 - 2,000 based on meter size:			
5/8" and 3/4"	\$12.70	\$12.70	\$13.15
1"	14.06	14.06	14.60
1-1/2"	17.47	17.47	18.13
2"	21.55	21.55	22.38
3"	31.09	31.09	32.30
4"	44.74	44.74	46.49
6"	79.83	79.83	82.98
8"	119.68	119.68	124.56
10"	167.40	167.40	174.06
2,001 - 25,000	\$3.17/1,000	\$3.17/1,000	\$3.28/1,000
>25,000	\$3.78/1,000	\$3.17/1,000	\$3.28/1,000

Water rates for outside the city limits are double the water rates for users inside the city limits.

**Wastewater Rates**

Water Consumption (gals)	<u>Residential</u>	<u>Multi-Family</u>	<u>Commercial</u>
0-3,000	\$ 18.76	19.15	\$ 19.15
3,001-10,000	\$3.80/1,000	\$3.80/1,000	\$3.80/1,000
>10,000	-	\$3.80/1,000	\$3.80/1,000

**City of Killeen, Texas**  
**Waterworks and Sewer System Revenue Bond Tables**  
**Waterworks and Sewer System Revenue Debt Requirements**

Fiscal Year	Outstanding Debt		
	Principal	Interest	Total
2017	\$ 5,205,000	\$ 1,956,301	\$ 7,161,301
2018	4,335,000	1,830,871	6,165,871
2019	4,480,000	1,690,688	6,170,688
2020	3,935,000	1,528,158	5,463,158
2021	4,125,000	1,371,421	5,496,421
2022	3,675,000	1,191,934	4,866,934
2023	3,880,000	1,019,298	4,899,298
2024	4,085,000	872,970	4,957,970
2025	2,785,000	740,629	3,525,629
2026	2,880,000	629,229	3,509,229
2027	3,070,000	485,229	3,555,229
2028	1,245,000	369,806	1,614,806
2029	1,305,000	307,556	1,612,556
2030	1,345,000	265,144	1,610,144
2031	1,395,000	219,750	1,614,750
2032	1,465,000	150,000	1,615,000
2033	1,535,000	76,750	1,611,750
	<u>\$ 50,745,000</u>	<u>\$ 14,705,734</u>	<u>\$ 65,450,734</u>



**City of Killeen, Texas**  
**Waterworks and Sewer System Revenue Bond Tables**  
**Waterworks and Sewer System Condensed Statement of Operations**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Revenues: (1)</u>					
Charges for Services	\$ 26,898,319	\$ 30,195,389	\$ 30,603,258	\$ 30,001,656	\$ 35,659,361
Miscellaneous	-	-	-	-	104,123
Total Revenues	<u>26,898,319</u>	<u>30,195,389</u>	<u>30,603,258</u>	<u>30,001,656</u>	<u>35,763,484</u>
<u>Expenditures: (2)</u>					
Water Purchases	4,720,203	5,453,574	6,278,399	5,858,835	6,925,331
Sewage Treatment	5,580,525	4,716,864	4,870,662	6,273,881	5,230,533
Operating Costs	<u>6,537,007</u>	<u>7,565,116</u>	<u>8,327,249</u>	<u>8,158,165</u>	<u>9,204,958</u>
Total Expenditures	<u>16,837,735</u>	<u>17,735,554</u>	<u>19,476,310</u>	<u>20,290,881</u>	<u>21,360,822</u>
Net Available for Debt Service	<u>\$ 10,060,584</u>	<u>\$ 12,459,835</u>	<u>\$ 11,126,948</u>	<u>\$ 9,710,775</u>	<u>\$ 14,402,662</u>
Customer Count:					
Water	39,762	41,802	43,440	44,689	45,873
Sewer	34,087	36,007	36,520	39,321	40,786

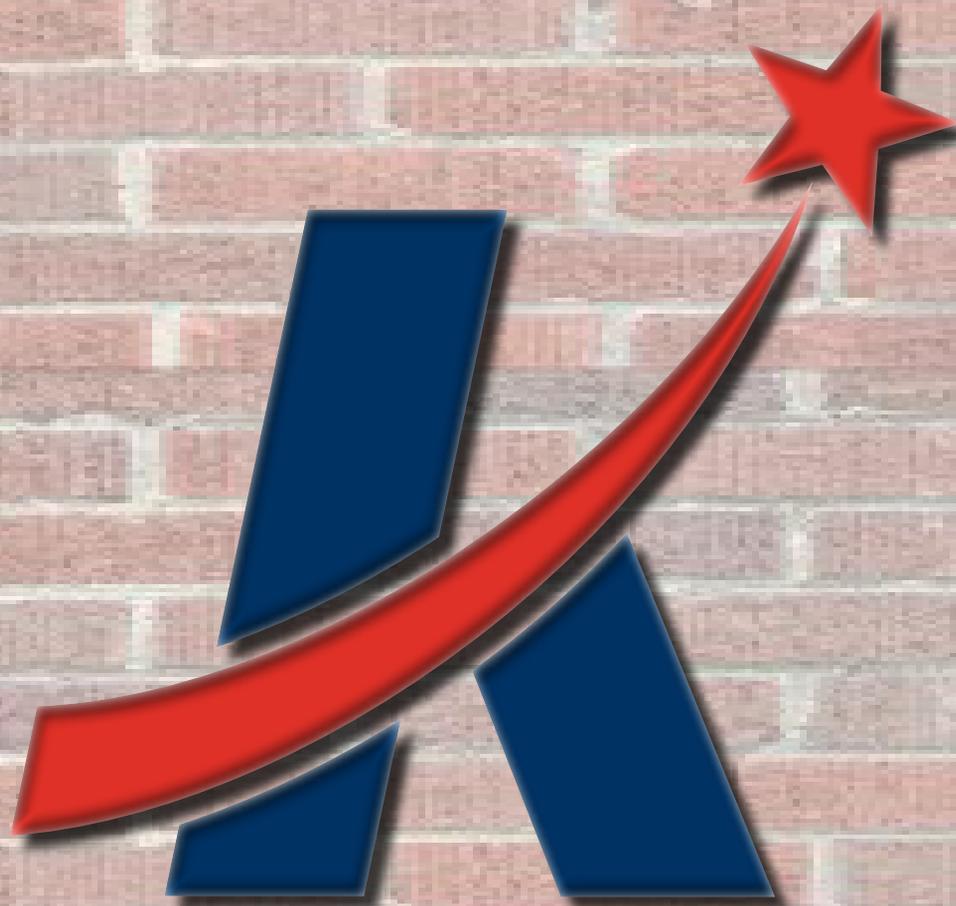
(1) Revenues do not include developer contributions for donated water and sewer lines.

(2) Expenditures do not include depreciation.

**Table XXVIII**

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 37,571,221	\$ 36,532,116	\$ 35,243,516	\$ 37,007,157	\$ 38,803,969
103,721	132,662	148,397	480,556	2,452
<u>37,674,942</u>	<u>36,664,778</u>	<u>35,391,913</u>	<u>37,487,713</u>	<u>38,806,421</u>
6,692,095	6,897,853	7,467,995	7,637,005	7,810,794
5,452,759	5,553,338	6,297,470	6,594,789	7,183,054
9,229,112	9,298,188	9,564,316	10,618,307	10,423,579
<u>21,373,966</u>	<u>21,749,379</u>	<u>23,329,781</u>	<u>24,850,101</u>	<u>25,417,427</u>
<u>\$ 16,300,976</u>	<u>\$ 14,915,399</u>	<u>\$ 12,062,132</u>	<u>\$ 12,637,612</u>	<u>\$ 13,388,994</u>
47,040	48,172	49,189	50,175	51,058
39,945	43,205	52,636	52,636	55,786





*Fiscal Year Ended September 30, 2016  
Comprehensive Annual Financial Report  
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