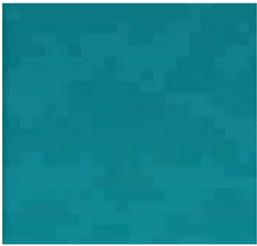


Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2019



"Dedicated Service - Every Day, for Everyone!"



City of Killeen, Texas

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
September 30, 2019**

Prepared by:

Finance Department

Jonathan Locke, CPA, CGFO
Executive Director of Finance

Judith Tangalin, CPA, CGFO
Controller



TABLE OF CONTENTS

Exhibit Page

INTRODUCTORY SECTION:

Letter of Transmittal		7
Organizational Chart		13
List of Elected and Appointed Officials		14
GFOA Certificate of Achievement		15

FINANCIAL SECTION:

Independent Auditors' Report		17
Management's Discussion and Analysis		21
Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	33
Statement of Activities	A-2	34
Fund Financial Statements:		
Balance Sheet - Governmental Funds	A-3	35
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	A-4	36
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	A-5	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-6	38
Statement of Net Position - Proprietary Funds	A-7	39
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	A-8	40
Statement of Cash Flows – Proprietary Funds	A-9	41
Statement of Fiduciary Net Position - Employee Benefits Trust Fund	A-10	42
Statement of Changes in Fiduciary Net Position - Employee Benefits Trust Fund	A-11	43
Notes to Financial Statements		44

REQUIRED SUPPLEMENTARY INFORMATION

Texas Municipal Retirement System		
Schedule of Changes in the City's Net Pension Liability and Related Ratios	B-1	93
Schedule of Contributions	B-2	94
Firefighter's Relief and Retirement Fund Schedule of Changes in the City's Net Pension Liability and Related Ratios	B-3	95
Schedule of Changes in the City's Total OPEB Liability and Related Ratios – Supplemental Death Benefits Fund	B-4	96
Schedule of Changes in the City's Total OPEB Liability and Related Ratios – Postemployment Healthcare Plan	B-5	97
Governmental Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	B-6	98

TABLE OF CONTENTS
(Continued)

	Exhibit	Page
COMBINING STATEMENTS AND SCHEDULES		
Combining Balance Sheet – Nonmajor Governmental Funds	C-1	101
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	C-2	102
Combining Balance Sheet – Nonmajor Special Revenue Funds	C-3	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	C-4	107
Combining Balance Sheet – Nonmajor Capital Projects Funds	C-5	110
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances – Nonmajor Capital Projects Funds	C-6	111
Combining Statement of Net Position – Internal Service Funds	C-7	113
Combining Statement of Revenues, and Expenses, and Changes in Net Position – Internal Service Funds	C-8	114
Combining Statement of Cash Flows – Internal Service Funds	C-9	115
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue Funds		
Law Enforcement Grant	C-10	117
State Seizure	C-11	118
Federal Seizure	C-12	119
Hotel Occupancy Tax	C-13	120
Cable System Improvements	C-14	121
Library Memorial	C-15	122
Community Development	C-16	123
Senior Citizen Assistance Fund	C-17	124
CDBG Home Program Fund	C-18	125
Street Maintenance Fund	C-19	126
TIRZ #2	C-20	127
Parks Donations	C-21	128
Teen Court Program	C-22	129
Court Technology	C-23	130
Court Security	C-24	131
Juvenile Case Manager	C-25	132
Photo Red Light Enforcement	C-26	133
Animal Control Donations	C-27	134
Child Safety	C-28	135
Police Department Donations	C-29	136
Employee Wellness	C-30	137
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Debt Service Fund	C-31	138

TABLE OF CONTENTS
(Continued)

Exhibit Page

STATISTICAL SECTION:

Financial Trends

Net Position by Component	I	140
Changes in Net Position	II	141
Fund Balances of Governmental Funds	III	143
Changes in Fund Balances of Governmental Funds	IV	144

Revenue Capacity

Assessed Value and Estimated Actual Value of Property	V	145
Property Tax Rates - Direct and Overlapping Governments	VI	146
Principal Property Taxpayers	VII	147
Property Tax Levies and Collections	VIII	148

Debt Capacity

Ratios of Outstanding Debt by Type	IX	149
Ratios of General Bonded Debt Outstanding	X	150
Direct and Overlapping Governmental Activities Debt	XI	151
Legal Debt Margin Information	XII	152
Revenue Bond Coverage – Water and Sewer Fund	XIII	155

Demographic and Economic Information

Demographic and Economic Statistics	XIV	154
Principal Employers	XV	155

Operating Information

Full-Time Equivalent Employees by Function	XVI	156
Operating Indicators by Function	XVII	159
Capital Asset Statistics by Function	XVIII	160

Continuing Financial Disclosures

General Obligation Bond Tables

Valuation, Exemptions, and Tax Supported Debt	XIX	162
Valuation and General Obligation Debt History	XX	163
General Obligation Debt Service Requirements	XXI	164
Municipal Sales Tax History	XXII	165
Hotel Occupancy Tax Revenues and Expenditures History	XXIII	166

Waterworks and Sewer System Revenue Bond Tables

Ten Largest Water and Wastewater Customers	XXIV	167
Monthly Water and Wastewater Rates	XXV	168
Waterworks and Sewer System Condensed Statement of Operations	XXVI	169





March 17, 2020

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, 2019.

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 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.

Belt Harris Pechacek, LLLP, a firm of licensed independent certified public accountants, has issued an unmodified (“clean”) opinion on the City financial statements for the year ended September 30, 2019. The independent auditors’ report is located at the front of the financial section of this report.

The independent audit of the financial statements of the City 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 also includes a 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 auditors’ 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 was founded on May 15, 1882 by the Santa Fe Railroad and named in honor of a civil employee of the railroad, Frank P. Killeen. In 1884, the City had a population of 350 and consisted of a post office, a cotton gin, and two grain mills. The 1941 population of 1,265 rose to 7,100 in 1950, due primarily to the activation of Fort Hood, a military base on the City’s northern border, which began functioning in 1943 and was designated a permanent military installation in 1950. The City was incorporated as a municipality on March 3, 1949. The City has since experienced a population boom and is now the most populated city in Bell County with an estimated population of 149,103.

Killeen is situated along Interstate 14 that intersects Interstate 35 approximately 17 miles east of the City and U.S. Highways 281 and 183 approximately 30 miles to the west of the City. Waco, Texas is located 65 miles to the north and Austin is 70 miles to the south of the City, which encompasses an area of 55.868 square miles. 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.

The Killeen Downtown Historic District is listed in the National Register of Historic Places. The area is recognized for its historical and architectural significance to the City. Historically significant properties range from a late 19th century Romanesque Revival bank to early 20th century stone and brick commercial buildings to early postwar modern offices and stores. Several churches also contribute to the area's historic significance.

In 2018, Killeen was named a Tree City USA by the Arbor Day Foundation for the twelfth consecutive year, recognizing the City's commitment to effective urban forest management. The Tree City USA program is sponsored by the Arbor Day Foundation, in partnership with the U.S. Forest Service and the National Association of State Foresters.

In addition to its 23 parks, the City has a water park, spray-park, two skate parks, golf and disc golf courses, a fitness center, one public swimming pool, a family aquatics center, four hike and bike trails, and a variety of athletic fields. Heritage Oaks a 3.5-mile-long trail is currently under construction and it is estimated to be completed in 2020. Parks and Recreation programming includes athletic leagues, camps, recreation classes, and specialty events throughout the year.

The City provides services in addition to parks and recreation to its citizens to create an exceptional quality of life. Major services provided include police and fire protection, emergency medical services, water, sewer and garbage utilities, two airports, two libraries, and a civic and conference center.

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 Interstate 14 near the junction of Interstate 35 is an economic advantage and continues to attract growth and development into the area. Key activities and indicators within and/or adjacent to the City are as follows:

- ***Military***

Adjacent Fort Hood was originally created to train tank destroyer battalions in World War II. Fort Hood has become the Army's largest active-duty armored post, home to III Corps Command Group and subordinate units including the much-decorated 1st Cavalry Division, "America's First Team." Occupying more than 217,000 acres in Bell and Coryell counties, Fort Hood has deployed and redeployed more than 852,000 soldiers overseas since 2003.

Fort Hood is also a testbed for the military's commitment to alternative energy sources. In June 2017, Fort Hood completed the Army's largest renewable energy project, an on-post solar farm with 63,000 solar panels, as well as an off-site wind turbine farm that together will supply about 50 percent of the post's energy needs. In 2018, Fort Hood was presented with the 2018 Secretary of the Army Energy and Water award.

In July 2017, Fort Hood received \$145 million for barracks renovation. The funding will allow for upgrades and repairs to 15 enlisted housing barracks, many of which were condemned. In October 2018, it was announced that Fort Hood will be receiving \$61 million in funding to renovate 5 additional barracks.

Fort Hood and the soldiers and their families play a major role in the economy of the City. In fiscal year 2017, the Texas Comptroller estimated that Fort Hood contributed \$24.56 billion to the Texas economy and supported about 150,000 Texans in some capacity, providing approximately \$9.4 billion in disposable personal income. More than 55,000 soldiers and civilians are directly employed by the post making it the largest single-site employer in the state.

- ***Education***

Texas A&M University – Central Texas was established on September 1, 1999 as Tarleton-Central Texas. It became a stand-alone university on May 27, 2009 as a member of the Texas A&M University System. In 2018, the campus completed the Heritage Hall, a 64,449-square foot building that cost \$36 million. Heritage Hall will house offices for professors from the Arts and Science College, the ROTC department, computer classrooms, and a library archive. Texas A&M – Central Texas offers upper-level, state-supported educational opportunities.

Central Texas College (CTC) is a two-year community college with the main campus in the City and with special campuses at military bases scattered over the United States and the world. CTC also has special classrooms aboard ships in the U.S. Navy. CTC was established in 1967 and offers the following degrees: Associate of the Arts, Associate of Science, Associate of Applied Science, and Associate in General Studies. Affordable quality education is provided in more than 40 areas of study and CTC offers wide educational and training opportunities for those students who do not select a degree or certificate program.

- ***Hospitals and Health Centers***

Metroplex, now Advent Health, is a full service, non-profit hospital with more than 300 physicians in 43 specialties. The facility offers an expanded 24-hour emergency center; general and same-day

surgery suites, including laser and endoscopy; advanced diagnostic imaging capabilities, including Magnetic Resonance Imaging (MRI), CT scan, nuclear medicine techniques, cardiac-cath lab for diagnosing heart blockage and other heart-related problems, x-ray imaging and ultrasound; a nationally ranked mammography center and more.

Baylor Scott & White Clinic – Killeen is an extension of Baylor Scott & White Health offering expertise and treatment options in the areas of kidney disease, pediatric care, primary care and phycology. Baylor Scott & White has three locations in the City of Killeen, Killeen West and Specialty Clinic, expanding their area of expertise to include cosmetic and plastic surgery, digestive diseases, imaging and radiology, among others.

West Killeen Medical Home, part of the Military Health System, opened its doors October 1, 2018 and is expected to support approximately 8,500 family members and retirees. West Killeen Medical Home’s location allows military members and their families to seek medical care without having to travel to an on-post facility.

SignatureCare Emergency Center opened its doors January 31, 2019 in Killeen. The new facility offers 24-hour emergency services for minor and major medical emergencies, pediatric emergencies, on-site medical lab and testing. SignatureCare Emergency Center promises to function as a hospital-based ER with one major difference being a short wait time.

- *Housing Starts and Construction Permits*

The housing market continues to be robust with new housing developments locating in southern Killeen. There were 597 housing starts for the year with construction permitting values of \$96.6 million.

- *Rankings*

In 2019, Killeen was ranked among the “125 Best Places to Live in the USA” by U.S. News and World Report. The study used different factors such as quality of life, job market and the value of living in each of the metropolitan areas. The U.S. News list cited Killeen's lower cost of living, commute times lower than the national average, diverse population and access to major Texas metropolitan areas as part of the city's ranking.

In September 2019, U.S. News and World Report also ranked Killeen 5th in “Best Place to Live in Texas.” The study was pulled based on data from the Texas-specific cities that were included in the U.S. News and World Reports “125 Best Places to Live in the USA” report. This ranking was based on multiple factors such as local job market, affordability, average commute time, and desirability. The U.S. News website cites affordability and low unemployment as key contributing factors to the city’s ranking.

In September 2018, Killeen ranked 21st in the top 25 medium-sized cities for veterans to live in 2019 by Military Times. The cities were compared across three categories: veteran and military culture and services, economic indicators, and livability factors. Killeen had organizations listed in categories "colleges," and "franchises." Central Texas College was ranked third in the 2018 online and nontraditional schools category.

In 2019, Killeen was recognized as the Most Courageous City in Texas by Insurify. Awards were based on residents’ dedication to defending public safety, both at home and abroad. Over 2 million insurance applications were analyzed in order to identify the city in each state with the highest

share of veterans, military service members and other defenders of public safety such as firefighters and law enforcement officials.

- *Public Safety*

The Killeen Fire Department received the 2018 Mission: Lifeline EMS Gold Award based on its level of emergency care including response time to scenes, transport time to hospitals, treatment of severe heart episodes, and equipment and skill administered by personnel.

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 decrease outstanding obligations when it can lower its cost or as needed to manage the City's tax rate.

- *Financial Governance Policies*

The Killeen City Council adopted comprehensive financial governance policies on December 19, 2017 and updated on February 26, 2019. These policies establish guidelines for budget development and administration, fiscal monitoring, auditing and financial reporting, inter-fund loans, inter-fund transfers, capital equipment and projects, cash management, internal controls, grants, debt, and fund balance.

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.

The fund balance policy establishes the fund balance required to be maintained by the General Fund as 18-22% of operating expenditures. Any balance above 22% will be transferred to a capital improvements fund. Accordingly, all enterprise funds must maintain a working capital balance of 18-22% of operating expenses with excess funds transferred to an enterprise capital projects fund.

Major initiatives

Killeen and other cities have partnered with Bell County Water Control Improvement District 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 summer 2020. 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, 2018. This was the 28th 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 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 ended September 30, 2018. 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 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,



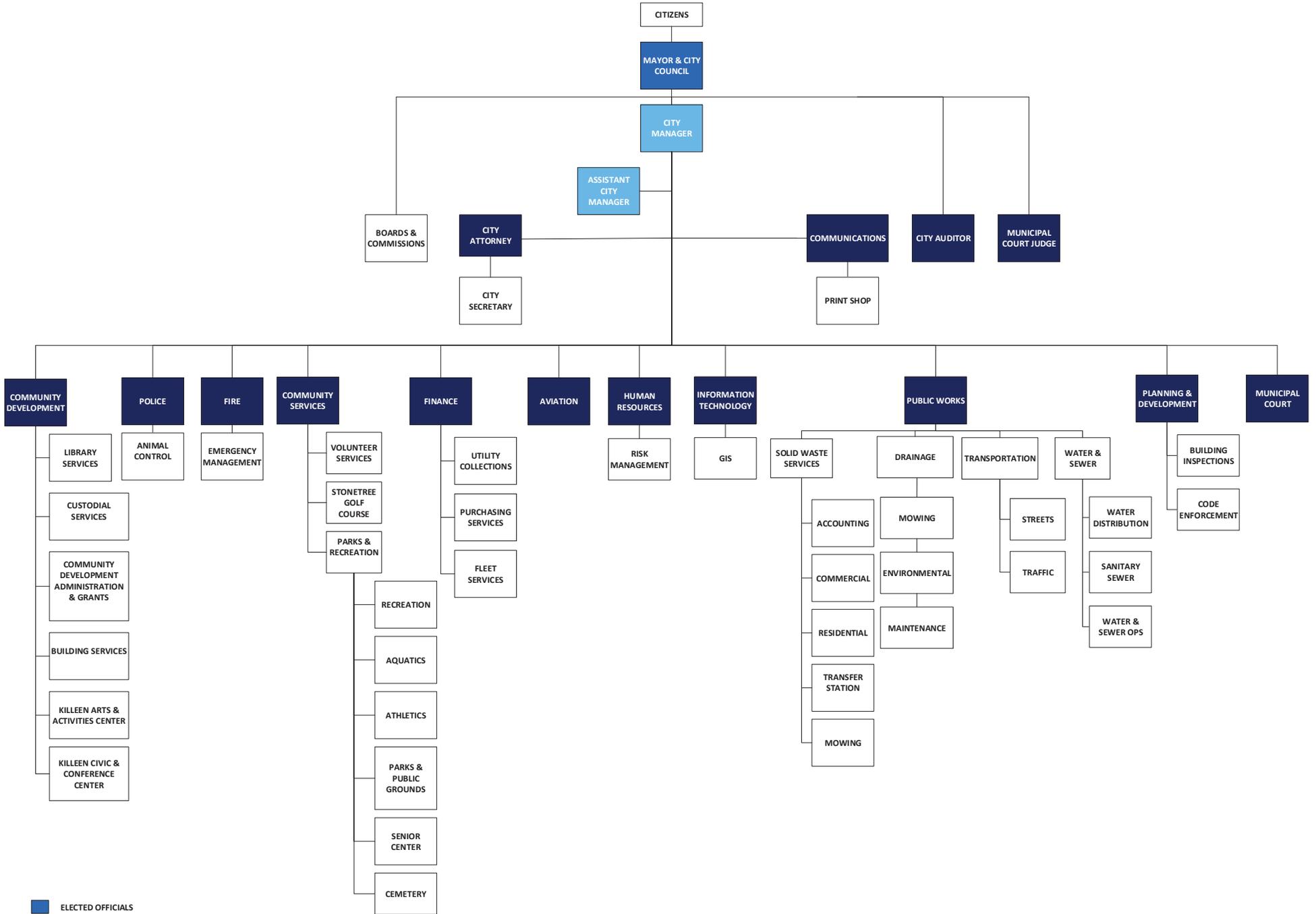
Jonathan Locke, CPA
Executive Director of Finance



Judith Tangalin, CPA
Controller



CITY OF KILLEEN: ORGANIZATIONAL CHART



- ELECTED OFFICIALS
- CITY MANAGEMENT
- DEPARTMENT LEVEL

City of Killeen, Texas
List of Elected and Appointed Officials
September 30, 2019

Elected Officials

Mayor	Jose L. Segarra
Mayor Pro Tem – District 3	Jim Kilpatrick
Councilmember – District 1	Shirley Fleming
Councilmember – District 2	Debbie Nash-King
Councilmember – District 4	Steve Harris
Councilmember – At Large	Butch Menking
Councilmember – At Large	Juan Rivera
Councilmember – At Large	Gregory Johnson

Appointed Officials

City Manager	Ronald Olson ¹
Assistant City Manager	David Ellison ²
City Attorney	Kathryn Davis
City Auditor	Matthew Grady, CPA
Chief of Police	Charles Kimble
Fire Chief	Brian Brank
Presiding Municipal Judge	Mark Kimball
Executive Director of Aviation	Matthew Van Valkenburgh
Executive Director of Communications	Hilary Shine
Executive Director of Community Development	Leslie Hinkle
Executive Director of Community Services	Joseph Brown
Executive Director of Finance	Jonathan Locke, CPA
Executive Director of Human Resources	Eva Bark
Executive Director of Information Technology	Wilfred Resto
Executive Director of Municipal Court	Luevada Posey
Executive Director of Planning	Ray Shanaa, Ph.D.
Executive Director of Public Works	Danielle Singh, P.E.

¹ Resigned as City Manager effective September 27, 2019.

² Appointed Interim City Manager on September 10, 2019 effective September 28, 2019.



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, 2018

Christopher P. Morill

Executive Director/CEO





INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council of the
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 units, 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Killeen Economic Development Corporation (KEDC), one of the City's discretely presented component units, which reflects total assets of \$10,430,175 as of September 30, 2019 and total revenues of \$1,325,545 for the year then ended. Those financial statements were audited by other auditors, whose report has been furnished to us and, our opinion, insofar 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, 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 units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension liability and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining 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 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 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 17, 2020 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 17, 2020



City of Killeen, Texas
Management's Discussion and Analysis
September 30, 2019

As management of the City of Killeen (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 7-12 of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$231.6 million (*net position*). Of this amount, unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors, was a deficit \$61.6 million.
- The City's total net position decreased by \$37.6 million. This decrease is mainly due to the pension expenses for current year were \$50.2 million.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$42.7 million, an increase of \$1.6 million in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$20.0 million, or 26.7% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$16.2 million during the current fiscal year.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to 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 includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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 financial information on all the City's assets, liabilities, and deferred outflows/inflows of resources, 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.

The *statement of activities* presents information showing how the City'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 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).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, planning, culture and recreation, and maintenance. The business-type activities of the City include aviation, solid waste, water and sewer, and drainage utilities.

City of Killeen, Texas
Management's Discussion and Analysis (Continued)
September 30, 2019

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities that include an economic development corporation and Killeen Volunteers, Inc. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. Tax Increment Reinvestment Zone #2, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 33-34 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 the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund because they are 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 nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 35-38 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* 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. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for activities that provide services to other funds on a cost reimbursement basis. Because this service

City of Killeen, Texas
Management's Discussion and Analysis (Continued)
September 30, 2019

predominantly benefits governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport, Solid Waste, Water and Sewer, and Drainage Utility funds, all of which are major funds of the City.

The basic enterprise fund financial statements can be found on pages 39-41 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. The City has one private purpose trust fund, which is reported under the fiduciary funds. Fiduciary funds are *not* reported 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 proprietary funds.

The basic fiduciary fund financial statements can be found on pages 42-43 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44-92 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits to qualifying employees and general fund budget and actual schedule of revenues, expenditures, and changes in fund balance. Required supplementary information can be found on pages 93-98 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 101-138 of this report.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$231.6 million at the close of the most recent fiscal year.

City of Killeen, Texas
Management's Discussion and Analysis (Continued)
September 30, 2019

Net Position

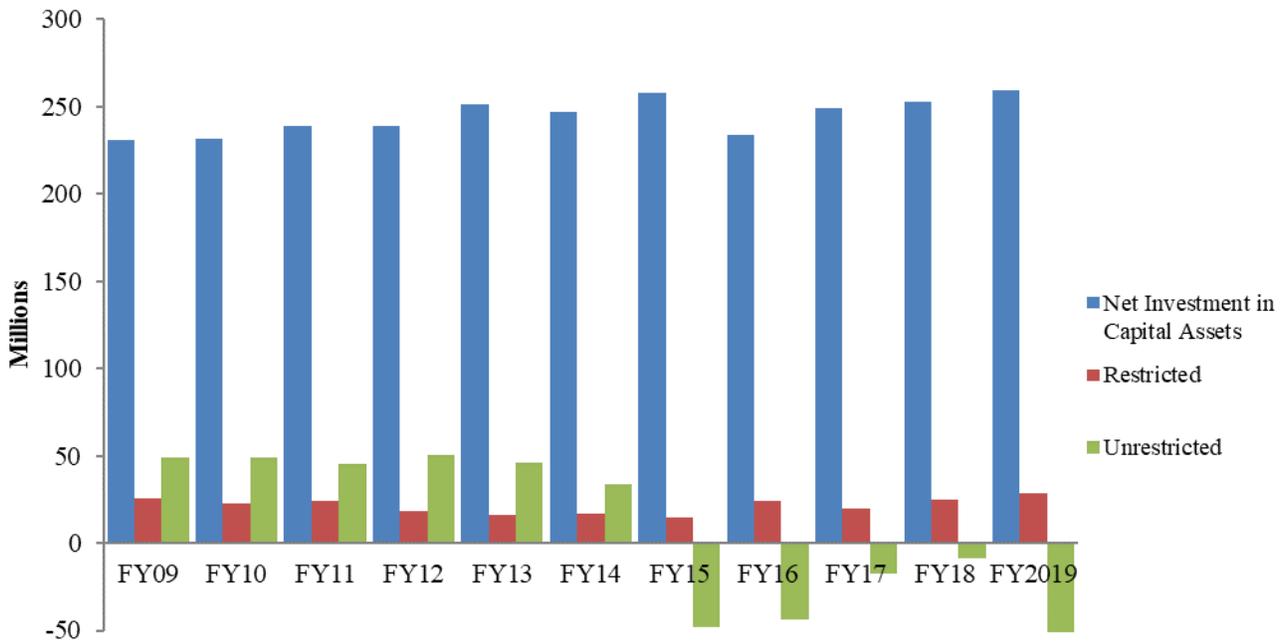
(in millions of dollars)

	Governmental		Business-Type		Total	
	Activities		Activities		Activities	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
ASSETS						
Current and other assets	\$ 56.1	\$ 54.2	\$ 46.5	\$ 46.8	\$ 102.6	101.0
Capital assets	<u>226.7</u>	<u>231.4</u>	<u>250.3</u>	<u>246.6</u>	<u>477.0</u>	<u>478.0</u>
Total assets	<u>282.8</u>	<u>285.6</u>	<u>296.8</u>	<u>293.4</u>	<u>579.6</u>	<u>579.0</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	11.1	11.9	1.9	2.3	13.0	14.2
Deferred outflows - pensions	14.2	4.7	2.4	0.6	16.7	5.3
Deferred outflows - OPEB	<u>1.3</u>	<u>0.2</u>	<u>0.4</u>	<u>0.1</u>	<u>1.7</u>	<u>0.3</u>
Total deferred outflows of resources	<u>26.6</u>	<u>16.8</u>	<u>4.7</u>	<u>3.0</u>	<u>31.4</u>	<u>19.8</u>
LIABILITIES						
Current liabilities	8.1	7.7	8.4	6.4	16.5	14.1
Noncurrent liabilities	<u>285.1</u>	<u>244.0</u>	<u>68.4</u>	<u>59.6</u>	<u>353.5</u>	<u>303.6</u>
Total liabilities	<u>293.2</u>	<u>251.7</u>	<u>76.8</u>	<u>66.0</u>	<u>370.0</u>	<u>317.7</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	7.0	8.4	0.9	2.0	8.0	10.4
Deferred inflows - OPEB	<u>1.2</u>	<u>1.2</u>	<u>0.3</u>	<u>0.3</u>	<u>1.5</u>	<u>1.5</u>
Total deferred inflows of resources	<u>8.2</u>	<u>9.6</u>	<u>1.2</u>	<u>2.3</u>	<u>9.5</u>	<u>11.9</u>
NET POSITION						
Net investment in capital assets	58.4	52.5	206.4	200.4	264.8	252.9
Restricted	21.4	17.7	7.0	7.1	28.4	24.8
Unrestricted	<u>(71.8)</u>	<u>(29.1)</u>	<u>10.1</u>	<u>20.6</u>	<u>(61.6)</u>	<u>(8.5)</u>
Total net position	<u>\$ 8.0</u>	<u>\$ 41.1</u>	<u>\$ 223.5</u>	<u>\$ 228.1</u>	<u>\$ 231.6</u>	<u>\$ 269.2</u>

By far, the largest portion of the City's net position, \$264.8 million, reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, equipment, and systems), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used 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, 2019

Net Position
Government-Wide⁽¹⁾



(1) Information has not been restated for GASB 68 and 75 implemented in 2015 and 2018, respectively.

An additional portion of the City's net position, \$28.4 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, a negative \$61.6 million, may be used to meet the City's ongoing obligations to citizens and creditors. This negative unrestricted net position is the result of increase of net pension liability. TMRS net pension liability for the City increased by \$62.6 million in FY 2019 largely due to the change in benefit terms as a result of the City granting 100% ad hoc USC with transfer and 70% ad hoc COLA.

The City's overall net position decreased by \$37.6 million from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$33.0 million from the prior fiscal year for an ending balance of \$8.0 million. This decrease is the result of an increase in pension and OPEB expenses. Governmental pension and OPEB expenses for current year were \$36.9 million. Net pension and OPEB liability for governmental funds increased by \$51.5 million from the prior year.

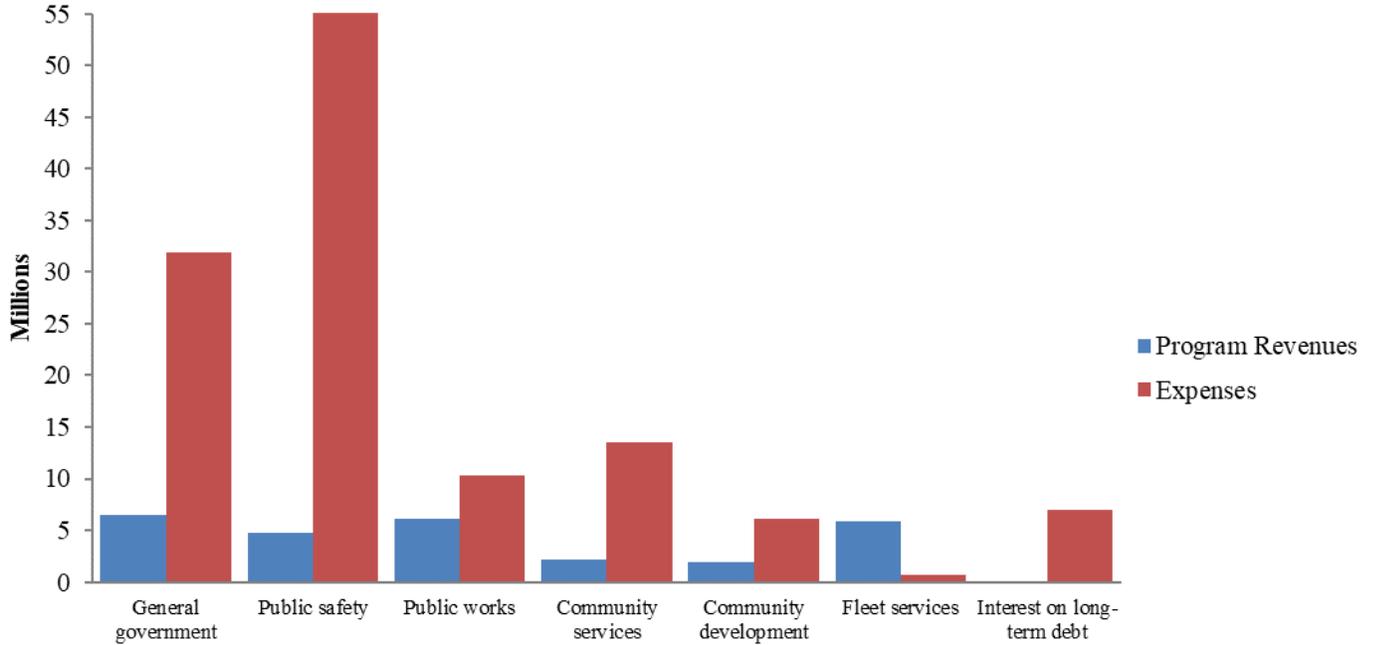
City of Killeen, Texas
Management's Discussion and Analysis (Continued)
September 30, 2019

Changes in Net Position
(in millions of dollars)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 11.8	\$ 22.1	\$ 66.9	\$ 66.3	\$ 78.7	\$ 88.4
Operating grants and contributions	4.0	5.1	-	-	4.0	5.1
Capital grants and contributions	5.7	3.7	7.6	4.4	13.2	8.1
<i>General revenues:</i>						
Property taxes	43.3	42.8	-	-	43.3	42.8
Franchise taxes	5.8	5.9	-	-	5.8	5.9
Sales taxes	27.3	25.9	-	-	27.3	25.9
Interest and investment income	1.3	0.8	0.9	0.6	2.2	1.3
Insurance proceeds	0.4	0.1	0.0	0.1	0.4	0.2
Gain on sale of capital assets	0.1	0.3	0.0	0.1	0.1	0.4
Lease revenue	-	-	0.1	0.1	0.1	0.1
Total revenues	<u>\$ 99.7</u>	<u>\$ 106.6</u>	<u>\$ 75.6</u>	<u>\$ 71.5</u>	<u>\$ 175.2</u>	<u>\$ 178.2</u>
Expenses						
General	24.1	18.5	-	-	24.1	18.5
Public safety	79.2	50.5	-	-	79.2	50.5
Public works	12.3	10.8	-	-	12.3	10.8
Community services	13.6	8.6	-	-	13.6	8.6
Community development	6.2	3.4	-	-	6.2	3.4
Fleet services	0.0	1.1	-	-	0.0	1.1
Interest on long-term debt	7.0	6.5	-	-	7.0	6.5
Airport operations	-	-	8.8	6.5	8.8	6.5
Solid waste	-	-	18.6	14.5	18.6	14.5
Water and sewer	-	-	38.3	32.1	38.3	32.1
Drainage utility	-	-	4.9	3.2	4.9	3.2
Total expenses	<u>\$ 142.4</u>	<u>\$ 99.4</u>	<u>\$ 70.5</u>	<u>\$ 56.3</u>	<u>\$ 212.9</u>	<u>\$ 155.8</u>
Change in net position before transfers	(42.7)	7.2	5.1	15.2	(37.7)	22.4
Transfers	9.7	9.8	(9.7)	(9.8)	-	-
Change in net position	<u>\$ (33.0)</u>	<u>\$ 17.0</u>	<u>\$ (4.6)</u>	<u>\$ 5.4</u>	<u>\$ (37.7)</u>	<u>\$ 22.4</u>
Net position at beginning of year	41.1	27.5	228.1	225.0	269.2	252.5
Prior period adjustment	(0.1)	(3.4)	-	(2.3)	(0.1)	(5.6)
Net position at end of year	<u>\$ 8.0</u>	<u>\$ 41.1</u>	<u>\$ 223.5</u>	<u>\$ 228.1</u>	<u>\$ 231.5</u>	<u>\$ 269.2</u>

City of Killeen, Texas
Management’s Discussion and Analysis (Continued)
September 30, 2019

Expenses and Program Revenues
Governmental Activities



Business-type activities. Business-type activities decreased the City’s net position by \$4.6 million. This decrease is the result of an increase in pension and OPEB expenses. Total business-type activities pension and OPEB expenses for current year are \$11.4 million. Net pension and OPEB liability for business-type activities increased by \$14.6 million from the prior year.

Financial Analysis of the City’s Funds

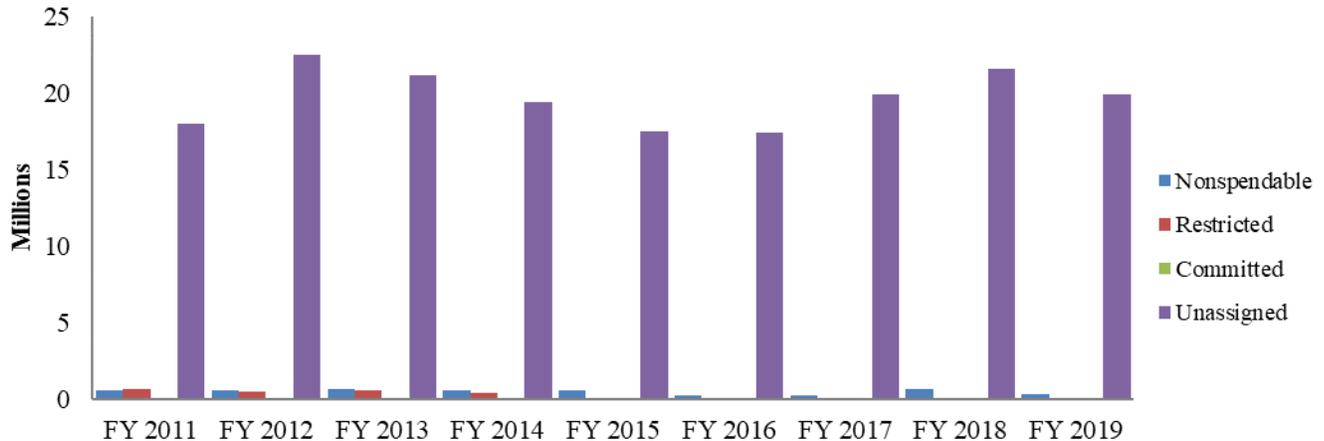
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. 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 discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

As of the end of the current fiscal year, the City’s governmental funds reported combined fund balances of \$42.7 million, a decrease of \$1.6 million in comparison with the prior year. Approximately \$20.0 million is unassigned *fund balance*, which is available for spending at the City’s discretion. The remainder of fund balance is either *nonspendable* or *restricted* to indicate that it is 1) not in spendable form (\$0.4 million) or 2) restricted for particular purposes (\$22.3 million).

City of Killeen, Texas
Management’s Discussion and Analysis (Continued)
September 30, 2019

Components of Fund Balance General Fund



The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20.0 million, while the total fund balance increased to \$20.3 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 general fund expenditures. Unassigned fund balance represents 26.72 percent of total general fund expenditures, while total fund balance represents 27.2 percent of that same amount.

The fund balance of the City’s general fund decreased by \$2.0 million during the current fiscal year. General funds transfer out total \$13.0 million and transfers in total \$10.0 million in current fiscal year. The major transfers were:

- Transfer of \$5.9 million to the governmental capital improvement fund to fund governmental capital outlays and governmental capital improvements.
- Transfer of \$4.8 million to establish a special revenue fund to account for street maintenance operations.
- Transfer of \$2.2 million to establish a new internal service fund to account for support services starting in FY 2020.
- Indirect cost allocations transferred from solid waste fund, water and sewer fund, and drainage fund in the amounts of \$2.9 million, \$6.4 million, and \$0.7 million respectively.

The debt service fund, the remaining major governmental fund, had a decrease in fund balance during the current year of \$1.1 million to bring the year end fund balance to \$4.1 million. This decrease is due to a decreased of interest and sinking tax rate collection.

Proprietary Funds. The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the airport, solid waste, water and sewer, and drainage funds at the end of the year amounted to negative \$1.7 million, \$2.4 million, \$6.6 million, and \$2.8 million, respectively. The combined declined in net position for all funds was \$4.6 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.

City of Killeen, Texas
Management's Discussion and Analysis (Continued)
September 30, 2019

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. Differences between the original budget and the final amended budget amounted to a \$6.4 million increase in appropriations, and can be briefly summarized as follows:

- Transfers out to governmental capital improvement fund budget increased by \$5.9 million.
- Transfer out to support services internal service fund budget increased by \$2.2 million.

Final Budget Compared to Actual Results. The most significant differences between estimated revenues and actual revenues were as follows:

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Intergovernmental revenue \$	2,233,905	\$2,129,585	\$(104,320)
Charges for services	6,649,160	6,290,574	(358,586)
Fines and Fees	3,031,380	2,544,880	(486,500)
Taxes	60,438,388	61,832,341	1,393,953

The shortfall in intergovernmental revenue was primarily caused by public safety grant revenue being lower than expected. Charges for services type ambulance, animal control, golf, and parks and recreation revenue came in lower than expected. Sales taxes increased by \$1.0 million.

A review of actual expenditures compared to appropriations in the final budget yields no significant variances with one exception. Actual expenditures for the police department within the public safety function (\$28.8 million) were lower than the related appropriation of \$30.0 million by approximately \$1.2 million. This savings was a result of personnel vacancies throughout the year.

City of Killeen, Texas
Management's Discussion and Analysis (Continued)
September 30, 2019

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019 amount to \$477.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. The total decrease in capital assets for the current fiscal year was \$1.0 million.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 7.6	\$ 7.6	\$ 1.8	\$ 1.8	\$ 9.4	\$ 9.4
Construction in progress	33.4	34.2	11.0	1.6	44.3	35.7
Buildings	61.6	59.9	62.6	64.8	124.2	124.6
Improvements other than buildings	-	-	141.4	152.0	141.4	152.0
Furniture and equipment	3.1	3.7	1.3	1.0	4.5	4.6
Vehicles	6.7	4.5	4.4	3.1	11.0	7.6
Infrastructure assets	114.4	121.5	27.9	22.5	142.3	144.0
Total	<u>\$ 226.7</u>	<u>\$ 231.3</u>	<u>\$ 250.4</u>	<u>\$ 246.7</u>	<u>\$ 477.1</u>	<u>\$ 478.0</u>

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

- \$1.8 million of water, sewer, and drainage infrastructure was contributed to the City by developers.
- Various projects related to streets and sidewalks at a cost of \$5.0 million.
- The purchase of various vehicles at a cost of \$5.9 million.

Additional information on the City's capital assets can be found in Note III.E on pages 59-64 of this report.

City of Killeen, Texas
Management's Discussion and Analysis (Continued)
September 30, 2019

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$230.3 million. Of this amount, \$163.5 million of general obligations and \$9.2 million of certificates of obligations is debt backed by the full faith and credit of the City and \$36.7 million in revenue bonds of the City's business enterprises.

Outstanding Debt
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue bonds	\$ -	\$ -	\$ 36.7	\$ 41.2	\$ 36.7	\$ 41.2
General obligation bonds	137.5	142.8	9.2	9.9	146.7	152.7
Certificates of obligation	25.9	29.8	-	0.1	25.9	29.9
Plus unamortized bond premiums/discounts	17.2	18.5	3.8	4.2	21.0	22.7
Total outstanding debt	\$ 180.6	\$ 191.1	\$ 49.7	\$ 55.4	\$ 230.3	\$ 246.5

The City's total debt decreased by \$16.2 million during the current fiscal year. The decrease is the result of the scheduled debt service payments.

The City maintains the following ratings from Standard & Poor's, Fitch Ratings, and Moody's Investor Services:

City of Killeen Bonded Debt Ratings
September 30, 2019

<u>Bond Type</u>	<u>Rating</u>		
	<u>S&P</u>	<u>Fitch</u>	<u>Moody's</u>
General Obligation	AA	AA	Aa3
Utility Revenue Bond	AA	AA-	Aa3
Certificates of Obligation	AA	AA	Aa3

All taxable property within the City of Killeen is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities such as the City of Killeen to \$2.50 per \$100 taxable assessed valuation for all purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum rate for all general obligation debt service calculated at the time of issuance based on 90% tax collections. The current debt limitation for the City is \$83.9 million, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note III.K on pages 85-89 of this report.

City of Killeen, Texas
Management's Discussion and Analysis (Continued)
September 30, 2019

Economic Factors and Next Year's Budget and Rates

The following economic factors and priorities were considered in developing the 2020 fiscal year budget:

- In fiscal year 2020, the total exempted value attributable to the disable veteran's exemption is \$839 million, which will equate to loss of \$6.3 million of revenue. The state legislature approved the appropriation of additional funds for local governments that are disproportionately impacted by the exemption. We estimate the City will receive nearly \$2.0 million more reimbursement compared to the prior year, for an estimated total state reimbursement of \$3.2 million.
- The City invested nearly \$4.5 million citywide to bring the classified and civil service pay plans more competitive with market. In addition, there was a 2.4% cost-of-living increase.
- City Council adopted a street maintenance fee that will enable the City to address aging streets with an additional \$1.6 million for street pavement treatment.
- Provide the framework the City will follow for the delivery of services, facilities, and infrastructure to the citizens of Killeen.
- Address the City's strategic issues to the extent resources are available: 1) compensation, 2) retirement, 3) deferred building maintenance, and 4) evaluating staffing and service levels to achieve our mission.
- Focus on long-range financial planning to ensure the financial health and sustainability of Killeen.

The City's Financial Governance Policy stipulates that the general fund maintains 18 percent of operating expenditures as a minimum of unassigned reserves, which currently equates to \$16.4 million. At the end of fiscal year 2019, unassigned fund balance in the general fund is \$20.0 million. The Financial Governance Policy requires unassigned fund balance in excess of 22 percent to be used for capital improvement and projects, and not for financing of ongoing operational costs. For fiscal year 2020, fund balance in all budgeted funds is projected to remain at adequate levels to provide for unexpected decreases in revenues plus extraordinary unbudgeted expenditures.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department:

City of Killeen Finance Department
802 N. 2nd Street, Building E
P. O. Box 1329
Killeen, TX 76540
(254) 501-7730
<http://www.killeentexas.gov>

City of Killeen, Texas
Statement of Net Position
September 30, 2019

	Primary Government			Component Unit	
	Governmental Activities	Business - Type Activities	Total	Killeen Economic Development Corp.	Killeen Volunteers Inc. (KVI)
ASSETS					
Cash and cash equivalents	\$ 44,237,785	\$ 23,896,348	\$ 68,134,133	\$ 5,531,216	\$ 61,443
Receivables (net of allowances for uncollectibles):					
Taxes	6,841,025	-	6,841,025	-	-
Accounts	1,348,923	8,530,795	9,879,718	-	-
Intergovernmental receivable	3,036,937	1,036,726	4,073,663	-	-
Inventories	378,517	328,243	706,760	-	-
Prepaid assets	274,427	-	274,427	-	-
Restricted assets:					
Cash and cash equivalents	-	12,681,359	12,681,359	-	-
Capital assets:					
Nondepreciable	40,941,413	12,754,496	53,695,909	2,216,377	-
Depreciable (net)	185,755,206	237,601,248	423,356,454	2,682,582	-
Total assets	<u>282,814,233</u>	<u>296,829,215</u>	<u>579,643,448</u>	<u>10,430,175</u>	<u>61,443</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	11,131,993	1,935,520	13,067,513	-	-
Deferred outflows - pensions	14,249,654	2,447,914	16,697,568	-	-
Deferred outflows - OPEB	1,284,333	372,157	1,656,490	-	-
Total deferred outflows of resources	<u>26,665,980</u>	<u>4,755,591</u>	<u>31,421,571</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable	3,968,372	4,289,665	8,258,037	137,080	-
Due to other governments	17,415	122,579	139,994	-	-
Deposits payable	91,874	2,917,614	3,009,488	-	-
Unearned revenue	20,084	189,743	209,827	-	-
Accrued salaries payable	2,841,700	598,274	3,439,974	-	-
Accrued interest payable	1,178,211	261,606	1,439,817	-	-
Noncurrent liabilities:					
Due within one year	13,457,513	5,334,476	18,791,989	-	-
Due in more than one year	271,638,468	63,099,618	334,738,086	1,153,539	-
Total liabilities	<u>293,213,637</u>	<u>76,813,575</u>	<u>370,027,212</u>	<u>1,290,619</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	7,033,673	953,379	7,987,052	-	-
Deferred inflows - OPEB	1,201,934	287,311	1,489,245	-	-
Total deferred inflows of resources	<u>8,235,607</u>	<u>1,240,690</u>	<u>9,476,297</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	58,430,100	206,354,400	264,784,500	3,719,340	-
Restricted for:					
Debt service	3,768,422	4,984,429	8,752,851	-	-
Capital projects	12,162,264	2,086,726	14,248,990	-	-
Other purposes (see combining statements for detail)	5,427,449	-	5,427,449	-	61,443
Economic development	-	-	-	5,420,216	-
Unrestricted	(71,757,266)	10,104,986	(61,652,280)	-	-
Total net position	<u>\$ 8,030,969</u>	<u>\$ 223,530,541</u>	<u>\$ 231,561,510</u>	<u>\$ 9,139,556</u>	<u>\$ 61,443</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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Killeen Economic Development Corp.	Killeen Volunteers Inc. (KVI)
					Governmental Activities	Business - Type Activities			
Primary government:									
Governmental activities:									
General government	\$ 24,073,260	\$ 5,053,902	\$ 1,415,952	\$ -	\$ (17,603,406)	\$ -	\$ (17,603,406)	\$ -	\$ -
Public safety	79,194,745	3,488,013	1,298,547	-	(74,408,185)	-	(74,408,185)	-	-
Public works	12,296,974	296,251	187,535	5,691,172	(6,122,016)	-	(6,122,016)	-	-
Community services	13,621,364	2,022,922	116,894	-	(11,481,548)	-	(11,481,548)	-	-
Community development	6,215,603	941,735	1,049,689	-	(4,224,179)	-	(4,224,179)	-	-
Interest on long-term debt	6,972,133	-	-	-	(6,972,137)	-	(6,972,137)	-	-
Total governmental activities	<u>142,374,079</u>	<u>11,802,823</u>	<u>4,068,617</u>	<u>5,691,172</u>	<u>(120,811,467)</u>	<u>-</u>	<u>(120,811,467)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Airport operations	8,799,407	4,217,009	-	5,783,492	-	1,201,094	1,201,094	-	-
Solid waste	18,577,778	18,948,949	-	-	-	371,171	371,171	-	-
Water and sewer	38,255,119	39,548,922	-	1,470,219	-	2,764,022	2,764,022	-	-
Drainage utility	4,862,697	4,220,607	-	296,303	-	(345,787)	(345,787)	-	-
Total business-type activities	<u>70,495,001</u>	<u>66,935,487</u>	<u>-</u>	<u>7,550,014</u>	<u>-</u>	<u>3,990,500</u>	<u>3,990,500</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 212,869,080</u>	<u>\$ 78,738,310</u>	<u>\$ 4,068,617</u>	<u>\$ 13,241,186</u>	<u>(120,811,467)</u>	<u>3,990,500</u>	<u>(116,820,967)</u>	<u>-</u>	<u>-</u>
Component Units:									
Killeen Economic									
Development Corp.	\$ 1,608,058	\$ 602,451	\$ 386,354	\$ -				\$ (619,253)	\$ -
Killeen Volunteers Inc. (KVI)	209,426	10,870	196,117	-				-	(2,439)
	<u>\$ 1,817,484</u>	<u>\$ 613,321</u>	<u>\$ 582,471</u>	<u>\$ -</u>				<u>\$ (619,253)</u>	<u>\$ (2,439)</u>
General revenues:									
Taxes:									
Ad valorem taxes					43,262,259	-	43,262,259	-	-
Franchise fees					5,792,836	-	5,792,836	-	-
Sales and occupancy taxes					27,310,995	-	27,310,995	-	-
Investment income					1,300,153	933,359	2,233,512	125,297	-
Insurance proceeds					359,631	28,305	387,936	4,456	-
Gain on disposition of capital assets					66,880	44,559	111,439	-	-
Lease revenue					-	103,804	103,804	-	-
Transfers					9,701,040	(9,701,040)	-	-	-
Total general revenues and transfers					<u>87,793,794</u>	<u>(8,591,013)</u>	<u>79,202,781</u>	<u>129,753</u>	<u>-</u>
Change in net position					<u>(33,017,673)</u>	<u>(4,600,513)</u>	<u>(37,618,186)</u>	<u>(489,500)</u>	<u>(2,439)</u>
Net position - beginning					<u>41,112,524</u>	<u>228,131,054</u>	<u>269,243,578</u>	<u>9,629,056</u>	<u>-</u>
Prior period adjustment					<u>(63,882)</u>	<u>-</u>	<u>(63,882)</u>	<u>-</u>	<u>63,882</u>
Net position - ending					<u>\$ 8,030,969</u>	<u>\$ 223,530,541</u>	<u>\$ 231,561,510</u>	<u>\$ 9,139,556</u>	<u>\$ 61,443</u>

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

City of Killeen, Texas
Balance Sheet
Governmental Funds
September 30, 2019

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,854,332	\$ 1,920,097	\$ 19,028,863	\$ 38,803,292
Receivables (net of allowances for uncollectibles):				
Taxes	6,452,365	182,657	206,003	6,841,025
Accounts	1,087,247	-	261,676	1,348,923
Intergovernmental receivable	202,393	2,167,092	667,452	3,036,937
Due from other funds	51,893	-	-	51,893
Inventories	86,495	-	10,729	97,224
Prepaid assets	274,427	-	-	274,427
Total assets	<u>\$ 26,009,152</u>	<u>\$ 4,269,846</u>	<u>\$ 20,174,723</u>	<u>\$ 50,453,721</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,084,248	\$ 435	\$ 1,707,923	\$ 3,792,606
Due to other governments	17,415	-	-	17,415
Due to other funds	-	-	51,893	51,893
Other liabilities	91,874	-	-	91,874
Accrued salaries payable	2,546,976	-	129,883	2,676,859
Unearned revenue	12,724	-	7,360	20,084
Total liabilities	<u>4,753,237</u>	<u>435</u>	<u>1,897,059</u>	<u>6,650,731</u>
Deferred inflows of resources:				
Unavailable revenue	966,167	182,657	-	1,148,824
Total deferred inflows of resources	<u>966,167</u>	<u>182,657</u>	<u>-</u>	<u>1,148,824</u>
Fund Balances:				
Nonspendable:				
Inventories	86,495	-	10,729	97,224
Prepaid assets	274,427	-	-	274,427
Restricted for:				
Debt service	-	4,086,754	677,222	4,763,976
Capital projects	-	-	12,162,264	12,162,264
Other purposes (see combining statements for detail)	-	-	5,427,449	5,427,449
Unassigned	19,928,826	-	-	19,928,826
Total fund balances	<u>20,289,748</u>	<u>4,086,754</u>	<u>18,277,664</u>	<u>42,654,166</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,009,152</u>	<u>\$ 4,269,846</u>	<u>\$ 20,174,723</u>	<u>\$ 50,453,721</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, 2019

Total fund balances - governmental funds balance sheet		\$ 42,654,166
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets (net of accumulated depreciation) used in governmental funds are not financial resources and, therefore, are not reported in the funds.		224,679,499
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(182,906,761)
Vacation, sick leave, and compensatory time payable is not due and payable in the current period and, therefore, is not reported in the funds.		(11,904,106)
The other post employment benefit obligation (OPEB) is not due and payable in the current period and, therefore, is not reported in the funds.		(10,079,038)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.		(77,479,939)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflows - pensions	(6,908,933)	
Deferred inflows - OPEB	<u>(1,193,097)</u>	(8,102,030)
Deferred outflows of resources are not reported in the governmental funds:		
Deferred charges on debt refundings	11,131,993	
Deferred outflows - pensions	13,462,758	
Deferred outflows - OPEB	<u>1,266,842</u>	25,861,593
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,148,824
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 are included in governmental activities in the government-wide statement of net position.		<u>4,158,761</u>
Net position of governmental activities - statement of net position		<u><u>\$ 8,030,969</u></u>

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, 2019

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 61,832,341	12,386,080	\$ 2,261,684	\$ 76,480,105
Licenses and permits	1,423,697	-	-	1,423,697
Intergovernmental	2,129,585	2,167,092	5,187,528	9,484,205
Charges for services	6,290,574	-	1,155,939	7,446,513
Fines	2,544,880	-	194,635	2,739,515
Investment earnings	592,680	244,860	393,214	1,230,754
Contributions	-	-	275,584	275,584
Miscellaneous	201,106	135	35,316	236,557
Total revenues	<u>75,014,863</u>	<u>14,798,167</u>	<u>9,503,900</u>	<u>99,316,930</u>
EXPENDITURES				
Current:				
General government	11,460,117	-	75,988	11,536,105
Public safety	52,748,484	-	737,627	53,486,111
Public works	316,591	-	3,894,098	4,210,689
Recreation services	6,070,117	-	2,942,517	9,012,634
Community development	3,317,103	-	-	3,317,103
Capital outlay	616,085	-	9,358,224	9,974,309
Debt service:				
Principal	231,904	8,680,000	705,577	9,617,481
Interest and fiscal charges	32,661	7,182,247	312,723	7,527,631
Total expenditures	<u>74,793,062</u>	<u>15,862,247</u>	<u>18,026,754</u>	<u>108,682,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>221,801</u>	<u>(1,064,080)</u>	<u>(8,522,854)</u>	<u>(9,365,133)</u>
OTHER FINANCING SOURCES (USES)				
Capital leases	315,178	-	116,574	431,752
Insurance proceeds	359,631	-	-	359,631
Sale of assets	34,938	-	28,695	63,633
Transfers in	10,020,265	-	15,040,630	25,060,895
Transfers out	(12,977,083)	-	(1,926,498)	(14,903,581)
Total other financing sources (uses)	<u>(2,247,071)</u>	<u>-</u>	<u>13,259,401</u>	<u>11,012,330</u>
Net change in fund balances	(2,025,270)	(1,064,080)	4,736,547	1,647,197
Fund balance - beginning	22,315,018	5,150,834	13,604,999	41,070,851
Prior period adjustment	-	-	(63,882)	(63,882)
Fund balance - ending	<u>\$ 20,289,748</u>	<u>\$ 4,086,754</u>	<u>\$ 18,277,664</u>	<u>\$ 42,654,166</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, 2019

Net change in fund balances - total governmental funds \$ 1,647,197

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 depreciation expense exceeded capital outlays in the current period. (4,201,250)

The issuance of long-term debt (e.g, bonds, certificates of obligation) 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 Statement of Activities.

Debt principal repayments	9,120,000	
Capital lease principal payment	497,481	
Capital lease issued	(431,752)	
Amortization premium on bonds	1,272,913	
Interest expense in bonds	61,826	
Amortization of deferred charge on refunding	<u>(779,241)</u>	
		9,741,227

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.

Compensated absences	(89,475)	
Change in deferred outflows - pensions	8,855,674	
Change in deferred outflows - OPEB	1,118,586	
Change in net pension liability	(46,574,409)	
Change in total OPEB liability	(1,597,687)	
Change in deferred inflows - pensions	1,295,677	
Change in deferred inflows - OPEB	<u>22,986</u>	
		(36,968,648)

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. (157,474)

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. (3,078,725)

Change in net position of governmental activities - statement of activities \$ (33,017,673)

City of Killeen, Texas
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities				Governmental Activities	
	Airport Enterprise	Solid Waste Enterprise	Water and Sewer Enterprise	Drainage Utility Enterprise	Total Enterprise Funds	Internal Service
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 271,613	\$ 2,844,555	\$ 16,129,971	\$ 4,650,209	\$ 23,896,348	\$ 5,434,493
Receivables (net of allowances for uncollectibles):						
Accounts	127,964	2,329,069	5,553,115	520,647	8,530,795	-
Intergovernmental receivable	1,036,726	-	-	-	1,036,726	-
Inventories	106,264	-	221,979	-	328,243	281,293
Restricted assets:						
Cash and cash equivalents	2,746,299	5,198,096	3,723,617	1,013,347	12,681,359	-
Total current assets	<u>4,288,866</u>	<u>10,371,720</u>	<u>25,628,682</u>	<u>6,184,203</u>	<u>46,473,471</u>	<u>5,715,786</u>
Noncurrent assets:						
Property and equipment:						
Land	1,319,003	72,165	243,332	172,190	1,806,690	-
Buildings	2,029,182	12,452,498	91,795,132	-	106,276,812	-
Improvements other than buildings	102,117,213	-	109,550,267	8,382,438	220,049,918	-
Furniture and equipment	978,895	1,442,437	1,026,203	506,795	3,954,330	191,891
Vehicles	1,085,357	12,525,492	5,220,676	2,905,790	21,737,315	4,276,727
Infrastructure	10,363	62,038	25,017,120	5,268,277	30,357,798	-
Construction in progress	7,237,504	-	3,677,352	32,950	10,947,806	-
Less accumulated depreciation	(45,404,999)	(16,187,108)	(77,011,671)	(6,171,147)	(144,774,925)	(2,451,498)
Net property and equipment	<u>69,372,518</u>	<u>10,367,522</u>	<u>159,518,411</u>	<u>11,097,293</u>	<u>250,355,744</u>	<u>2,017,120</u>
Total assets	<u>73,661,384</u>	<u>20,739,242</u>	<u>185,147,093</u>	<u>17,281,496</u>	<u>296,829,215</u>	<u>7,732,906</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	-	398,716	1,353,695	183,109	1,935,520	-
Deferred outflows - Pensions	338,962	875,624	944,093	289,235	2,447,914	786,896
Deferred outflows - OPEB	69,899	121,071	164,672	16,515	372,157	17,491
Total deferred outflows of resources	<u>408,861</u>	<u>1,395,411</u>	<u>2,462,460</u>	<u>488,859</u>	<u>4,755,591</u>	<u>804,387</u>
LIABILITIES						
Current liabilities:						
Accounts payable	1,257,915	1,113,311	1,879,388	39,051	4,289,665	175,766
Due to other governments	-	122,579	-	-	122,579	-
Deposits payable	18,100	4,000	2,895,514	-	2,917,614	-
Unearned revenue	12,640	65	177,038	-	189,743	-
Accrued salaries payable	65,824	210,765	243,250	78,435	598,274	164,841
Accrued interest payable	-	45,761	191,020	24,825	261,606	-
Compensated absences	96,434	120,277	94,716	38,620	350,047	39,713
Capital lease payable	-	174,652	-	44,777	219,429	-
Current portion of bonds payable	-	440,000	3,935,000	390,000	4,765,000	-
Total current liabilities	<u>1,450,913</u>	<u>2,231,410</u>	<u>9,415,926</u>	<u>615,708</u>	<u>13,713,957</u>	<u>380,320</u>
Noncurrent liabilities:						
Compensated absences	47,544	193,513	113,579	45,150	399,786	149,671
Net pension liability	2,106,993	5,197,122	5,731,362	1,789,100	14,824,577	3,640,006
Total OPEB Liability	550,872	909,644	1,056,892	88,448	2,605,856	74,958
Capital lease payable	-	132,010	-	193,840	325,850	-
Bonds payable net of unamortized premium (discount)	-	6,307,422	35,566,302	3,069,825	44,943,549	-
Total noncurrent liabilities	<u>2,705,409</u>	<u>12,739,711</u>	<u>42,468,135</u>	<u>5,186,363</u>	<u>63,099,618</u>	<u>3,864,635</u>
Total liabilities	<u>4,156,322</u>	<u>14,971,121</u>	<u>51,884,061</u>	<u>5,802,071</u>	<u>76,813,575</u>	<u>4,244,955</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - Pensions	133,585	317,245	399,862	102,687	953,379	124,740
Deferred inflows - OPEB	67,076	104,380	111,127	4,728	287,311	8,837
Total deferred inflows of resources	<u>200,661</u>	<u>421,625</u>	<u>510,989</u>	<u>107,415</u>	<u>1,240,690</u>	<u>133,577</u>
NET POSITION						
Net investment in capital assets	69,372,518	3,712,154	124,674,420	8,595,307	206,354,400	2,017,120
Restricted for debt service	-	614,652	3,935,000	434,777	4,984,429	-
Capital projects	2,086,726	-	-	-	2,086,726	-
Unrestricted	(1,745,982)	2,415,101	6,605,083	2,830,785	10,104,986	2,141,641
Total net position	<u>69,713,262</u>	<u>6,741,907</u>	<u>135,214,503</u>	<u>11,860,869</u>	<u>223,530,541</u>	<u>4,158,761</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 74,070,245</u>	<u>\$ 22,134,653</u>	<u>\$ 187,609,553</u>	<u>\$ 17,770,355</u>	<u>\$ 301,584,806</u>	<u>\$ 8,537,293</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 - Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities				Governmental Activities	
	Airport Enterprise	Solid Waste Enterprise	Water and Sewer Enterprise	Drainage Utility Enterprise	Total Enterprise Funds	Internal Service
OPERATING REVENUES						
Charges for services	\$ 4,207,258	\$ 18,937,965	\$ 39,528,685	\$ 4,216,106	\$ 66,890,014	\$ 5,856,585
Miscellaneous	9,751	10,984	20,237	4,501	45,473	3,510
Total operating revenues	<u>4,217,009</u>	<u>18,948,949</u>	<u>39,548,922</u>	<u>4,220,607</u>	<u>66,935,487</u>	<u>5,860,095</u>
OPERATING EXPENSES						
Purchase of water	-	-	7,730,925	-	7,730,925	-
Sewage treatment	-	-	7,387,129	-	7,387,129	-
Salaries and employee benefits	3,514,373	8,866,970	9,568,700	3,203,444	25,153,487	5,553,025
Repairs and maintenance	282,913	1,150,199	766,831	153,470	2,353,413	847,201
Supplies	72,126	866,925	605,104	129,217	1,673,372	62,350
Miscellaneous services and charges	1,189,542	1,509,185	3,687,222	361,324	6,747,273	1,438,149
Refuse disposal costs	-	4,655,064	-	-	4,655,064	11,258
Depreciation	3,740,453	1,252,305	6,441,475	864,037	12,298,270	643,209
Total operating expenses	<u>8,799,407</u>	<u>18,300,648</u>	<u>36,187,386</u>	<u>4,711,492</u>	<u>67,998,933</u>	<u>8,555,192</u>
Operating income (loss)	<u>(4,582,398)</u>	<u>648,301</u>	<u>3,361,536</u>	<u>(490,885)</u>	<u>(1,063,446)</u>	<u>(2,695,097)</u>
NONOPERATING REVENUES (EXPENSES)						
Insurance proceeds	-	20,366	7,939	-	28,305	-
Gain on disposition of capital assets	-	24,089	17,299	3,171	44,559	3,247
Lease revenue	-	103,804	-	-	103,804	-
Investment earnings	72,742	185,997	546,085	128,535	933,359	69,399
Industrial development	-	-	(362,527)	-	(362,527)	-
Interest and fiscal charges	-	(277,130)	(1,705,206)	(151,205)	(2,133,541)	-
Total nonoperating revenues (expenses)	<u>72,742</u>	<u>57,126</u>	<u>(1,496,410)</u>	<u>(19,499)</u>	<u>(1,386,041)</u>	<u>72,646</u>
Income (loss) before contributions and transfers	<u>(4,509,656)</u>	<u>705,427</u>	<u>1,865,126</u>	<u>(510,384)</u>	<u>(2,449,487)</u>	<u>(2,622,451)</u>
CONTRIBUTIONS AND TRANSFERS						
Capital contributions	5,783,492	-	1,470,219	296,303	7,550,014	-
Transfers in	-	1,500,420	431,975	193,886	2,126,281	4,051,776
Transfers out	-	(3,469,302)	(7,685,558)	(672,461)	(11,827,321)	(4,508,050)
Total contributions and transfers	<u>5,783,492</u>	<u>(1,968,882)</u>	<u>(5,783,364)</u>	<u>(182,272)</u>	<u>(2,151,026)</u>	<u>(456,274)</u>
Change in net position	1,273,836	(1,263,455)	(3,918,238)	(692,656)	(4,600,513)	(3,078,725)
Net position - beginning	68,439,426	8,005,362	139,132,741	12,553,525	228,131,054	7,237,486
Net Position - ending	<u>\$ 69,713,262</u>	<u>\$ 6,741,907</u>	<u>\$ 135,214,503</u>	<u>\$ 11,860,869</u>	<u>\$ 223,530,541</u>	<u>\$ 4,158,761</u>

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

City of Killeen, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities					Governmental Activities
	Airport Enterprise	Solid Waste Enterprise	Water and Sewer Enterprise	Drainage Utility Enterprise	Total Enterprise Funds	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,139,322	\$ 18,981,271	\$ 39,262,848	\$ 4,241,572	\$ 65,625,013	\$ -
Payments to suppliers	(358,824)	(7,764,655)	(19,912,812)	(618,394)	(28,654,685)	(2,469,504)
Payments to employees	(1,786,985)	(4,790,331)	(5,313,856)	(1,799,570)	(13,690,742)	(2,937,156)
Payments for interfund services used	-	-	-	-	-	5,860,094
Payments to other governments	-	8,305	-	-	8,305	-
Net cash provided (used) by operating activities	<u>993,513</u>	<u>6,434,590</u>	<u>14,036,180</u>	<u>1,823,608</u>	<u>23,287,891</u>	<u>453,434</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	-	1,500,420	431,975	193,886	2,126,281	4,051,776
Transfers out to other funds	-	(3,469,302)	(7,685,558)	(672,461)	(11,827,321)	(4,508,050)
Industrial development	-	-	(362,527)	-	(362,527)	-
Net cash (used) by noncapital financing activities	<u>-</u>	<u>(1,968,882)</u>	<u>(7,616,110)</u>	<u>(478,575)</u>	<u>(10,063,567)</u>	<u>(456,274)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions/grants	5,783,492	-	-	-	5,783,492	-
Purchase and construction of capital assets	(7,446,594)	(1,973,763)	(3,670,308)	(991,416)	(14,082,081)	(102,620)
Proceeds from sale of assets	-	24,089	17,299	3,171	44,559	3,247
Insurance proceeds	-	20,366	7,939	-	28,305	-
Lease revenue	-	103,804	-	-	103,804	-
Principal paid on long-term debt	-	(485,868)	(4,480,000)	(420,919)	(5,386,787)	-
Interest and fees paid on long-term debt	-	(305,169)	(1,693,112)	(173,984)	(2,172,265)	-
Net cash provided (used) by capital and related financing activities	<u>(1,663,102)</u>	<u>(2,616,541)</u>	<u>(9,818,182)</u>	<u>(1,583,148)</u>	<u>(15,680,973)</u>	<u>(99,373)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends on investments	72,742	185,997	546,087	128,535	933,361	69,399
Net cash provided by investing activities	<u>72,742</u>	<u>185,997</u>	<u>546,087</u>	<u>128,535</u>	<u>933,361</u>	<u>69,399</u>
Net increase (decrease) in cash and cash equivalents	(596,847)	2,035,164	(2,852,025)	(109,580)	(1,523,288)	(32,814)
Cash and cash equivalents, beginning of year	3,614,759	6,007,487	22,705,613	5,773,136	38,100,995	5,467,307
Cash and cash equivalents, end of year	<u>\$ 3,017,912</u>	<u>\$ 8,042,651</u>	<u>\$ 19,853,588</u>	<u>\$ 5,663,556</u>	<u>\$ 36,577,707</u>	<u>\$ 5,434,493</u>
Cash and cash equivalents	\$ 271,613	\$ 2,844,555	\$ 16,129,971	\$ 4,650,209	\$ 23,896,348	\$ 5,434,493
Cash and cash equivalents - restricted	2,746,299	5,198,096	3,723,617	1,013,347	12,681,359	-
Total	<u>\$ 3,017,912</u>	<u>\$ 8,042,651</u>	<u>\$ 19,853,588</u>	<u>\$ 5,663,556</u>	<u>\$ 36,577,707</u>	<u>\$ 5,434,493</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (4,582,399)	\$ 648,301	\$ 3,361,535	\$ (490,884)	\$ (1,063,447)	\$ (2,695,098)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	3,740,453	1,252,305	6,441,475	864,037	12,298,270	643,209
Changes in assets and liabilities:						
Decrease (increase) in receivables	(1,074,948)	32,257	(320,564)	20,965	(1,342,290)	-
Decrease (increase) in inventories	8,666	-	(4,057)	-	4,609	(4,235)
Decrease (increase) in prepaid assets	7,619	34,915	37,342	16,040	95,916	15,531
Decrease (increase) in pension related deferred outflows	(235,288)	(642,304)	(679,551)	(205,257)	(1,762,400)	(720,818)
Decrease (increase) in OPEB deferred outflows	(63,212)	(106,022)	(147,609)	(11,098)	(327,941)	(13,229)
Increase (decrease) in payables	1,166,573	381,803	231,114	9,577	1,789,067	(121,842)
Increase (decrease) in due to other governments	-	8,305	-	-	8,305	-
Increase (decrease) in customer deposits	2,900	-	11,557	-	14,457	-
Increase (decrease) in accrued salaries payable	3,220	41,616	58,687	15,040	118,563	57,034
Increase (decrease) in compensated absences	36,919	(10,101)	(28,921)	(29,459)	(31,562)	3,699
Increase (decrease) in unearned revenue	(2,739)	65	22,934	-	20,260	-
Increase (decrease) in pension related deferred inflows	(185,835)	(391,854)	(369,378)	(156,373)	(1,103,440)	(45,761)
Increase (decrease) in OPEB deferred inflows	(2,414)	144	(4,690)	4,728	(2,232)	8,837
Increase (decrease) in net pension liability	2,084,118	5,033,525	5,216,177	1,769,638	14,103,458	3,307,639
Increase (decrease) in OPEB liability	89,880	151,635	210,129	16,654	468,298	18,468
Total adjustments	<u>5,575,912</u>	<u>5,786,289</u>	<u>10,674,645</u>	<u>2,314,492</u>	<u>24,351,338</u>	<u>3,148,532</u>
Net cash provided (used) by operating activities	<u>\$ 993,513</u>	<u>\$ 6,434,590</u>	<u>\$ 14,036,180</u>	<u>\$ 1,823,608</u>	<u>\$ 23,287,891</u>	<u>\$ 453,434</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Contributions of capital assets	\$ -	\$ -	\$ 1,470,219	\$ 296,303	\$ 1,766,522	\$ -
Proceeds from capital lease	-	-	-	124,221	124,221	-

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, 2019

ASSETS

Cash and cash equivalents	\$ 510,325
Accounts receivable	7,695
Total assets	<u>\$ 518,020</u>

LIABILITIES AND NET POSITION

Liabilities:

Distributions payable	\$ 509,504
Unearned revenue	5,709
Total liabilities	<u>515,213</u>

Net Position:

Net position held in trust for employee benefits	<u>2,807</u>
Total net position	<u>2,807</u>

Total liabilities and net position	<u>\$ 518,020</u>
------------------------------------	-------------------

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, 2019

ADDITIONS

Contributions:

Employer	\$ 4,177,747
Employee	1,408,298
Retiree	466,299
COBRA	17,506
Total contributions	<u>6,069,850</u>

Net investment income:

Interest earnings	598
Total net investment income	<u>598</u>
Total additions	<u>6,070,448</u>

DEDUCTIONS

Benefit payments	<u>6,068,838</u>
Total deductions	<u>6,068,838</u>

Change in net position	1,610
Net position - beginning of the year	1,197
Net position - end of the year	<u>\$ 2,807</u>

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

City of Killeen, Texas
Notes to the Financial Statements
September 30, 2019

Table of Contents

		<u>Page</u>
I	Summary of Significant Accounting Policies	45
A	Description of Government-Wide Financial Statements	45
B	Reporting Entity	45
C	Blended Component Unit	45
D	Discretely Presented Component Unit	45
E	Basis of Presentation - Government-Wide and Fund Financial Statements	46
F	Basis of Presentation - Fund Financial Statements	46
G	Measurement Focus and Basis of Accounting	48
H	Budgetary Information	49
I	Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	50
J	Pensions	53
K	Other Postemployment Benefits	53
L	Revenues and Expenditures/Expenses	54
II	Stewardship, Compliance and Accountability	55
A	Deficit Fund Equity	55
III	Detailed Notes on All Funds	56
A	Deposits	56
B	Cash and Investments	56
C	External Investment Pools	57
D	Receivables	58
E	Capital Assets	59
F	Pension Obligations	65
G	Postemployment Benefits Other Than Pensions	75
H	Construction and Other Significant Commitments	82
I	Risk Management	84
J	Contingent Liabilities	84
K	Long-Term Liabilities	85
L	Fund Balance	89
M	Inter-fund Receivables and Payables	89
N	Inter-fund Transfers	90
O	Discretely Presented Component Unit	91
IV	Tax Abatements	91
V	Restatement of Fund Balance/Net Position	92
VI	Subsequent Events	92

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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 nonfiduciary 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 nonexchange 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 (the “City”) 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, fire, municipal court, code enforcement, and permits), 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. Thus, blended component units are appropriately presented as funds of the primary government. 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. Blended Component Unit

On November 4, 2008, the City Council approved the creation of Tax Increment Reinvestment Zone Number Two (“TIRZ #2”) which covers approximately 2.126 acres of vacant and partially developed land in the City. TIRZ #2 was established to provide a funding mechanism for public infrastructure improvements, including water, sewer, roads, landscaping, lighting, sidewalks, and park improvements within TIRZ #2 utilizing the property tax increment, or growth in value, subsequent to the creation of TIRZ #2. Bell County and the Central Texas College District are also participants in TIRZ #2. The board consists of four representatives of the City, two representatives of Bell County, and one representative of the Central Texas College District. The scheduled expiration date of TIRZ #2 is December 31, 2028. The TIRZ is reported as a blended component unit due to the TIRZ providing services almost entirely for the City. The TIRZ is reported as a special revenue fund and does not issue separate financial statements.

D. 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. 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

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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 nonvoting 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.

Killeen Volunteers, Inc. (KVI) is a nonprofit corporation organized under the Texas Nonprofit Corporation Act for the exclusive purpose of benefitting and accomplishing a public purpose of the City of Killeen by providing leadership to improve the image of the City and to support and encourage individuals and organizations in the common goal for a better community. KVI is governed by a board appointed by the City of Killeen City Council. The board consists of one representative of Killeen Independent School District, one representative of Killeen Chamber of Commerce, one representative of Central Texas College, one representative of Fort Hood, the Chairpersons of the KVI program committees, and ten citizens at large. The ex officio members, which count towards a quorum and have voting privileges, include the Director of Volunteer Services and two City Council members. Complete financial statements for KVI may be requested at P.O. Box 1329, Killeen, TX 76540.

E. 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 incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial 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.

F. 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.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

The City reports the following proprietary funds:

Enterprise funds

The *airport fund* accounts 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 and 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 and maintenance and financing and related debt service.

The *employee benefits trust fund* accounts for the City's health and life insurance benefits. It does not include pension information. This fund is reported as a fiduciary fund.

Internal service funds

The *fleet internal service fund* accounts for the acquisition of vehicles/rolling stock and fleet maintenance services provided to other funds on a cost-reimbursement basis.

The *support services service fund* accounts for the activities to support the line departments.

The *risk management fund* accounts for risk management services (including claims for workers' compensation, general liability, and property damage) provided to other funds on a cost-reimbursement basis.

The *information technology fund* accounts for the acquisition of information technology equipment and maintenance services provided to other funds on a cost-reimbursement basis.

Additionally, the City reports the following fund types:

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.

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

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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.

G. 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 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 fees, 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*.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

H. 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 City 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.

City council only approves the annual contribution for the City to KVI. The contribution makes up a substantial portion of KVI's annual resources, and is intended to be used in support to City programs. KVI's annual operating budget is not approved by City Council, so it is not included in the below budget procedures.

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 fund. Each special revenue fund and capital projects fund represents a single department. 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 the expenditure category for the following funds, which have legally adopted annual budgets: general fund, debt service fund, special revenue funds, and enterprise funds. 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, debt service fund, the special revenue funds, and enterprise funds are adopted on a basis specified by the charge of the City, which is consistent with the modified accrual basis of accounting.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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

2. Expenditures in Excess of Appropriations

For the year ended September 30, 2019, expenditures exceeded appropriations at the legal level of budgetary control as follows:

Nonmajor Funds

Public Works:

Photo Red Light Enforcement \$ 3,582

I. 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. Each of these public funds investment pools seeks 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.

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 acquisition value at the date of donation.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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	5-35
Vehicles	5-10
Improvements	5-50
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 and other post-employment benefits (OPEB) plan 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.
- iv. Changes in actuarial assumptions – These changes are deferred and amortized over the average of the expected service lives of pension and OPEB plan members.
- v. Difference in expected and actual experience – These changes are deferred and amortized over the average of the expected service lives of pension and OPEB plan members.

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.

The City also has two items, which arise under a full accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, the difference in expected and actual pension

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

experience and changes in actuarial assumptions, are deferred and recognized over the estimated average remaining service lives of all pension plan 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 order to calculate the amounts to report as restricted, 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 nonspendable fund balance classification includes amounts that are not in spendable form such as inventory and prepaid amounts.

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

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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 an ordinance.
- 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.

J. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS’s fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Killeen Firefighter’s Relief and Retirement Fund net position 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.

K. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by 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 of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

funding policy for the SDBF program is to assure that adequate resources are available to meet all death payments for the upcoming year. Benefit payments are treated as being equal to the City's yearly contributions for retirees.

The City administers an additional single-employer defined benefit OPEB plan, known as the City of Killeen Retiree Healthcare Plan (the "Plan"). The City elected, by ordinance, to provide medical benefits for eligible retirees and their dependents. The premiums are based on a combination of years of service and hire date, and the coverage levels for retirees are the same as the coverage provided to active employees. The City has elected to subsidize premiums for the Plan and funding is provided on a pay-as-you-go basis.

L. 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 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.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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 1,080 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 nonexempt 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 Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the airport 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 nonoperating revenues and expenses.

II. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

At year end, the information technology internal service fund, has a deficit fund balance of \$971,976. The reason for the deficit is the result of the implementation of Governmental Accounting Standard Board Statement No 68 (GASB 68) in fiscal year 2015 and Governmental Accounting Standard Board

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

Statement No 75 (GASB 75) in 2018. Total information technology internal service fund pension and OPEB expenses for current year are \$1,302,013.

III. 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, 2019, 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 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 financial governance policies updated and adopted by the City on February 26, 2019 to comply with the Public Funds Investment Act.

The financial governance 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, 2019.

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, 2019, the City had the following cash and investments:

	<u>Value</u>	<u>Maturity (days)</u>	<u>Method</u>
Demand Accounts	\$ 8,461,618	1	Cost
Investment Pools	3,129,980	1	Amortized Cost
Money Market Accounts	7,964,220	1	Cost
Certificates of Deposit	61,259,674	63-611	Cost
Total	<u>\$ 80,815,492</u>		
Weighted Average Maturity		246	

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

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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. 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

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 & Poor's, which monitors weekly the fund's compliance with its rating requirements.

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. TexStar has a redemption notice period of one day and may redeem daily. TexStar's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national or state emergency that affects TexStar's liquidity.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

D. Receivables

Receivables at September 30, 2019 for the City’s individual major governmental funds, in the aggregate nonmajor governmental funds, enterprise funds, and the fiduciary fund, net of allowances for uncollectible accounts, consist of the following:

	<u>Taxes</u>	<u>Accounts</u>	<u>Intergovernmental</u>	<u>Allowance Doubtful Accounts</u>	<u>Total Net</u>
General	\$ 6,452,365	1,752,974	\$ 202,393	\$ (665,727)	\$ 7,742,005
Debt Service	182,657	-	2,167,092	-	2,349,749
Other Governmental Funds	206,003	261,676	667,452	-	1,135,131
Airport	-	127,964	1,036,726	-	1,164,690
Solid Waste	-	2,396,703	-	(67,634)	2,329,069
Water & Sewer	-	5,680,916	-	(127,801)	5,553,115
Drainage Utility	-	530,048	-	(9,401)	520,647
Total	<u>\$ 6,841,025</u>	<u>\$ 10,750,281</u>	<u>\$ 4,073,663</u>	<u>\$ (870,563)</u>	<u>\$ 20,794,406</u>
Employee Benefits Trust	<u>\$ -</u>	<u>\$ 7,695</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 7,695</u>

The enterprise funds’ accounts receivable include unbilled charges for services rendered at September 30, 2019.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

E. Capital Assets

Capital assets activity for the year ended September 30, 2019, was as follows:

Governmental Activities:

	Balance				Balance
	9/30/2018	Additions	Deletions	Reclassification	9/30/2019
Capital assets not being depreciated:					
Land	\$ 7,570,005	\$ -	\$ -	\$ -	\$ 7,570,005
Construction in progress	34,178,317	4,722,061	-	(5,528,970)	33,371,408
Total capital assets not being depreciated	41,748,322	4,722,061	-	(5,528,970)	40,941,413
Capital assets, being depreciated:					
Buildings	102,922,386	790,212	-	4,714,167	108,426,765
Furniture and equipment	9,260,005	1,106,215	-	(287,125)	10,079,095
Vehicles	29,622,175	3,458,441	(779,215)	287,125	32,588,526
Infrastructure assets	176,125,771	-	-	814,803	176,940,574
Total capital assets being depreciated	317,930,337	5,354,868	(779,215)	5,528,970	328,034,960
Less accumulated depreciation for:					
Buildings	43,062,643	3,783,525	-	-	46,846,168
Furniture and equipment	5,477,345	1,474,957	-	-	6,952,302
Vehicles	25,091,903	1,621,890	(779,215)	-	25,934,578
Infrastructure assets	54,608,310	7,938,396	-	-	62,546,706
Total accumulated depreciation	128,240,201	14,818,768	(779,215)	-	142,279,754
Total capital assets being depreciated, net	189,690,136	(9,463,900)	-	5,528,970	185,755,206
Governmental activities capital assets, net	\$ 231,438,458	\$ (4,741,839)	\$ -	\$ -	\$ 226,696,619

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

Governmental activities:	
General government	\$ 5,436,239
Public safety	3,183,104
Public works	4,179,444
Community services	1,432,786
Community development	587,195
Total depreciation expense-governmental activities	<u>\$ 14,818,768</u>

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

Business - Type Activities: Airport

	Balance 9/30/2018	Additions	Deletions	Reclassification	Balance 9/30/2019
Capital assets not being depreciated:					
Land	\$ 1,319,003	\$ -	\$ -	\$ -	\$ 1,319,003
Construction in progress	-	7,237,504	-	-	7,237,504
Total capital assets not being depreciated	<u>1,319,003</u>	<u>7,237,504</u>	<u>-</u>	<u>-</u>	<u>8,556,507</u>
Capital assets being depreciated:					
Buildings	2,029,182	-	-	-	2,029,182
Improvements other than buildings	102,007,995	109,218	-	-	102,117,213
Furniture and equipment	879,023	99,872	-	-	978,895
Vehicles	1,085,357	-	-	-	1,085,357
Infrastructure assets	10,363	-	-	-	10,363
Total capital assets being depreciated	<u>106,011,920</u>	<u>209,090</u>	<u>-</u>	<u>-</u>	<u>106,221,010</u>
Less accumulated depreciation for:					
Buildings	1,523,654	42,343	-	-	1,565,997
Improvements other than buildings	38,272,995	3,653,065	-	-	41,926,060
Furniture and equipment	846,767	26,412	-	-	873,179
Vehicles	1,019,678	17,908	-	-	1,037,586
Infrastructure assets	1,452	725	-	-	2,177
Total accumulated depreciation	<u>41,664,546</u>	<u>3,740,453</u>	<u>-</u>	<u>-</u>	<u>45,404,999</u>
Total capital assets being depreciated, net	<u>64,347,374</u>	<u>(3,531,363)</u>	<u>-</u>	<u>-</u>	<u>60,816,011</u>
Airport activities capital assets, net	<u>\$ 65,666,377</u>	<u>\$ 3,706,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,372,518</u>

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

Business-Type Activities: Solid Waste

	Balance 9/30/2018	Additions	Deletions	Reclassification	Balance 9/30/2019
Capital assets not being depreciated:					
Land	\$ 72,165	\$ -	\$ -	\$ -	\$ 72,165
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	12,452,498	-	-	-	12,452,498
Furniture and equipment	1,133,986	308,451	-	-	1,442,437
Vehicles	11,379,237	1,615,324	(469,069)	-	12,525,492
Infrastructure assets	12,050	49,988	-	-	62,038
Total capital assets being depreciated	<u>24,977,771</u>	<u>1,973,763</u>	<u>(469,069)</u>	<u>-</u>	<u>26,482,465</u>
Less accumulated depreciation for:					
Buildings	5,543,223	362,861	-	-	5,906,084
Furniture and equipment	559,368	188,752	-	-	748,120
Vehicles	9,299,138	699,469	(469,069)	-	9,529,538
Infrastructure assets	2,143	1,223	-	-	3,366
Total accumulated depreciation	<u>15,403,872</u>	<u>1,252,305</u>	<u>(469,069)</u>	<u>-</u>	<u>16,187,108</u>
Total capital assets being depreciated, net	<u>9,573,899</u>	<u>721,458</u>	<u>-</u>	<u>-</u>	<u>10,295,357</u>
Solid waste activities capital assets, net	<u>\$ 9,646,064</u>	<u>\$ 721,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,367,522</u>

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

Business-Type Activities: Water and Sewer

	Balance				Balance
	9/30/2018	Additions	Deletions	Reclassification	9/30/2019
Capital assets not being depreciated:					
Land	\$ 243,332	\$ -	\$ -	\$ -	\$ 243,332
Construction in progress	1,177,562	2,725,368	-	(225,578)	3,677,352
Total capital assets not being depreciated	<u>1,420,894</u>	<u>2,725,368</u>	<u>-</u>	<u>(225,578)</u>	<u>3,920,684</u>
Capital assets being depreciated:					
Buildings	91,702,562	92,570	-	-	91,795,132
Improvements other than buildings	109,212,919	337,348	-	-	109,550,267
Furniture and equipment	918,795	107,408	-	-	1,026,203
Vehicles	4,865,724	502,987	(148,035)	-	5,220,676
Infrastructure assets	23,416,696	1,374,846	-	225,578	25,017,120
Total capital assets being depreciated	<u>230,116,696</u>	<u>2,415,159</u>	<u>(148,035)</u>	<u>225,578</u>	<u>232,609,398</u>
Less accumulated depreciation for:					
Buildings	34,337,057	1,869,014	-	-	36,206,071
Improvements other than buildings	30,324,849	3,019,786	-	-	33,344,635
Furniture and equipment	734,174	102,499	-	-	836,673
Vehicles	4,403,640	309,668	(148,035)	-	4,565,273
Infrastructure assets	918,511	1,140,508	-	-	2,059,019
Total accumulated depreciation	<u>70,718,231</u>	<u>6,441,475</u>	<u>(148,035)</u>	<u>-</u>	<u>77,011,671</u>
Total capital assets being depreciated, net	<u>159,398,465</u>	<u>(4,026,316)</u>	<u>-</u>	<u>225,578</u>	<u>155,597,727</u>
Water and sewer activities capital assets, net	<u>\$ 160,819,359</u>	<u>\$ (1,300,948)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,518,411</u>

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

Business-Type Activities: Drainage Utility

	Balance 9/30/2018	Additions	Deletions	Reclassification	Balance 9/30/2019
Capital assets not being depreciated:					
Land	\$ 172,190	\$ -	\$ -	\$ -	\$ 172,190
Construction in progress	384,201	-	-	(351,251)	32,950
Total capital assets not being depreciated	<u>556,391</u>	<u>-</u>	<u>-</u>	<u>(351,251)</u>	<u>205,140</u>
Capital assets being depreciated:					
Improvements other than buildings	12,476,796	827,868	-	(4,922,226)	8,382,438
Furniture and equipment	228,522	273,073	-	5,200	506,795
Vehicles	2,594,791	310,999	-	-	2,905,790
Infrastructure assets	-	-	-	5,268,277	5,268,277
Total capital assets being depreciated	<u>15,300,109</u>	<u>1,411,940</u>	<u>-</u>	<u>351,251</u>	<u>17,063,300</u>
Less accumulated depreciation for:					
Improvements other than buildings	3,140,021	630,237	-	(398,225)	3,372,033
Furniture and equipment	53,405	97,344	-	5,200	155,949
Vehicles	2,113,684	136,456	-	-	2,250,140
Infrastructure assets	-	-	-	393,025	393,025
Total accumulated depreciation	<u>5,307,110</u>	<u>864,037</u>	<u>-</u>	<u>-</u>	<u>6,171,147</u>
Total capital assets being depreciated, net	<u>9,992,999</u>	<u>547,903</u>	<u>-</u>	<u>351,251</u>	<u>10,892,153</u>
Drainage utility activities capital assets, net	<u>\$ 10,549,390</u>	<u>\$ 547,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,097,293</u>

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

Business-Type Activities: Total

	Balance				Balance
	9/30/2018	Additions	Deletions	Reclassifications	9/30/2019
Capital assets not being depreciated:					
Land	\$ 1,806,690	\$ -	\$ -	\$ -	\$ 1,806,690
Construction in progress	1,561,763	9,962,872	-	(576,829)	10,947,806
Total capital assets not being depreciated	<u>3,368,453</u>	<u>9,962,872</u>	<u>-</u>	<u>(576,829)</u>	<u>12,754,496</u>
Capital assets being depreciated:					
Buildings	106,184,242	92,570	-	-	106,276,812
Improvements other than buildings	223,697,710	1,274,434	-	(4,922,226)	220,049,918
Furniture and equipment	3,160,326	788,804	-	5,200	3,954,330
Vehicles	19,925,109	2,429,310	(617,104)	-	21,737,315
Infrastructure assets	23,439,109	1,424,834	-	5,493,855	30,357,798
Total capital assets being depreciated	<u>376,406,496</u>	<u>6,009,952</u>	<u>(617,104)</u>	<u>576,829</u>	<u>382,376,173</u>
Less accumulated depreciation for:					
Buildings	41,403,934	2,274,218	-	-	43,678,152
Improvements other than buildings	71,737,865	7,303,088	-	(398,225)	78,642,728
Furniture and equipment	2,193,714	415,007	-	5,200	2,613,921
Vehicles	16,836,140	1,163,501	(617,104)	-	17,382,537
Infrastructure assets	922,106	1,142,456	-	393,025	2,457,587
Total accumulated depreciation	<u>133,093,759</u>	<u>12,298,270</u>	<u>(617,104)</u>	<u>-</u>	<u>144,774,925</u>
Total capital assets being depreciated, net	<u>243,312,737</u>	<u>(6,288,318)</u>	<u>-</u>	<u>576,829</u>	<u>237,601,248</u>
Business-type activities capital assets, net	<u>\$ 246,681,190</u>	<u>\$ 3,674,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,355,744</u>

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

Business-type activities:	
Airport	\$ 3,740,453
Solid Waste	1,252,305
Water and Sewer	6,441,475
Drainage	<u>864,037</u>
Total depreciation expense-business-type activities	<u>\$ 12,298,270</u>

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

F. Pension Obligations

1. Texas Municipal Retirement System

i. Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by 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 TMRS with a six-member Board of Trustees (the “Board”). 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.

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:

	2019	2018
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20 100%	60/5, 0/20 100%
Updated service credit	Repeating, Transfers	Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

iii. Employees Covered by Benefit Terms

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

	Plan Year 2018
Inactive employees or beneficiaries currently receiving benefits	525
Inactive employees entitled to, but not yet receiving, benefits	551
Active employees	956
Total	2032

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 9.94% and 11.15% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$4,857,746 and were equal to the required contributions.

v. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

a) Actuarial Assumptions:

The TPL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year. For the City, annual annuity increases of 1.86 are assumed when calculating TPL.
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

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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 male 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.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The postretirement mortality assumption for healthy annuitants and annuity purchase rate are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

b) Discount Rate:

The discount rate used to measure the TPL 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 TPL.

c) Changes in NPL:

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 7,395,445	\$ -	\$ 7,395,445
Interest	15,374,857	-	15,374,857
Change of benefit terms	44,788,665	-	44,788,665
Difference between expected and actual experience	(2,828,831)	-	(2,828,831)
Changes of assumptions	-	-	-
Contributions - employer	-	4,252,052	(4,252,052)
Contributions - employee	-	3,043,393	(3,043,393)
Net investment income	-	(5,051,116)	5,051,116
Benefit payments, including refunds of employee contributions	(9,514,886)	(9,514,886)	-
Administrative expense	-	(97,668)	97,668
Other changes	-	(5,102)	5,102
Net Changes	<u>55,215,250</u>	<u>(7,373,327)</u>	<u>62,588,577</u>
Balance at December 31, 2017	<u>184,046,722</u>	<u>168,704,893</u>	<u>15,341,829</u>
Balance at December 31, 2018	<u>\$ 239,261,972</u>	<u>\$ 161,331,565</u>	<u>\$ 77,930,406</u>

d) Sensitivity of the NPL to Changes in the Discount Rate:

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 113,682,313	\$ 77,930,406	\$ 48,900,302

e) Pension Plan Fiduciary Net Position:

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

Detailed information about the TMRS’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.

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

For the year ended September 30, 2019, the City recognized pension expense of \$54,748,044. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 4,451,768
Changes in actuarial assumptions	-	9,039
Net difference between projected and actual investment earnings	8,683,181	-
Contributions subsequent to the measurement date	3,667,667	-
Total	<u>\$ 12,350,848</u>	<u>\$ 4,460,807</u>

\$3,667,667 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30</u>	<u>Pension Expense Amount</u>
2020	\$ 1,378,159
2021	(262,449)
2022	182,547
2023	2,924,117
Total	<u>\$ 4,222,374</u>

2. Deferred Compensation Fund

i. Plan Description

The City offers its employees two deferred compensation plans (the “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 Plans other than remitting employees’ contributions to the trustee. Accordingly, the City has not presented the assets and income from the Plans in these financial statements. Deferred compensation

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

investments are held by an outside trustee, and Plan investments are chosen by the individual participant (employee).

The Plans, available to all permanent City employees, permit 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.

3. 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 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 Fund 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 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 Fund which provides service retirement, death, disability, and termination benefits. These benefits fully vest after 20 years of credited service. 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. 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. The present plan provides a monthly normal service retirement benefit, 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 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 Fund. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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, 2018 actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	72
Inactive employees entitled to, but not yet receiving, benefits	10
Active employees and volunteers	<u>225</u>
Total	<u><u>307</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 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 actuarial valuation includes the assumption that the City contribution rate will be 13% over the unfunded liability amortization period. The costs of administering the Fund 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”). 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, 2018, the money-weighted rate of return was 8.94%. 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 contribution 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.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

v. Net Pension Liability

The City's NPL was measured at September 30, 2018 and the TPL used to calculate the NPL was determined by an actuarial valuation as of September 30, 2018.

Total pension liability	\$ 61,961,337
Plan fiduciary net position	<u>43,947,221</u>
City's net pension liability	<u>\$ 18,014,116</u>

Plan fiduciary net position as a percentage of the total pension liability	70.9%
--	-------

a) Actuarial Assumptions

The TPL in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%	
Salary increases	3%, plus promotion, step and longevity increases that vary by service	
Investment rate of return	7.5%, net of pension plan investment expense, including inflation	

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using projection scale MP-2018.

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 4.54%) and by adding expected inflation (3%). In addition, the final 7.5% assumption was selected by rounding down.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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 Net Real Rate of Return
Equities		
Large cap domestic	30.0%	5.99%
Small/mid cap domestic	10.0	6.74
International developed	15.0	6.38
Fixed Income		
Domestic core	18.5	1.41
Direct lending	6.5	1.49
Global	5.0	1.68
Alternatives		
Tactical strategies	5.0	7.09
Real estate	5.0	3.59
Balanced fund	5.0	2.81
Cash	0.0	0.24
Total	100.0%	
Weighted Average		4.54%

b) Discount Rate

The discount rate used to measure the TPL was 7.5%. No projection of cash flows was used to determine the discount rate because the September 30, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the UAAL in 40 years. Because of the 40-year amortization period of the UAAL, the Fund'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 Fund investments of 7.5% was applied to all periods of projected benefit payments as the discount rate to determine the TPL.

c) Sensitivity of the NPL ability to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 7.5%, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's Net Pension Liability	\$ 27,180,402	\$ 18,014,116	\$ 10,490,632

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

d) Fund Fiduciary Net Position

The Fund fiduciary net position reported above is the same as reported by the Fund. Detailed information about the Fund 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.

e) Changes in NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 2,113,543	\$ -	\$ 2,113,543
Interest	4,434,845	-	4,434,845
Change of benefit terms	-	-	-
Difference between expected and actual experience	(527,995)	-	(527,995)
Changes of assumptions	-	-	-
Contributions - employer	-	1,817,845	(1,817,845)
Contributions - employee	-	1,538,179	(1,538,179)
Net investment income	-	3,585,949	(3,585,949)
Benefit payments, including refunds of employee contributions	(2,782,964)	(2,782,964)	-
Administrative expense	-	(96,351)	96,351
Assumption changes	2,222,160	-	2,222,160
Net Changes	5,459,589	4,062,658	1,396,931
Balance at September 30, 2018	56,501,748	39,884,563	16,617,185
Balance at September 30, 2019	\$ 61,961,337	\$ 43,947,221	\$ 18,014,116

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

For the year ended September 30, 2019, the City's GASB 68 pension expense was \$2,227,072. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 2,383,353
Changes in actuarial assumptions	2,449,344	166,137
Net difference between projected and actual investment earnings	-	976,755
Contributions subsequent to the measurement date	1,897,380	-
Total	<u>\$ 4,346,720</u>	<u>\$ 3,526,245</u>

\$1,897,380 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 NPL for the year ending September 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30</u>	<u>Pension Expense Amount</u>
2020	\$ 166,125
2021	(621,676)
2022	(490,099)
2023	(116,677)
2024	(21,393)
Thereafter	6,819
Total	<u>\$ (1,076,901)</u>

4. Aggregate Total Pension Expenses/Expenditures and Net Pension Liability

The City recognized aggregate total pension expense/expenditures of \$56,975,116 and aggregate net pension liability of \$95,944,522 during the fiscal year ending September 30, 2019 related to the City's TMRS and TLFFRA pension plans.

G. Postemployment Benefits Other Than Pensions

1. Supplemental Death Benefits Fund

i. Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers 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.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

ii. Benefits

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). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	439
Inactive employees entitled to but not yet receiving benefits	177
Active employees	<u>956</u>
Total	<u><u>1572</u></u>

iii. Total OPEB Liability

The City's total OPEB liability of \$2,681,285 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

iv. Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.71%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projects on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rate are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

v. Changes in the Total OPEB Liability

		Total OPEB Liability
Changes for the year:		
Service cost		\$ 130,431
Interest		88,180
Difference between expected and actual experience		74,528
Changes of assumptions		(201,998)
Benefit payments*		(17,391)
	Net Changes	<u>73,750</u>
Beginning Balance		2,607,535
	Ending Balance	<u>\$ 2,681,285</u>

Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

vi. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
City's Total OPEB Liability	\$ 3,230,382	\$ 2,681,285	\$ 2,258,365

vii. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$234,970. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 61,700	\$ -
Changes in actuarial assumptions	145,914	167,231
Contributions subsequent to the measurement date	13,404	-
Total	\$ 221,018	\$ 167,231

\$13,304 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2020.

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	OPEB Expense Amount
2020	\$ 16,358
2021	16,358
2022	16,358
2023	9,081
2024	(17,772)
Total	\$ 40,383

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

2. Postemployment Healthcare Plan

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 TMRS or the Fund through a single-employer defined benefit healthcare plan (the “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 Healthcare Plan at retirement are eligible to remain in the Healthcare Plan at the total blended contribution rate for active and retiree participants.

Participation in the Plan as of October 1, 2017 is summarized below:

Actives	1,172
Retirees	98
Beneficiaries	7
Spouses of Retirees	<u>10</u>
Total	<u><u>1,287</u></u>

ii. Funding Policy

The City has elected to subsidize premiums for the Plan and funding is provided on a pay-as-you-go basis. There are no assets accumulated in a trust.

iii. Total OPEB liability

The City’s total OPEB liability of \$10,078,567 was measured as of September 30, 2019 and was determined by an actuarial valuation as of October 1, 2017.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

iv. Actuarial Assumptions and Other Inputs

The total OPEB liability in the October 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases	3.00%
Discount rate	2.66%*
Actuarial Cost Method	Entry Age Normal
Mortality	TMRS Retirees: RP 2014 Combined Healthy Mortality Table projected using Scale MP-2018. Firefighter Retirees: RP 2000 Combined Healthy Mortality Table projected to 2024 using Scale AA.
Health care trend rates	Trend was calculated assuming an implied inflation rate of 2.3% per year, and actual premiums. The short-term trend rate for Pre-65 retirees starts off at 4.2% and reflects the ACA Excise Tax effective 2022.
Participation rates	20% of TMRS members and 50% of Firefighter members are assumed to elect retiree medical coverage upon retirement. For future retirees it is assumed that husbands are three years older than their wives and that 15% of TMRS members and 30% of Firefighter members making it to retirement are assumed to be married and elect spouse coverage.

* The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The plan has not had a formal actuarial experience study performed.

v. Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 517,001
Interest	349,208
Changes of assumptions	1,610,530
Difference between expected and actual experience	-
Benefit payments	(466,036)
	Net Changes
	2,010,703
Beginning balance	8,067,864
	Ending Balance
	\$ 10,078,567

Changes of assumptions reflect a change in the discount rate from 4.18% as of September 30, 2018 to 2.66% as of September 30, 2019.

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

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

vi. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the Plan's total OPEB liability, calculated using a discount rate of 2.66%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease in Discount Rate (1.66%)	Discount Rate (2.66%)	1% Increase in Discount Rate (3.66%)
City's Total OPEB Liability	\$ 11,268,351	\$ 10,078,567	\$ 8,924,264

vii. Sensitivity of Total OPEB liability to the Healthcare Costs Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the Plan's total OPEB liability, calculated using the assumed trend rates, as well as what the Plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's Total OPEB Liability	\$ 8,403,623	\$ 10,078,567	\$ 12,153,911

viii. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$857,654.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 489,035
Changes in actuarial assumptions	1,435,472	832,979
Total	\$ 1,435,472	\$ 1,322,014

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended September 30</u>	<u>OPEB Expense Amount</u>
2020	\$ 8,555
2021	8,555
2022	8,555
2023	8,555
2024	8,555
Thereafter	(156,233)
Total	\$ (113,458)

3. Aggregate Total Postemployment Benefits Other Than Pension Expenses/Expenditures and Total OPEB Liability

The City recognized aggregate total OPEB expense/expenditures of \$1,092,624 and aggregate total OPEB liability of \$12,759,852 during the fiscal year ending September 30, 2019 related to the City's TMRS and City administered OPEB plans.

H. Construction and Other Significant Commitments

The City has active construction projects as of September 30, 2019. At year end, the City's construction commitments for governmental activities are as follows:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Stagecoach improvements	\$ 17,965,723	\$ 1,329,462
Rosewood extension	4,595,381	1,217,243
Heritage Park Trail	2,843,905	1,079,098
Central Fire Station - Dormitory	-	300,000
Trimmier	7,273,456	53,162
Fire Emergency Operation Center	15,500	9,000
Total	\$ 32,693,965	\$ 3,987,965

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

At year end, the City’s construction commitments for business-type activities are as follows:

Project Title	Expended to Date	Remaining Commitment
Water supply project	\$ 480,690	\$ 1,080,165
Aviation CFC projects	747,772	1,049,327
Water Line Rehab	133,232	1,000,000
Aviation PFC projects	1,605,051	480,924
Chaparral Rd. Waste Water Improv.	98,925	401,075
Water and Sewer Parking Lot Improv.	-	205,280
Sewer Line SSES PH V	231,654	177,659
Septic Tank Elimination	809,680	79,660
Valley Ditch	32,950	59,750
Patriotic Ditch	70,805	14,576
Total	\$ 4,210,759	\$ 4,548,416

The City is committed under various leases for 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 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 (the “Lease”) 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.

The City, along with other participating entities, entered into an agreement with Bell County Water Control Improvement District No. 1 (“WCID No. 1”) to enable WCID No. 1 to build a \$50 million water treatment plant that will supplement the City’s water needs through 2050. The treatment plant is expected to be completed in summer 2020 and is expected to provide an extra 10 million gallons per day once operational. WCID No. 1 agrees to deliver and meter water required by the City. WCID No. 1 bills for water purchased at rates that are reviewed and adjusted periodically. The rates are determined by amounts necessary to retire WCID No. 1 debt and cover maintenance and operating expenses. During the fiscal year ended September 30, 2019, the City purchased 5.1 billion gallons of water (57 million used for City’s facilities) for a total charge of \$3,343,419 from WCID No. 1. In addition, it paid WCID No. 1 \$2,952,864 for its share of debt service related to bonds issued for the treatment plant.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

The City initially funded \$5 million to be used to offset charges to the WCID No. 1 in years 2015 through 2019. The City is contractually obligated to purchase water from WCID No. 1, which includes rates for normal operation and maintenance and fixed costs to cover debt service obligation of WCID No. 1. The City's fixed costs to cover its proportional share of WCID No. 1 debt service is based on the Maximum Daily Rate of Delivery (MDRD) of water. The agreements increased the City's total MDRD from 32 million gallons per day (MGD) by 10 MGD, for a total of 42 MGD. The City portion of the debt service based on the MDRD is 51.5%. The total fixed costs (WCID No. 1 debt service requirements) that the City is obligated to pay is \$60 million at September 30, 2019. Normal maintenance and operational costs will vary by year and are allocated to the City based on its proportional share of the plant.

I. Risk Management

The City has insurable risks in various areas, including property, casualty, automobile, airport, surety bonding, comprehensive liability, and workers' 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 (the "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 the Pool. However, in the event the Pool became insolvent, or otherwise is unable to pay claims, the City may have to pay the claims.

J. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. With the exception of medical and workers' compensation claims, no other claim liabilities are reported at year end.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

K. Long-Term Liabilities

A summary of long-term debt transactions, including current portions, for the year ended September 30, 2019 is as follows:

Governmental Activities

	September 30, 2018	Additions	Deletions	September 30, 2019	Due Within One Year
General obligation bonds	\$ 142,790,000	\$ -	\$ (5,250,000)	\$ 137,540,000	\$ 5,775,000
Tax/revenue certificates of obligation	29,805,000	-	(3,870,000)	25,935,000	3,715,000
Unamortized bond premiums/(discounts)	18,451,604	-	(1,272,913)	17,178,691	-
Total bonds payable	191,046,604	-	(10,392,913)	180,653,691	9,490,000
Capital Leases	1,140,588	431,752	(497,481)	1,074,859	482,656
Compensated absences	12,000,316	4,665,710	(4,572,536)	12,093,490	3,484,857
OPEB liability					
Supplemental Death Benefit Funds	2,021,490	57,131	-	2,078,621	-
Postemployment Healthcare Plan	6,516,351	1,559,024	-	8,075,375	-
Net pension liability					
Texas Municipal Retirement System	14,620,712	48,485,117	-	63,105,829	-
Firefighter's Relief and Retirement Fund	16,617,185	1,396,931	-	18,014,116	-
Governmental activities long-term debt	<u>\$ 243,963,246</u>	<u>\$ 56,595,665</u>	<u>\$ (15,462,930)</u>	<u>\$ 285,095,981</u>	<u>\$ 13,457,513</u>

Business-Type Activities

	September 30, 2018	Additions	Deletions	September 30, 2019	Due Within One Year
Revenue bonds	\$ 41,205,000	\$ -	\$ (4,480,000)	\$ 36,725,000	\$ 3,935,000
General obligation bonds	9,930,000	-	(720,000)	9,210,000	830,000
Certificates of obligation	95,000	-	(95,000)	-	-
Unamortized bond premiums/(discounts)	4,179,094	-	(405,545)	3,773,549	-
Total bonds payable	55,409,094	-	(5,700,545)	49,708,549	4,765,000
Capital Leases	512,845	124,221	(91,787)	545,279	219,429
Compensated absences	781,395	595,518	(627,080)	749,833	350,047
OPEB liability					
Supplemental Death Benefit Funds	586,046	16,618	-	602,664	-
Postemployment Healthcare Plan	1,551,512	451,680	-	2,003,192	-
Net pension liability					
Texas Municipal Retirement System	721,117	14,103,460	-	14,824,577	-
Business-type activities long-term debt	<u>\$ 59,562,009</u>	<u>\$ 15,291,497</u>	<u>\$ (6,419,412)</u>	<u>\$ 68,434,094</u>	<u>\$ 5,334,476</u>

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

Long-term debt at September 30, 2019 is comprised of the following:

Governmental Activities

	Interest Rates to Maturity (%)	Issue Date	Maturity Date	Original Issue	Outstanding
General Obligation Bonds:					
2010 Refunding HOT	2.00-4.00	2010	2030	\$ 8,500,000	\$ 2,465,000
2010 Refunding	2.00-4.00	2010	2026	4,830,000	1,355,000
2011 Refunding	2.00-5.00	2011	2023	6,875,000	2,940,000
2012 Various purpose and refunding	2.00-5.00	2012	2032	19,500,000	14,840,000
2013 Refunding	2.00-5.00	2013	2032	37,290,000	33,860,000
2014 Refunding	2.00-5.00	2014	2034	10,610,000	5,180,000
2015 Refunding	3.00-4.00	2015	2034	8,640,000	8,640,000
2016 Refunding	2.00-5.00	2016	2034	34,715,000	34,715,000
2016 Refunding HOT	4.00-5.00	2016	2031	735,000	735,000
2017 Refunding	2.00-5.00	2017	2036	30,625,000	30,020,000
2017 Refunding HOT	2.00-5.00	2017	2036	2,830,000	2,790,000
Total General Obligation Bonds				<u>165,150,000</u>	<u>137,540,000</u>
Tax/Revenue Certificates of Obligation:					
2011 Various purpose	2.00-5.00	2011	2036	32,040,000	1,065,000
2011 PTF 195/201	2.00-5.00	2011	2020	18,060,000	695,000
2011A PTF 190/2410	2.00-5.00	2011	2024	31,400,000	6,630,000
2012 Various Purpose and Refunding	2.00-3.00	2012	2032	6,765,000	5,370,000
2014 Various Purpose	2.00-5.00	2014	2039	13,060,000	12,175,000
Total Tax/Revenue Certificates of Obligation				<u>101,325,000</u>	<u>25,935,000</u>
Total Governmental Activities				<u>\$ 266,475,000</u>	<u>\$163,475,000</u>

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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	\$ 1,280,000
2011 Refunding	2.00-5.00	2011	2022	11,135,000	4,635,000
2012 Refunding	2.98	2012	2027	7,365,000	6,990,000
2013 Refunding and Improvement	2.00-5.00	2013	2033	29,030,000	23,820,000
Total Revenue Bonds				<u>54,400,000</u>	<u>36,725,000</u>
General Obligation Bonds:					
2012 Various Purpose and Refunding	2.00-5.00	2012	2030	6,215,000	4,930,000
2013 Refunding	2.00-5.00	2013	2026	3,935,000	3,135,000
2015 Refunding	3.00-4.00	2015	2027	300,000	300,000
2017 Refunding	3.00-5.00	2017	2029	845,000	845,000
Total General Obligation Bonds				<u>11,295,000</u>	<u>9,210,000</u>
Total Business-Type Activities				<u>\$ 65,695,000</u>	<u>\$ 45,935,000</u>

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
2020	\$ 5,775,000	\$ 6,044,550	\$ 830,000	\$ 423,513
2021	7,840,000	5,832,650	860,000	391,613
2022	8,175,000	5,510,450	905,000	350,413
2023	8,580,000	5,131,050	950,000	305,163
2024	8,145,000	4,732,600	1,000,000	257,663
2025-2029	52,095,000	16,754,900	4,110,000	577,663
2030-2034	40,395,000	5,833,859	555,000	18,038
2035-2036	6,535,000	348,600	-	-
Total	<u>\$ 137,540,000</u>	<u>\$ 50,188,659</u>	<u>\$ 9,210,000</u>	<u>\$ 2,324,066</u>

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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, 2019. Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30	Business-Type Activities	
	Principal	Interest
2020	\$ 3,935,000	\$ 1,528,158
2021	4,125,000	1,371,421
2022	3,675,000	1,191,934
2023	3,880,000	1,019,298
2024	4,085,000	872,970
2025-2029	11,285,000	2,532,449
2030-2033	5,740,000	711,644
Total	<u>\$ 36,725,000</u>	<u>\$ 9,227,874</u>

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	
	Principal	Interest
2020	\$ 3,715,000	\$ 1,024,713
2021	2,040,000	857,163
2022	2,130,000	769,813
2023	2,200,000	705,213
2024	2,270,000	635,850
2025-2029	4,725,000	2,474,200
2030-2034	4,730,000	1,488,050
2035-2039	4,125,000	550,800
Total	<u>\$ 25,935,000</u>	<u>\$ 8,505,802</u>

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

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.

The annual requirements to amortize capital leases outstanding at year end were as follows:

Year Ending Sept. 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 482,656	\$ 50,155	\$ 532,811	\$ 219,429	\$ 28,126	\$ 247,555
2021	289,087	24,604	313,691	218,160	16,490	234,650
2022	249,607	5,649	255,256	10,779	8,065	18,844
2023	51,078	478	51,556	14,193	4,651	18,844
2024	2,431	24	2,455	82,718	720	83,438
Total	\$ 1,074,859	\$ 80,910	\$ 1,155,769	\$ 545,279	\$ 58,052	\$ 603,331

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Assets:		
Machinery and equipment	\$2,753,455	\$851,670
Less: Accumulated depreciation	(1,730,347)	(432,675)
	\$1,023,108	\$418,995

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 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. Inter-fund Receivables and Payables

The composition of inter-fund balances as of September 30, 2019:

Receivable Fund	Payable Fund	Amount
General	Total nonmajor governmental funds	\$ 51,893

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

The outstanding balances between funds are comprised of working capital loans made to several nonmajor governmental funds which the general fund expects to collect in the subsequent year.

N. Inter-fund Transfers

The composition of inter-fund transfers for the year ended September 30, 2019 is as follows:

	Transfers In						Total Funds
	General	Other Governmental Funds	Internal Service Funds	Enterprise Funds			
				Solid Waste	Water and Sewer	Drainage Fund	
Transfers Out:							
General Fund	\$ -	\$ 10,732,363	\$ 2,244,720	\$ -	\$ -	\$ -	\$ 12,977,083
Other Governmental Funds	-	1,907,828	-	-	-	18,670	1,926,498
Internal Service Funds	-	2,400,439	-	1,500,420	431,975	175,216	4,508,050
Solid Waste Fund	2,906,458	-	562,844	-	-	-	3,469,302
Water and Sewer Fund	6,441,346	-	1,244,212	-	-	-	7,685,558
Drainage Fund	672,461	-	-	-	-	-	672,461
Total Transfers	<u>\$ 10,020,265</u>	<u>\$ 15,040,630</u>	<u>\$ 4,051,776</u>	<u>\$ 1,500,420</u>	<u>\$ 431,975</u>	<u>\$ 193,886</u>	<u>\$ 31,238,952</u>

Transfers are used to move revenues from the fund responsible for collecting them to the fund responsible for expending them as required by statute or budget.

Further, during the year ended September 30, 2019, the City made the following one-time transfers:

- \$12,977,083 was transferred from the general to the following funds:
 - Governmental capital improvement fund \$5,833,566
 - Street maintenance fund \$4,833,566
 - Community development fund \$3,000
 - Support Service fund \$2,244,720 to fund new internal service fund.
- \$2,400,439 was transfer from fleet internal service fund to the governmental capital improvement fund.
- \$1,500,420 was transferred from fleet internal service fund to solid waste capital improvement fund.
- \$431,977 was transferred from fleet internal service fund to water and sewer capital improvement fund
- \$175,216 was transferred from fleet internal service fund to drainage capital improvement fund.
- \$18,670 was transferred from the governmental capital improvement fund to drainage fund.
- \$562,844 was transferred from solid waste fund to support services fund to fund new internal service fund.
- \$1,244,212 was transferred from water and sewer fund to support services fund to fund new internal service fund.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

O. Discretely Presented Component Unit

Capital asset activity for the KEDC for the year ended September 30, 2019 was as follows:

	Balance 9/30/2018	Additions	Deletions	Reclassifications	Balance 9/30/2019
Capital assets not being depreciated:					
Land					
KEDC - owned	\$ 235,237	\$ -	\$ -	\$ -	\$ 235,237
Industrial Park	1,680,837	-	-	-	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>2,216,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,216,377</u>
Capital assets being depreciated:					
Buildings					
Presidium	3,587,852	260,800	-	-	3,848,652
First National Bank/Raytheon	1,850,700	-	-	-	1,850,700
Entrance Sign	31,382	-	-	-	31,382
Total capital assets being depreciated	<u>5,469,934</u>	<u>260,800</u>	<u>-</u>	<u>-</u>	<u>5,730,734</u>
Less accumulated depreciation for:					
Buildings	2,873,333	174,819	-	-	3,048,152
Total accumulated depreciation	<u>2,873,333</u>	<u>174,819</u>	<u>-</u>	<u>-</u>	<u>3,048,152</u>
Total capital assets being depreciated, net	<u>2,596,601</u>	<u>85,981</u>	<u>-</u>	<u>-</u>	<u>2,682,582</u>
KEDC capital assets, net	<u>\$ 4,812,978</u>	<u>\$ 85,981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,898,959</u>

IV. Tax Abatements

The City of Killeen has adopted a tax abatement policy (the “Policy”). Under the Policy, a property owner agrees to construct certain improvements on its property and the City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the abatement agreement (the “Agreement”). The Agreement could last for a period of up to 10 years. The City has adopted criteria for granting tax abatements which establish guidelines regarding the number of jobs to be created and the amount of new value to be added by the taxpayer in return for the abatement. The Agreements provide for recapture in the event of material breach.

The City has entered into a Chapter 380 Retail Economic Development Program and Performance Agreement with Northwest Tidwell, Ltd. (the “380 Agreement”) to construct a multitenant retail development that includes a Super Walmart facility (the “Project”) generally located near the southwest corner of the intersection of West Stan Schlueter Loop and Bunny Trail within the City. Pursuant to the 380 Agreement, the City will provide an annual sales tax rebate of one half of 1% collected by the City from the sale of taxable items at the Project (less certain administrative fees and other expenses) until the earlier of (a) \$1,010,000 has been rebated or (b) five years after the opening of the Project. The 380 Agreement was fully executed on May 19, 2014 and expires approximately five years after the opening of the Project, which occurred on April 22, 2015.

City of Killeen, Texas
Notes to the Financial Statements (Continued)
September 30, 2019

V. Restatement of Fund Balance/Net Position

A prior period adjustment was made to move KVI fund balance of \$63,882 from a blended component unit to a discrete component unit.

	Governmental	Component Unit
	Activities	Killeen Volunteer
		Inc. (KVI)
Beginning net position, as reported	\$ 41,112,524	\$ -
Restatement - asset balance	(63,882)	63,882
Beginning net position, as restated	\$ 41,048,642	\$ 63,882

VI. Subsequent Event

On October 29, 2019, the City issued \$6,425,000 of waterworks and sewer system revenue refunding bonds, series 19 to refund waterworks and sewer system revenue refunding bonds, series 2012. The interest rates on the bonds range from 3.00% to 4.00% and the maturity date is August 15, 2027. S&P Global reviewed the refunding bond rating prior to the refunding and affirmed AA rating but revised its outlook to negative from stable.

On February 18, 2020, the City approved ordinances authorizing the issuance of waterworks and sewer system revenue and refunding bonds and the issuance of general obligation refunding bonds. The new water and sewer revenue bond issue is estimated to be \$22 million, and the refunding bond issue is estimated to be \$25 million. The general obligation refunding bonds are estimated to be from \$51.2 million but not to exceed \$82.0 million.

City of Killeen, Texas
Required Supplementary Information (Unaudited)
Texas Municipal Retirement System
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Five Years

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
1. Total Pension Liability					
a. Service cost	\$ 7,395,445	\$ 6,507,586	\$ 6,829,331	\$ 7,756,102	\$ 7,127,298
b. Interest	15,374,857	11,862,841	11,923,879	13,747,572	12,950,074
d. Change in benefit terms including substantially automatic status	44,788,665	(8,113,387)	(31,349,348)	-	-
e. Differences between expected and actual experience	(2,828,831)	(1,764,142)	(1,945,285)	(1,223,578)	(1,781,423)
f. Changes of assumptions	-	-	-	(39,423)	-
g. Benefit payments, including refunds of employee contributions	(9,514,886)	(10,103,133)	(8,772,730)	(7,570,788)	(6,864,254)
h. Net Change in Total Pension Liability	55,215,250	(1,610,235)	(23,314,153)	12,669,885	11,431,695
i. Total Pension Liability - Beginning	184,046,722	185,656,957	208,971,110	196,301,225	184,869,530
j. Total Pension Liability - Ending	<u>\$ 239,261,972</u>	<u>\$ 184,046,722</u>	<u>\$ 185,656,957</u>	<u>\$ 208,971,110</u>	<u>\$ 196,301,225</u>
2. Plan Fiduciary Net Position					
a. Contributions - employer	\$ 4,252,052	\$ 4,264,503	\$ 3,850,502	\$ 3,878,184	\$ 3,555,987
b. Contributions - employee	3,043,393	3,104,872	3,262,703	3,296,020	3,166,911
c. Net investment income	(5,051,116)	20,878,508	9,649,863	211,180	7,756,563
d. Benefit payments, including refunds of employee contributions	(9,514,886)	(10,103,133)	(8,772,730)	(7,570,788)	(6,864,254)
e. Administrative expenses	(97,668)	(108,224)	(108,991)	(128,630)	(80,983)
f. Other	(5,102)	(5,485)	(5,872)	(6,353)	(6,658)
g. Net Change in Plan Fiduciary Net Position	(7,373,327)	18,031,041	7,875,475	(320,387)	7,527,566
h. Plan Fiduciary Net Position - Beginning	168,704,893	150,673,852	142,798,377	143,118,764	135,591,198
i. Plan Fiduciary Net Position - Ending	<u>\$ 161,331,566</u>	<u>\$ 168,704,893</u>	<u>\$ 150,673,852</u>	<u>\$ 142,798,377</u>	<u>\$ 143,118,764</u>
3. Net Pension Liability - Ending [Item 1(j) - 2(i)]	\$ 77,930,405	\$ 15,341,829	\$ 34,983,105	\$ 66,172,733	\$ 53,182,461
4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.43%	91.66%	81.16%	68.33%	72.91%
5. Covered Payroll for Year (Estimated)	\$ 43,477,044	\$ 44,329,602	\$ 46,584,793	\$ 47,063,726	\$ 45,235,558
6. City's Net Pension Liability as a Percentage of Covered Payroll	179.24%	34.61%	75.10%	140.60%	117.57%

Note:

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 (Unaudited)
Texas Municipal Retirement System
Schedule of Contribution
Last Ten Fiscal Years

Fiscal Year	(1) Actuarially Determined Contribution	(2) Contribution in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered payroll	(5) Contributions as a percentage of covered payroll (2)/(4)
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	\$ -	\$ 46,584,793	8.48%
2017	\$ 4,155,119	\$ 4,155,119	\$ -	\$ 44,329,602	9.37%
2018	\$ 4,177,298	\$ 4,177,298	\$ -	\$ 43,025,537	9.71%
2019	\$ 4,857,746	\$ 4,857,746	\$ -	\$ 45,677,802	10.63%

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

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	6.75%
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:

- Notes:**
- 1) Granted 100% ad hoc USC with transfer
 - 2) Granted 70% ad hoc COLA.

City of Killeen, Texas
Required Supplementary Information (Unaudited)
Firefighter's Relief and Retirement Fund
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Five Years

	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
1. Total Pension Liability					
a. Service cost	\$ 2,113,543	\$ 2,047,015	\$ 1,891,004	\$ 1,827,057	\$ 1,830,207
b. Interest	4,434,845	4,185,617	4,132,431	3,854,103	3,548,068
d. Differences between expected and actual experience	(527,995)	-	(2,575,843)	-	-
e. Changes of assumptions	2,222,160	-	(224,913)	-	779,646
f. Benefit payments	(2,782,964)	(3,383,661)	(2,001,167)	(2,306,409)	(2,105,453)
g. Net Change in Total Pension Liability	5,459,589	2,848,971	1,221,512	3,374,751	4,052,468
h. Total Pension Liability - Beginning	56,501,748	53,652,777	52,431,265	49,056,514	45,004,046 ⁽¹⁾
i. Total Pension Liability - Ending	<u>\$ 61,961,337</u>	<u>\$ 56,501,748</u>	<u>\$ 53,652,777</u>	<u>\$ 52,431,265</u> ⁽²⁾	<u>\$ 49,056,514</u>
2. Plan Fiduciary Net Position					
a. Contributions by the city	\$ 1,817,845	\$ 1,873,368	\$ 1,770,872	\$ 1,696,664	\$ 1,541,096
b. Contributions by the firefighters	1,538,179	1,585,161	1,483,972	1,419,132	1,284,686
c. Net investment income	3,585,949	4,603,775	3,110,934	(1,444,977)	1,972,592
d. Benefit payments	(2,782,964)	(3,383,661)	(2,001,167)	(2,306,409)	(2,105,453)
e. Administrative expenses	(96,351)	(136,910)	(94,483)	(135,909)	(130,049)
g. Net Change in Plan Fiduciary Net Position	4,062,658	4,541,733	4,270,128	(771,499)	2,562,872
h. Plan Fiduciary Net Position - Beginning	39,884,563	35,342,830	31,072,702	31,844,201	29,281,329
i. Plan Fiduciary Net Position - Ending	<u>\$ 43,947,221</u>	<u>\$ 39,884,563</u>	<u>\$ 35,342,830</u>	<u>\$ 31,072,702</u>	<u>\$ 31,844,201</u>
3. City's Net Pension Liability - Ending [Item 1(i) - 2(i)]	\$ 18,014,116	\$ 16,617,185	\$ 18,309,947	\$ 21,358,563	\$ 17,212,313
4. Plan Fiduciary Net Position as a Percentage of the Total Pension	70.9%	70.6%	65.9%	59.3%	64.9%
5. Covered Payroll for Year (Estimated) 4	\$ 13,983,445	\$ 14,410,555	\$ 13,490,655	\$ 12,901,200	\$ 12,457,025
6. City's Net Pension Liability as a Percentage of Covered Payroll	128.8%	115.3%	135.7%	165.6%	138.2%

(1) 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.

(2) Determined from the beginning of year total pension liability, using the roll forward procedure allowed by GASB 68.

Notes:

Until a full 10-year trend is compiled, only available information is shown. The measurement date is September 30, 12 months prior to the fiscal year end. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates. A schedule of City contributions is not required because the City contributions to the Fund are neither actuarially determined nor statutorily or contractually established.

City of Killeen, Texas
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Total OPEB Liability - Supplemental Death Benefit Funds
and Related Ratios
Last Two Years

	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Total OPEB Liability		
Service cost	\$ 130,431	\$ 115,257
Interest (on the total OPEB liability)	88,180	85,013
Difference between expected and actual experience	74,528	
Change of assumptions	(201,998)	222,509
Benefit payments	(17,391)	(13,299)
Net Change in Total OPEB Liability	<u>73,750</u>	<u>409,480</u>
Beginning total OPEB liability	<u>2,607,535</u>	<u>2,198,055</u>
Ending Total OPEB Liability	<u><u>\$ 2,681,285</u></u>	<u><u>\$ 2,607,535</u></u>
Covered Payroll	\$ 43,477,044	\$ 44,329,602
Total OPEB Liability as a Percentage of Covered Payroll	6.17%	5.88%

Notes:

Only two years of information is currently available. The City will build this schedule over the next eight-year period. There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period.

Measurement Year 2018.

City of Killeen, Texas
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Total OPEB Liability Postemployment Healthcare Plan
and Related Ratios
Last Two Years

	September 30, 2019	September 30, 2018
Total OPEB Liability		
Service cost	\$ 517,001	\$ 614,080
Interest (on the total OPEB liability)	349,208	351,597
Diffrence between expected and actual experience	-	(624,879)
Change of assumptions	1,610,530	(1,064,361)
Benefit payments	(466,036)	(502,978)
Net Change in Total OPEB Liability	2,010,703	(1,226,541)
Beginning total OPEB liability	<u>8,067,864</u>	<u>9,294,405</u>
Ending Total OPEB Liability	<u>\$ 10,078,567</u>	<u>\$ 8,067,864</u>
Covered Payroll	\$ 59,574,244	\$ 57,536,268
Total OPEB Liability as a Percentage of Covered Payroll	16.92%	14.02%

Notes:

Only two years of information is currently available. The City will build this schedule over the next eight-year period. Changes of assumptions reflect a change in the discount rate from 4.18% as of September 30, 2018 to 2.66% as of September 30, 2019.

There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period. Measurement Year 2019.

City of Killeen, Texas
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
Revenues:				
Taxes:				
Ad valorem	\$ 30,644,984	\$ 30,520,949	\$ 30,520,949	\$ 124,035
Penalty and interest	207,418	149,133	149,133	58,285
Total ad valorem	30,852,402	30,670,082	30,670,082	182,320
Franchise	5,556,359	5,384,768	5,384,768	171,591
Sales and occupancy	25,423,580	24,383,538	24,383,538	1,040,042
Total taxes	61,832,341	60,438,388	60,438,388	1,393,953
Licenses, permits and fees:				
Building permits and inspections	583,006	551,767	551,767	31,239
Electrical permits and inspections	139,313	135,383	135,383	3,930
Plumbing permits and inspections	89,482	109,202	109,202	(19,720)
Miscellaneous licenses	267,915	256,944	256,944	10,971
Taxi operators licenses	950	3,520	3,520	(2,570)
Food handlers permits	25,850	25,673	25,673	177
Planning and zoning fees	68,750	47,892	47,892	20,858
Building plans review	202,481	135,911	135,911	66,570
Mechanical inspections	45,950	46,808	46,808	(858)
Total licenses, permits, and fees	1,423,697	1,313,100	1,313,100	110,597
Intergovernmental:				
General Government	1,248,210	1,216,494	1,216,494	31,716
Public safety	849,991	720,329	993,341	(143,350)
Public works	28,756	24,070	24,070	4,686
Community development	2,628	-	-	2,628
Total intergovernmental	2,129,585	1,960,893	2,233,905	(104,320)
Charges for Services:				
Ambulance service fees	3,115,412	3,352,560	3,352,560	(237,148)
Fire	197,585	158,034	158,034	39,551
Miscellaneous police receipts	32,519	6,638	6,638	25,881
Animal Control Receipts	48,442	90,651	90,651	(42,209)
Golf course	939,400	1,095,319	1,095,319	(155,919)
Parks and Recreation	1,013,501	1,079,891	1,079,891	(66,390)
Library charges and contributions	31,086	20,000	20,000	11,086
Killeen arts and activities center	85,279	59,136	59,136	26,143
General government	603,317	595,530	595,530	7,787
Leases	224,033	191,401	191,401	32,632
Total charges for services	6,290,574	6,649,160	6,649,160	(358,586)
Municipal court fines	2,400,699	2,850,000	2,850,000	(449,301)
Other Fines and Fees	144,181	181,380	181,380	(37,199)
Total Fines and Fees	2,544,880	3,031,380	3,031,380	(486,500)
Investment earnings	592,680	355,184	355,184	237,496
Miscellaneous	201,106	81,940	82,934	118,172
Total revenues	75,014,863	73,830,045	74,104,051	910,812
Expenditures:				
General Government:				
City council	\$ 51,080	\$ 70,953	\$ 70,953	\$ 19,873
City manager	450,809	458,431	494,157	43,348
Assistant city manager	203,693	221,123	221,123	17,430
City auditor	102,040	101,730	102,724	684
Communications	739,521	736,668	805,071	65,550
Legal	964,313	1,047,411	1,071,642	107,329
Financial services	1,578,658	1,684,182	1,678,182	99,524
Human resources	1,038,943	1,086,529	1,113,338	74,395
Planning and development	657,566	750,282	752,682	95,116
Nondepartmental	5,673,494	6,401,997	6,350,938	677,444
Total general government	11,460,117	12,559,306	12,660,810	1,200,693

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 (Continued)
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance -
		Original	Final	Positive (Negative)
Public Safety:				
Municipal court	\$ 946,142	\$ 1,040,416	\$ 1,030,094	\$ 83,952
Building inspections	895,016	903,103	899,333	4,317
Code enforcement	794,294	825,732	827,102	32,808
Police	28,821,864	30,451,522	30,048,395	1,226,531
Fire	21,291,168	21,372,010	21,333,828	42,660
Total public safety	52,748,484	54,592,783	54,138,752	1,390,268
Public Works:				
Public works	17,124	15,099	15,099	(2,025)
Engineering	299,467	200,278	678,835	379,368
Streets	-	4,389,254	-	-
Total public works	316,591	4,604,631	693,934	377,343
Recreation Services:				
Administration	261,889	244,599	259,800	(2,089)
Volunteer services	164,755	165,558	169,292	4,537
Golf course	1,183,134	1,095,319	1,028,286	(154,848)
Community center operations	160,325	235,174	221,637	61,312
Parks	1,832,292	1,950,464	1,862,096	29,804
Operations	472,939	547,379	497,944	25,005
Family aquatics center	417,872	454,826	462,797	44,925
Recreation	175,213	269,235	256,241	81,028
Athletics	268,077	345,342	313,072	44,995
Cemetery	146,650	189,962	186,462	39,812
Animal control	804,547	851,365	888,376	83,829
Senior citizens	182,424	228,233	230,792	48,368
Total recreation services	6,070,117	6,577,456	6,376,795	306,678
Community Development:				
Library	1,306,792	1,323,921	1,313,276	6,484
Killeen arts and activities center	408,835	444,067	444,067	35,232
Community development	146,319	146,490	146,490	171
Building services	767,713	768,164	782,310	14,597
Custodial services	687,444	738,322	738,322	50,878
Total community development	3,317,103	3,420,964	3,424,465	107,362
Capital Outlay				
	616,085	178,590	697,776	81,691
Debt Payments				
	264,565	-	231,062	(33,503)
Total expenditures	74,793,062	81,933,730	78,223,594	3,430,532
(Deficiency) of revenues (under) expenditures	221,801	(8,103,685)	(4,119,543)	(4,341,344)
Other Financing Sources (Uses)				
Insurance proceeds	359,631	500,000	500,000	(140,369)
Capital Leases	315,178	-	156,423	158,755
Sale of assets	34,938	24,920	24,920	10,018
Transfers in	10,020,265	10,020,265	10,020,265	-
Transfers out	(12,977,083)	(2,441,500)	(12,977,083)	-
Total other financing sources	(2,247,071)	8,103,685	(2,275,475)	28,404
Net change in fund balance	(2,025,270)	\$ -	\$ (6,395,018)	\$ 4,369,748
Fund balance - beginning	22,315,018			
Fund balance - ending	\$ 20,289,748			

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



City of Killeen, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 6,150,643	\$ 12,878,220	\$ 19,028,863
Receivables (net of allowances for uncollectibles):			
Taxes	206,003	-	206,003
Accounts	261,676	-	261,676
Intergovernmental receivable	99,357	568,095	667,452
Inventories	10,729	-	10,729
Total assets	<u>\$ 6,728,408</u>	<u>\$ 13,446,315</u>	<u>\$ 20,174,723</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 423,872	\$ 1,284,051	\$ 1,707,923
Due to other funds	51,893	-	51,893
Accrued salaries payable	129,883	-	129,883
Unearned revenue	7,360	-	7,360
Total liabilities	<u>613,008</u>	<u>1,284,051</u>	<u>1,897,059</u>
 Fund Balances:			
Nonspendable:			
Inventories	10,729	-	10,729
Restricted for:			
Debt service	677,222	-	677,222
Capital projects	-	12,162,264	12,162,264
Other purposes	5,427,449	-	5,427,449
Unassigned	-	-	-
Total fund balances	<u>6,115,400</u>	<u>12,162,264</u>	<u>18,277,664</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,728,408</u>	<u>\$ 13,446,315</u>	<u>\$ 20,174,723</u>

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

City of Killeen, Texas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
REVENUES			
Taxes	\$ 2,261,684	\$ -	\$ 2,261,684
Intergovernmental	1,663,448	3,524,080	5,187,528
Charges for services	1,155,939	-	1,155,939
Fines	194,635	-	194,635
Investment earnings	138,917	254,297	393,214
Contributions	200,584	75,000	275,584
Miscellaneous	11,998	23,318	35,316
Total revenues	<u>5,627,205</u>	<u>3,876,695</u>	<u>9,503,900</u>
EXPENDITURES			
Current:			
General government	75,988	-	75,988
Public safety	737,627	-	737,627
Public works	3,879,241	14,857	3,894,098
Community services	2,734,213	208,304	2,942,517
Debt service:			
Principal	461,855	243,722	705,577
Interest and fiscal charges	296,700	16,023	312,723
Capital outlay	<u>190,272</u>	<u>9,167,952</u>	<u>9,358,224</u>
Total expenditures	<u>8,375,896</u>	<u>9,650,858</u>	<u>18,026,754</u>
(Deficiency) of revenues (under) expenditures	<u>(2,748,691)</u>	<u>(5,774,163)</u>	<u>(8,522,854)</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	28,695	-	28,695
Lease proceeds	116,574	-	116,574
Transfers in	4,868,964	10,171,666	15,040,630
Transfers out (net)	<u>(62,895)</u>	<u>(1,863,603)</u>	<u>(1,926,498)</u>
Total other financing sources (uses)	<u>4,951,338</u>	<u>8,308,063</u>	<u>13,259,401</u>
Net changes in fund balances	2,202,647	2,533,900	4,736,547
Fund balance - beginning	<u>3,912,753</u>	<u>9,628,364</u>	<u>13,541,117</u>
Fund balance - ending	<u>\$ 6,115,400</u>	<u>\$ 12,162,264</u>	<u>\$ 18,277,664</u>

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

City of Killeen, Texas
Special Revenue Funds

Special revenue funds are used to account 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 Fund: 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 to account 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.

Cable System 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.

Senior Citizen Assistance Fund: To account for monetary donations and expenditures related to senior citizen assistance with utility bills.

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.

Street Maintenance Fund: This fund accounts for revenue for street maintenance.

TIRZ #2 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

City of Killeen, Texas
Special Revenue Funds

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

Teen Court Program Fund: 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 Municipal Court's order in Juvenile Court.

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

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

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

Child Safety Fund: 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 Fund: This fund accounts for receipts and expenditures related to police

Employee Wellness Fund: This fund accounts for receipts and expenditures related to the employee wellness program.

Killeen Volunteers Inc. ("KVI") Fund: This fund accounts for the activity of the City's blended component unit KVI.

**City of Killeen, Texas
Combining Balance Sheet
Nonmajor Special Revenue Funds
September 30, 2019**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Hotel Occupancy Tax	Special Events Center	Cable System Improvements	Library Memorial	Community Development	Senior Citizen Assistance	Home Program	Street Maintenance	TIRZ #2
ASSETS													
Cash and cash equivalents	\$ -	\$ 138,036	\$ 317,976	\$ 1,824	\$ 648,673	\$ 18,342	\$ 726,362	\$ 17,028	\$ 9,836	\$ 57,978	\$ 85,328	\$ 1,507,829	\$ 996,548
Receivables (net of allowances for uncollectibles):													
Taxes	-	-	-	-	148,260	-	57,743	-	-	-	-	-	-
Accounts	-	-	52,311	-	-	-	-	-	245	171	7,115	131,576	-
Intergovernmental receivable	20,600	-	-	-	-	-	-	-	70,561	-	8,196	-	-
Inventories	-	-	-	-	10,729	-	-	-	-	-	-	-	-
Total assets	<u>\$ 20,600</u>	<u>\$ 138,036</u>	<u>\$ 370,287</u>	<u>\$ 1,824</u>	<u>\$ 807,662</u>	<u>\$ 18,342</u>	<u>\$ 784,105</u>	<u>\$ 17,028</u>	<u>\$ 80,642</u>	<u>\$ 58,149</u>	<u>\$ 100,639</u>	<u>\$ 1,639,405</u>	<u>\$ 996,548</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES													
Liabilities:													
Accounts payable	\$ 1,901	\$ -	\$ -	\$ -	\$ 88,234	\$ -	\$ 3,537	\$ 18	\$ 22,635	\$ -	\$ 823	\$ 298,572	\$ -
Due to other funds	14,290	-	-	-	-	-	-	-	37,603	-	-	-	-
Accrued salaries payable	-	-	-	-	31,477	-	-	-	9,616	-	1,280	82,852	-
Unearned revenue	-	-	-	-	-	-	-	-	245	-	7,115	-	-
Total liabilities	<u>16,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,711</u>	<u>-</u>	<u>3,537</u>	<u>18</u>	<u>70,099</u>	<u>-</u>	<u>9,218</u>	<u>381,424</u>	<u>-</u>
Fund Balances:													
Nonspendable:													
Inventories	-	-	-	-	10,729	-	-	-	-	-	-	-	-
Restricted for:													
Debt service	-	-	-	-	677,222	-	-	-	-	-	-	-	-
Other purposes	4,409	138,036	370,287	1,824	-	18,342	780,568	17,010	10,543	58,149	91,421	1,257,981	996,548
Total fund balances	<u>4,409</u>	<u>138,036</u>	<u>370,287</u>	<u>1,824</u>	<u>687,951</u>	<u>18,342</u>	<u>780,568</u>	<u>17,010</u>	<u>10,543</u>	<u>58,149</u>	<u>91,421</u>	<u>1,257,981</u>	<u>996,548</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,600</u>	<u>\$ 138,036</u>	<u>\$ 370,287</u>	<u>\$ 1,824</u>	<u>\$ 807,662</u>	<u>\$ 18,342</u>	<u>\$ 784,105</u>	<u>\$ 17,028</u>	<u>\$ 80,642</u>	<u>\$ 58,149</u>	<u>\$ 100,639</u>	<u>\$ 1,639,405</u>	<u>\$ 996,548</u>

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

City of Killeen, Texas
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
September 30, 2019

	Parks Donations	Teen Court Program	Court Technology	Court Security	Juvenile Case Manager	Photo Red Light Enforcement	Fire Department	Animal Control Donations	Child Safety	Police Department Donations	Employee Wellness	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS												
Cash and cash equivalents	\$ 79,073	\$ 8,152	\$ 77,052	\$ 170,003	\$ 564,827	\$ 6,854	\$ 2,276	\$ 29,471	\$ 360,054	\$ 169,758	\$ 157,363	\$ 6,150,643
Receivables (net of allowances for uncollectibles):												
Taxes	-	-	-	-	-	-	-	-	-	-	-	206,003
Accounts	-	-	-	-	-	256	-	70,002	-	-	-	261,676
Intergovernmental receivable	-	-	-	-	-	-	-	-	-	-	-	99,357
Inventories	-	-	-	-	-	-	-	-	-	-	-	10,729
Total assets	<u>\$ 79,073</u>	<u>\$ 8,152</u>	<u>\$ 77,052</u>	<u>\$ 170,003</u>	<u>\$ 564,827</u>	<u>\$ 7,110</u>	<u>\$ 2,276</u>	<u>\$ 99,473</u>	<u>\$ 360,054</u>	<u>\$ 169,758</u>	<u>\$ 157,363</u>	<u>\$ 6,728,408</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ -	\$ 276	\$ -	\$ 53	\$ 152	\$ 2,891	\$ -	\$ 2,531	\$ 377	\$ 972	\$ 900	\$ 423,872
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	51,893
Accrued salaries payable	-	-	-	1,774	1,939	-	-	-	-	-	945	129,883
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	7,360
Total liabilities	<u>-</u>	<u>276</u>	<u>-</u>	<u>1,827</u>	<u>2,091</u>	<u>2,891</u>	<u>-</u>	<u>2,531</u>	<u>377</u>	<u>972</u>	<u>1,845</u>	<u>613,008</u>
Fund Balances:												
Nonspendable:												
Inventories	-	-	-	-	-	-	-	-	-	-	-	10,729
Restricted for:												
Debt service	-	-	-	-	-	-	-	-	-	-	-	677,222
Other purposes	79,073	7,876	77,052	168,176	562,736	4,219	2,276	96,942	359,677	168,786	155,518	5,427,449
Total fund balances	<u>79,073</u>	<u>7,876</u>	<u>77,052</u>	<u>168,176</u>	<u>562,736</u>	<u>4,219</u>	<u>2,276</u>	<u>96,942</u>	<u>359,677</u>	<u>168,786</u>	<u>155,518</u>	<u>6,115,400</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 79,073</u>	<u>\$ 8,152</u>	<u>\$ 77,052</u>	<u>\$ 170,003</u>	<u>\$ 564,827</u>	<u>\$ 7,110</u>	<u>\$ 2,276</u>	<u>\$ 99,473</u>	<u>\$ 360,054</u>	<u>\$ 169,758</u>	<u>\$ 157,363</u>	<u>\$ 6,728,408</u>

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

City of Killeen, Texas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended September 30, 2019

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Hotel Occupancy Tax	Special Events Center	Cablesystem Improvements	Library Memorial	Community Development	Senior Citizen Assistance	Home Program	Street Maintenance	TIRZ #2
REVENUES													
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,887,416	\$ -	\$ 236,477	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,791
Intergovernmental	251,222	29,220	53,112	-	-	-	-	-	726,272	-	320,042	-	102,932
Charges for services	-	-	-	-	742,403	-	-	-	9,900	-	49,822	296,251	-
Investment earnings	225	2,760	7,634	40	13,695	406	14,436	371	29	1,172	70	42,072	19,441
Contributions	-	-	-	-	-	-	-	684	63	64,809	-	-	-
Miscellaneous	-	-	-	-	1,433	-	-	-	350	-	9,951	242	-
Total revenues	<u>251,447</u>	<u>31,980</u>	<u>60,746</u>	<u>40</u>	<u>2,644,947</u>	<u>406</u>	<u>250,913</u>	<u>1,055</u>	<u>736,614</u>	<u>65,981</u>	<u>379,885</u>	<u>338,565</u>	<u>260,164</u>
EXPENDITURES													
Current:													
General government	-	-	-	-	-	-	25,197	-	-	-	-	-	-
Public safety	230,341	31,239	28,302	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-	3,879,241	-
Community services	-	-	-	-	1,573,895	-	-	-	726,919	7,832	415,300	-	-
Debt service:													
Principal	-	-	-	-	440,000	-	-	-	-	-	-	21,855	-
Interest and fiscal charges	-	-	-	-	283,646	-	-	-	-	-	-	13,054	-
Capital outlay	57,181	-	-	-	16,517	-	-	-	-	-	-	116,574	-
Total expenditures	<u>287,522</u>	<u>31,239</u>	<u>28,302</u>	<u>-</u>	<u>2,314,058</u>	<u>-</u>	<u>25,197</u>	<u>-</u>	<u>726,919</u>	<u>7,832</u>	<u>415,300</u>	<u>4,030,724</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,075)</u>	<u>741</u>	<u>32,444</u>	<u>40</u>	<u>330,889</u>	<u>406</u>	<u>225,716</u>	<u>1,055</u>	<u>9,695</u>	<u>58,149</u>	<u>(35,415)</u>	<u>(3,692,159)</u>	<u>260,164</u>
OTHER FINANCING SOURCES (USES)													
Sale of assets	-	24,922	-	-	-	-	-	-	-	-	-	-	-
Lease proceeds	-	-	-	-	-	-	-	-	-	-	-	116,574	-
Transfers in	-	-	-	-	-	-	-	-	3,000	-	-	4,833,566	-
Transfers out	-	-	-	-	-	-	(30,497)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>24,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,497)</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>4,950,140</u>	<u>-</u>
Net changes in fund balances	(36,075)	25,663	32,444	40	330,889	406	195,219	1,055	12,695	58,149	(35,415)	1,257,981	260,164
Fund balance - beginning	40,484	112,373	337,843	1,784	357,062	17,936	585,349	15,955	(2,152)	-	126,836	-	736,384
Fund balance - ending	<u>\$ 4,409</u>	<u>\$ 138,036</u>	<u>\$ 370,287</u>	<u>\$ 1,824</u>	<u>\$ 687,951</u>	<u>\$ 18,342</u>	<u>\$ 780,568</u>	<u>\$ 17,010</u>	<u>\$ 10,543</u>	<u>\$ 58,149</u>	<u>\$ 91,421</u>	<u>\$ 1,257,981</u>	<u>\$ 996,548</u>

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

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, 2019

	Parks Donations	Teen Court Program	Court Technology	Court Security	Juvenile Case Manager	Photo Red Light Enforcement	Fire Department	Animal Control Donations	Child Safety	Police Department Donations	Employee Wellness	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,261,684
Intergovernmental	-	-	-	796	-	-	910	-	158,779	20,163	-	1,663,448
Charges for services	-	-	-	-	-	-	-	-	-	7,513	50,050	1,155,939
Fines	-	2,078	46,604	34,972	69,841	12,944	-	-	28,196	-	-	194,635
Investment earnings	1,480	186	1,809	3,798	12,468	117	43	1,220	7,405	4,593	3,447	138,917
Contributions	41,894	-	-	-	-	-	-	85,193	-	7,941	-	200,584
Miscellaneous	-	-	-	6	15	-	-	-	1	-	-	11,998
Total revenues	<u>43,374</u>	<u>2,264</u>	<u>48,413</u>	<u>39,572</u>	<u>82,324</u>	<u>13,061</u>	<u>953</u>	<u>86,413</u>	<u>194,381</u>	<u>40,210</u>	<u>53,497</u>	<u>5,627,205</u>
EXPENDITURES												
Current:												
General government	-	-	-	-	-	-	-	-	-	-	50,791	75,988
Public safety	-	2,247	67,611	38,029	75,511	10,001	-	135,038	75,417	43,891	-	737,627
Public works	-	-	-	-	-	-	-	-	-	-	-	3,879,241
Community services	10,267	-	-	-	-	-	-	-	-	-	-	2,734,213
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	461,855
Interest	-	-	-	-	-	-	-	-	-	-	-	296,700
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	190,272
Total expenditures	<u>10,267</u>	<u>2,247</u>	<u>67,611</u>	<u>38,029</u>	<u>75,511</u>	<u>10,001</u>	<u>-</u>	<u>135,038</u>	<u>75,417</u>	<u>43,891</u>	<u>50,791</u>	<u>8,375,896</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,107</u>	<u>17</u>	<u>(19,198)</u>	<u>1,543</u>	<u>6,813</u>	<u>3,060</u>	<u>953</u>	<u>(48,625)</u>	<u>118,964</u>	<u>(3,681)</u>	<u>2,706</u>	<u>(2,748,691)</u>
OTHER FINANCING SOURCES (USES)												
Sale of assets	-	-	-	-	-	-	-	-	-	3,773	-	28,695
Insurance proceeds	-	-	-	-	-	-	-	-	-	-	-	116,574
Transfers in	-	-	-	-	-	-	-	32,398	-	-	-	4,868,964
Transfers out	-	-	-	-	-	-	-	-	-	(32,398)	-	(62,895)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,398</u>	<u>-</u>	<u>(28,625)</u>	<u>-</u>	<u>4,951,338</u>
Net changes in fund balances	33,107	17	(19,198)	1,543	6,813	3,060	953	(16,227)	118,964	(32,306)	2,706	2,202,647
Fund balance - beginning	45,966	7,859	96,250	166,633	555,923	1,159	1,323	113,169	240,713	201,092	152,812	3,912,753
Fund balance - ending	<u>\$ 79,073</u>	<u>\$ 7,876</u>	<u>\$ 77,052</u>	<u>\$ 168,176</u>	<u>\$ 562,736</u>	<u>\$ 4,219</u>	<u>\$ 2,276</u>	<u>\$ 96,942</u>	<u>\$ 359,677</u>	<u>\$ 168,786</u>	<u>\$ 155,518</u>	<u>\$ 6,115,400</u>

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

City of Killeen, Texas
Capital Projects Funds

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

2011A Pass-Through 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.

2011 C.O. Bonds: This fund accounts for expenditures of funds to be used for street improvements.

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.

Rosewood Extension Project: This fund accounts for the design and construction of an extension to Rosewood Drive and Heritage Oaks Hike and Bike Trail Segment 3.

**City of Killeen, Texas
Combining Balance Sheet
Nonmajor Capital Projects Funds
September 30, 2019**

	2011A Pass-Through Financing 190/2410	2011 C.O. Bonds	2012 G.O. Bonds	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)
ASSETS										
Cash and cash equivalents	\$ 113,685	\$ 2,158,607	\$ -	\$ -	\$ 57,747	\$ -	\$ 10,483,058	\$ 65,123	\$ -	\$ 12,878,220
Intergovernmental receivable	-	-	-	-	-	-	568,095	-	-	568,095
Total assets	<u>\$ 113,685</u>	<u>\$ 2,158,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,747</u>	<u>\$ -</u>	<u>\$ 11,051,153</u>	<u>\$ 65,123</u>	<u>\$ -</u>	<u>\$ 13,446,315</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ 743,531	\$ -	\$ -	\$ -	\$ -	\$ 540,520	\$ -	\$ -	\$ 1,284,051
Total liabilities	<u>-</u>	<u>743,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,520</u>	<u>-</u>	<u>-</u>	<u>1,284,051</u>
Fund balances:										
Restricted for:										
Capital projects	113,685	1,415,076	-	-	57,747	-	10,510,633	65,123	-	12,162,264
Total fund balances	<u>113,685</u>	<u>1,415,076</u>	<u>-</u>	<u>-</u>	<u>57,747</u>	<u>-</u>	<u>10,510,633</u>	<u>65,123</u>	<u>-</u>	<u>12,162,264</u>
Total liabilities and fund balances	<u>\$ 113,685</u>	<u>\$ 2,158,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,747</u>	<u>\$ -</u>	<u>\$ 11,051,153</u>	<u>\$ 65,123</u>	<u>\$ -</u>	<u>\$ 13,446,315</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, 2019

	2011A Pass Thru Financing 190/2410	2011 C.O. Bonds	2012 G.O. Bonds	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)
REVENUES										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,524,080	\$ -	\$ -	\$ 3,524,080
Investment earnings	2,523	50,093	-	-	4,585	-	195,451	1,645	-	254,297
Contributions	-	-	-	-	-	-	75,000	-	-	75,000
Miscellaneous	-	-	-	-	-	-	1,738	21,580	-	23,318
Total revenues	<u>2,523</u>	<u>50,093</u>	<u>-</u>	<u>-</u>	<u>4,585</u>	<u>-</u>	<u>3,796,269</u>	<u>23,225</u>	<u>-</u>	<u>3,876,695</u>
EXPENDITURES										
Public works	-	-	-	-	-	-	-	14,857	-	14,857
Community Services	-	-	-	-	-	-	208,304	-	-	208,304
Debt service:										
Principal	-	-	-	-	-	-	243,722	-	-	243,722
Interest	-	-	-	-	-	-	16,023	-	-	16,023
Capital outlay	-	-	-	-	-	23,104	9,144,848	-	-	9,167,952
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,104</u>	<u>9,612,897</u>	<u>14,857</u>	<u>-</u>	<u>9,650,858</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,523</u>	<u>50,093</u>	<u>-</u>	<u>-</u>	<u>4,585</u>	<u>(23,104)</u>	<u>(5,816,628)</u>	<u>8,368</u>	<u>-</u>	<u>(5,774,163)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	10,171,666	-	-	10,171,666
Transfers out	-	(317,492)	(138,068)	(79,626)	(480,909)	(769,407)	(18,670)	-	(59,431)	(1,863,603)
Total other financing sources (uses)	<u>-</u>	<u>(317,492)</u>	<u>(138,068)</u>	<u>(79,626)</u>	<u>(480,909)</u>	<u>(769,407)</u>	<u>10,152,996</u>	<u>-</u>	<u>(59,431)</u>	<u>8,308,063</u>
Net change in fund balances	2,523	(267,399)	(138,068)	(79,626)	(476,324)	(792,511)	4,336,368	8,368	(59,431)	2,533,900
Fund balance - beginning	111,162	1,682,475	138,068	79,626	534,071	792,511	6,174,265	56,755	59,431	9,628,364
Fund balance - ending	<u>\$ 113,685</u>	<u>\$ 1,415,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,747</u>	<u>\$ -</u>	<u>\$ 10,510,633</u>	<u>\$ 65,123</u>	<u>\$ -</u>	<u>\$ 12,162,264</u>

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

City of Killeen, Texas
Internal Service Fund

Internal service funds are used to account for services provided to other departments or agencies of the government, or to other government's on a cost-reimbursement basis.

Fleet Management Fund: This fund accounts for the government's transportation fleet including preventive maintenance and repairs.

Support Services Internal Service Fund: This fund accounts for the activities to support the line departments.

Risk Management Internal Service Fund: This fund accounts for the liability insurance of the City and provide a loss prevention program to mitigate risk.

Information Technology Internal Service Fund: This fund accounts for the management of the City's hardware, software and telecommunications equipment and services.

City of Killeen, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2019

	Fleet Services	Support Services	Risk Management	Information Technology	Total Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 730,839	\$ 4,061,127	\$ 220,583	\$ 421,944	\$ 5,434,493
Inventories	281,293	-	-	-	281,293
Total current assets	<u>1,012,132</u>	<u>4,061,127</u>	<u>220,583</u>	<u>421,944</u>	<u>5,715,786</u>
Noncurrent assets:					
Property and equipment:					
Furniture and equipment	6,000	-	-	185,891	191,891
Vehicles	4,276,727	-	-	-	4,276,727
Less accumulated depreciation	(2,422,727)	-	-	(28,771)	(2,451,498)
Net property and equipment	<u>1,860,000</u>	<u>-</u>	<u>-</u>	<u>157,120</u>	<u>2,017,120</u>
Total assets	<u>\$ 2,872,132</u>	<u>\$ 4,061,127</u>	<u>\$ 220,583</u>	<u>\$ 579,064</u>	<u>\$ 7,732,906</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows - Pension	285,438	-	40,641	460,817	786,896
Deferred Outflows - OPEB	15,230	-	183	2,078	17,491
Total deferred outflows of resources	<u>300,668</u>	<u>-</u>	<u>40,824</u>	<u>462,895</u>	<u>804,387</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 89,969	\$ 171	\$ 315	\$ 85,311	\$ 175,766
Accrued salaries payable	91,049	-	7,449	66,343	164,841
Compensated absences	29,071	-	757	9,885	39,713
Total current liabilities	<u>210,089</u>	<u>171</u>	<u>8,521</u>	<u>161,539</u>	<u>380,320</u>
Noncurrent liabilities:					
Compensated absences	53,899	-	6,812	88,960	149,671
Net pension liability	1,755,443	-	152,736	1,731,827	3,640,006
OPEB Liability	72,737	-	180	2,041	74,958
Total noncurrent liabilities	<u>1,882,079</u>	<u>-</u>	<u>159,728</u>	<u>1,822,828</u>	<u>3,864,635</u>
Total liabilities	<u>2,092,168</u>	<u>171</u>	<u>168,249</u>	<u>1,984,367</u>	<u>4,244,955</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Pension	97,598	-	2,201	24,941	124,740
Deferred Inflows - OPEB	3,802	-	408	4,627	8,837
Total deferred inflows of resources	<u>101,400</u>	<u>-</u>	<u>2,609</u>	<u>29,568</u>	<u>133,577</u>
NET POSITION					
Net investment in capital assets	1,860,000	-	-	157,120	2,017,120
Unrestricted	(880,768)	4,060,956	90,549	(1,129,096)	2,141,641
Total net position	<u>979,232</u>	<u>4,060,956</u>	<u>90,549</u>	<u>(971,976)</u>	<u>4,158,761</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,172,800</u>	<u>\$ 4,061,127</u>	<u>\$ 261,407</u>	<u>\$ 1,041,959</u>	<u>8,537,293</u>

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

City of Killeen, Texas
Combining Statement of Revenues, Expenditures
and Changes in Fund Net Position
Internal Service Funds
For the Year Ended September 30, 2019

	Fleet Services	Support Services	Risk Management	Information Technology	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 1,600,357	\$ -	\$ 1,341,084	\$ 2,915,144	\$ 5,856,585
Miscellaneous	1,840	-	87	1,583	3,510
Total operating revenues	<u>1,602,197</u>	<u>-</u>	<u>1,341,171</u>	<u>2,916,727</u>	<u>5,860,095</u>
OPERATING EXPENSES					
Salaries and employee benefits	2,493,479	-	281,488	2,778,058	5,553,025
Repairs and maintenance	58,721	-	-	788,480	847,201
Supplies	53,198	-	129	9,023	62,350
Miscellaneous services and charges	23,230	-	1,038,360	376,559	1,438,149
Refuse disposal costs	11,258	-	-	-	11,258
Depreciation	623,679	-	-	19,530	643,209
Total operating expenses	<u>3,263,565</u>	<u>-</u>	<u>1,319,977</u>	<u>3,971,650</u>	<u>8,555,192</u>
Operating income (loss)	<u>(1,661,368)</u>	<u>-</u>	<u>21,194</u>	<u>(1,054,923)</u>	<u>(2,695,097)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain on disposition of capital assets	1,437	-	-	1,810	3,247
Investment earnings	44,462	9,180	4,271	11,486	69,399
Total nonoperating revenues (expenses)	<u>45,899</u>	<u>9,180</u>	<u>4,271</u>	<u>13,296</u>	<u>72,646</u>
Income (loss) before contributions and transfers	<u>(1,615,469)</u>	<u>9,180</u>	<u>25,465</u>	<u>(1,041,627)</u>	<u>(2,622,451)</u>
CONTRIBUTIONS AND TRANSFERS					
Transfers in	-	4,051,776	-	-	4,051,776
Transfers out	(4,508,050)	-	-	-	(4,508,050)
Total contributions and transfers	<u>(4,508,050)</u>	<u>4,051,776</u>	<u>-</u>	<u>-</u>	<u>(456,274)</u>
Change in net position	(6,123,519)	4,060,956	25,465	(1,041,627)	(3,078,725)
Net position - beginning	7,102,751	-	65,084	69,651	7,237,486
Net position - ending	<u>\$ 979,232</u>	<u>\$ 4,060,956</u>	<u>\$ 90,549</u>	<u>\$ (971,976)</u>	<u>\$ 4,158,761</u>

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

City of Killeen, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2019

	Fleet Services	Support Services	Risk Management	Information Technology	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from interfund services	\$ 1,602,197	\$ -	\$ 1,341,170	\$ 2,916,727	\$ 5,860,094
Payments to suppliers	(262,481)	171	(1,042,673)	(1,164,521)	(2,469,504)
Payments to employees	(1,294,207)	-	(162,248)	(1,480,701)	(2,937,156)
Net cash provided (used) by operating activities	<u>45,509</u>	<u>171</u>	<u>136,249</u>	<u>271,505</u>	<u>453,434</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	-	4,051,776	-	-	4,051,776
Transfers out to other funds	(4,508,050)	-	-	-	(4,508,050)
Net cash (used) by noncapital financing activities	<u>(4,508,050)</u>	<u>4,051,776</u>	<u>-</u>	<u>-</u>	<u>(456,274)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase and construction of capital assets	-	-	-	(102,620)	(102,620)
Proceeds from sale of assets	1,437	-	-	1,810	3,247
Net cash provided (used) by capital and related financing activities	<u>1,437</u>	<u>-</u>	<u>-</u>	<u>(100,810)</u>	<u>(99,373)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	44,462	9,180	4,271	11,486	69,399
Net cash provided by investing activities	<u>44,462</u>	<u>9,180</u>	<u>4,271</u>	<u>11,486</u>	<u>69,399</u>
Net increase (decrease) in cash and cash equivalents	(4,416,642)	4,061,127	140,520	182,181	(32,814)
Cash and cash equivalents, beginning of year	5,147,481	-	80,063	239,763	5,467,307
Cash and cash equivalents, end of year	<u>\$ 730,839</u>	<u>\$ 4,061,127</u>	<u>\$ 220,583</u>	<u>\$ 421,944</u>	<u>\$ 5,434,493</u>
Cash and cash equivalents	\$ 730,839	\$ 4,061,127	\$ 220,583	\$ 421,944	\$ 5,434,493
Cash and cash equivalents - restricted	-	-	-	-	-
Total	<u>\$ 730,839</u>	<u>\$ 4,061,127</u>	<u>\$ 220,583</u>	<u>\$ 421,944</u>	<u>\$ 5,434,493</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (1,661,368)	\$ -	\$ 21,193	\$ (1,054,923)	\$ (2,695,098)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	623,679	-	-	19,530	643,209
Changes in assets and liabilities:					
Decrease (increase) in inventories	(4,235)	-	-	-	(4,235)
Decrease (increase) in prepaid assets	6,503	-	382	8,646	15,531
Decrease (increase) in pension related deferred outflows	(219,360)	-	(40,641)	(460,817)	(720,818)
Decrease (increase) in OPEB deferred outflows	(10,968)	-	(183)	(2,078)	(13,229)
Increase (decrease) in payables	(118,342)	171	(4,566)	895	(121,842)
Increase (decrease) in accrued salaries payable	45,066	-	2,780	9,188	57,034
Increase (decrease) in compensated absences	14,312	-	1,759	(12,372)	3,699
Increase (decrease) in pension related deferred inflows	(72,903)	-	2,201	24,941	(45,761)
Increase (decrease) in OPEB deferred inflows	3,802	-	408	4,627	8,837
Increase (decrease) in net pension liability	1,423,076	-	152,736	1,731,827	3,307,639
Increase (decrease) in OPEB liability	16,247	-	180	2,041	18,468
Total adjustments	<u>1,706,877</u>	<u>171</u>	<u>115,056</u>	<u>1,326,428</u>	<u>3,148,532</u>
Net cash provided (used) by operating activities	<u>\$ 45,509</u>	<u>\$ 171</u>	<u>\$ 136,249</u>	<u>\$ 271,505</u>	<u>\$ 453,434</u>

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



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, 2019

	Actual	Budgeted Amounts		Variance -
		Original	Final	Positive (Negative)
REVENUES				
Intergovernmental	\$ 251,222	\$ 570,051	\$ 570,051	\$ (318,829)
Investments earnings	225	-	-	225
Total revenues	<u>251,447</u>	<u>570,051</u>	<u>570,051</u>	<u>(318,604)</u>
EXPENDITURES				
Current:				
Public safety	230,341	376,051	508,292	277,951
Capital outlay	57,181	194,000	230,323	173,142
Total expenditures	<u>287,522</u>	<u>570,051</u>	<u>738,615</u>	<u>451,093</u>
Net change in fund balance	(36,075)	\$ -	\$ (168,564)	\$ 132,489
Fund balance - beginning	<u>40,484</u>			
Fund balance - ending	<u>\$ 4,409</u>			

City of Killeen, Texas
State Seizure Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ 29,220	\$ 88,975	\$ 88,975	\$ (59,755)
Investment earnings	2,760	-	-	2,760
Total revenues	<u>31,980</u>	<u>88,975</u>	<u>88,975</u>	<u>(56,995)</u>
EXPENDITURES				
Current:				
Public safety	31,239	88,975	88,975	57,736
Total expenditures	<u>31,239</u>	<u>88,975</u>	<u>88,975</u>	<u>57,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>741</u>	<u>-</u>	<u>-</u>	<u>741</u>
OTHER FINANCING SOURCES				
Sale of Assets	24,922	-	-	24,922
Total Other financing Sources	<u>24,922</u>	<u>-</u>	<u>-</u>	<u>24,922</u>
Net change in fund balance	25,663	\$ -	\$ -	\$ 25,663
Fund balance - beginning	<u>112,373</u>			
Fund balance - ending	<u>\$ 138,036</u>			

City of Killeen, Texas
Federal Seizure Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ 53,112	\$ 352,380	\$ 352,380	\$ (299,268)
Investment earnings	7,634	-	-	7,634
Total revenues	<u>60,746</u>	<u>352,380</u>	<u>352,380</u>	<u>(291,634)</u>
EXPENDITURES				
Public Safety	<u>28,302</u>	<u>352,380</u>	<u>352,380</u>	<u>324,078</u>
Total expenditures	<u>28,302</u>	<u>352,380</u>	<u>352,380</u>	<u>324,078</u>
Net change in fund balance	32,444	\$ -	\$ -	\$ 32,444
Fund balance - beginning	<u>337,843</u>			
Fund balance - ending	<u>\$ 370,287</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, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 1,887,416	\$ 1,820,700	\$ 1,820,700	\$ 66,716
Charges for services	742,403	703,140	703,140	39,263
Investment earnings	13,695	1,912	1,912	11,783
Miscellaneous	1,433	25,000	25,000	(23,567)
Total revenues	<u>2,644,947</u>	<u>2,550,752</u>	<u>2,550,752</u>	<u>94,195</u>
EXPENDITURES				
Current:				
Community services	1,573,895	1,827,342	1,817,500	243,605
Debt service:				
Principal	440,000	440,000	440,000	-
Interest and fiscal charges	283,646	283,410	283,710	64
Capital outlay	16,517	-	16,517	-
Total expenditures	<u>2,314,058</u>	<u>2,550,752</u>	<u>2,557,727</u>	<u>243,669</u>
Net change in fund balance	330,889	\$ -	\$ (6,975)	\$ 337,864
Fund balance - beginning	<u>357,062</u>			
Fund balance - ending	<u>\$ 687,951</u>			

City of Killeen, Texas
Cable System Improvements Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 236,477	\$ 75,000	\$ 75,000	\$ 161,477
Investment earnings	14,436	1,332	1,332	13,104
Total revenues	<u>250,913</u>	<u>76,332</u>	<u>76,332</u>	<u>174,581</u>
EXPENDITURES				
Current:				
General government	<u>25,197</u>	<u>76,332</u>	<u>76,332</u>	<u>51,135</u>
Total expenditures	<u>25,197</u>	<u>76,332</u>	<u>76,332</u>	<u>51,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>225,716</u>	<u>-</u>	<u>-</u>	<u>225,716</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(30,497)</u>	<u>-</u>	<u>-</u>	<u>(30,497)</u>
Total other financing sources	<u>(30,497)</u>	<u>-</u>	<u>-</u>	<u>(30,497)</u>
Net change in fund balance	195,219	\$ -	\$ -	\$ 195,219
Fund balance - beginning	<u>585,349</u>			
Fund balance - ending	<u>\$ 780,568</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, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Contributions	\$ 684	\$ 9,500	\$ 9,500	\$ (8,816)
Investment earnings	371	-	-	371
Total revenues	<u>1,055</u>	<u>9,500</u>	<u>9,500</u>	<u>(8,445)</u>
EXPENDITURES				
Current:				
Community services	-	9,500	9,500	9,500
Total expenditures	<u>-</u>	<u>9,500</u>	<u>9,500</u>	<u>9,500</u>
Net change in fund balance	1,055	\$ -	\$ -	\$ 1,055
Fund balance - beginning	<u>15,955</u>			
Fund balance - ending	<u>\$ 17,010</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, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ 726,272	\$ 1,610,240	\$ 1,610,240	\$ (883,968)
Charges for services	9,900	4,236	4,236	5,664
Contributions	63	-	-	63
Investment earnings	29	-	-	29
Miscellaneous	350	-	-	350
Total revenues	<u>736,614</u>	<u>1,614,476</u>	<u>1,614,476</u>	<u>(877,862)</u>
EXPENDITURES				
Current:				
Community services	726,919	1,614,476	1,614,476	887,557
Total expenditures	<u>726,919</u>	<u>1,614,476</u>	<u>1,614,476</u>	<u>887,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,695</u>	<u>-</u>	<u>-</u>	<u>9,695</u>
OTHER FINANCING SOURCES				
Transfers in	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Total other financing sources	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Net change in fund balance	12,695	\$ -	\$ 3,000	\$ 9,695
Fund balance - beginning	(2,152)			
Fund balance - ending	<u>\$ 10,543</u>			

City of Killeen, Texas
Senior Citizen Assistance Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Contributions	\$ 64,809	\$ 20,000	\$ 20,000	\$ 44,809
Investment earnings	1,172	-	-	1,172
Total revenues	<u>65,981</u>	<u>20,000</u>	<u>20,000</u>	<u>45,981</u>
EXPENDITURES				
Current:				
Community services	7,832	20,000	20,000	12,168
Total expenditures	<u>7,832</u>	<u>20,000</u>	<u>20,000</u>	<u>12,168</u>
Net change in fund balance	58,149	\$ -	\$ -	\$ 58,149
Fund balance - beginning	-			
Fund balance - ending	<u>\$ 58,149</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, 2019

	Actual	Budgeted Amounts		Variance -
		Original	Final	Positive (Negative)
REVENUES				
Intergovernmental	\$ 320,042	\$ 1,017,004	\$ 1,017,004	\$ (696,962)
Charges for Services	49,822	49,822	49,822	-
Investment earnings	70	-	-	70
Miscellaneous	9,951	7,000	7,000	2,951
Total revenues	<u>379,885</u>	<u>1,073,826</u>	<u>1,073,826</u>	<u>(693,941)</u>
EXPENDITURES				
Current:				
Community services	415,300	1,073,826	1,073,826	658,526
Total expenditures	<u>415,300</u>	<u>1,073,826</u>	<u>1,073,826</u>	<u>658,526</u>
Net change in fund balance	(35,415)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,415)</u>
Fund balance - beginning	<u>126,836</u>			
Fund balance - ending	<u>\$ 91,421</u>			

City of Killeen, Texas
Street Maintenance Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Charges For Services	\$ 296,251	\$ -	\$ 399,999	\$ (103,748)
Investment earnings	42,072	-	-	42,072
Miscellaneous	242	-	-	242
Total revenues	<u>338,565</u>	<u>-</u>	<u>399,999</u>	<u>(61,434)</u>
EXPENDITURES				
Current:				
Public Works	3,879,241	-	5,161,850	1,282,609
Debt service:				
Principal	21,855	-	15,826	(6,029)
Interest and fiscal charges	13,054	-	6,752	(6,302)
Capital outlay	116,574	-	49,137	(67,437)
Total expenditures	<u>4,030,724</u>	<u>-</u>	<u>5,233,565</u>	<u>1,202,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,692,159)</u>	<u>-</u>	<u>(4,833,566)</u>	<u>1,141,407</u>
OTHER FINANCING SOURCES				
Lease Proceeds	116,574	-	-	116,574
Transfers in	4,833,566	-	4,833,566	-
Total other financing sources	<u>4,950,140</u>	<u>-</u>	<u>4,833,566</u>	<u>116,574</u>
Net change in fund balance	1,257,981	\$ -	\$ -	\$1,257,981
Fund balance - beginning	-			
Fund balance - ending	<u>\$ 1,257,981</u>			

City of Killeen, Texas
TIRZ #2 Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 137,791	\$ 132,512	\$ 132,512	\$ 5,279
Intergovernmental	102,932	103,864	103,864	(932)
Investment earnings	19,441	2,100	2,100	17,341
Total revenues	<u>260,164</u>	<u>238,476</u>	<u>238,476</u>	<u>21,688</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	260,164	<u>\$ 238,476</u>	<u>\$ 238,476</u>	<u>\$ 21,688</u>
Fund balance - beginning	<u>736,384</u>			
Fund balance - ending	<u>\$ 996,548</u>			

City of Killeen, Texas
Parks Donations Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Contributions	\$ 41,894	\$ 295,000	\$ 295,000	\$ (253,106)
Investment earnings	1,480	-	-	1,480
Miscellaneous	-	-	-	-
Total revenues	<u>43,374</u>	<u>295,000</u>	<u>295,000</u>	<u>(251,626)</u>
EXPENDITURES				
Current:				
Community services	10,267	295,000	295,000	284,733
Total expenditures	<u>10,267</u>	<u>295,000</u>	<u>295,000</u>	<u>284,733</u>
Net change in fund balance	33,107	\$ -	\$ -	\$ 33,107
Fund balance - beginning	<u>45,966</u>			
Fund balance - ending	<u>\$ 79,073</u>			

City of Killeen, Texas
Teen Court Program Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Fines	\$ 2,078	\$ 1,777	\$ 1,777	\$ 301
Investment earnings	186	-	-	186
Total revenues	<u>2,264</u>	<u>1,777</u>	<u>1,777</u>	<u>487</u>
EXPENDITURES				
Current:				
Public safety	<u>2,247</u>	<u>2,320</u>	<u>2,320</u>	<u>73</u>
Total expenditures	<u>2,247</u>	<u>2,320</u>	<u>2,320</u>	<u>73</u>
Net change in fund balance	17	<u>\$ (543)</u>	<u>\$ (543)</u>	<u>\$ 560</u>
Fund balance - beginning	<u>7,859</u>			
Fund balance - ending	<u>\$ 7,876</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, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Fines	\$ 46,604	\$ 52,023	\$ 52,023	\$ (5,419)
Investment earnings	1,809	500	500	1,309
Total revenues	<u>48,413</u>	<u>52,523</u>	<u>52,523</u>	<u>(4,110)</u>
EXPENDITURES				
Current:				
Public safety	67,611	83,007	83,007	15,396
Total expenditures	<u>67,611</u>	<u>83,007</u>	<u>83,007</u>	<u>15,396</u>
Net change in fund balance	(19,198)	<u>\$ (30,484)</u>	<u>\$ (30,484)</u>	<u>\$ 11,286</u>
Fund balance - beginning	<u>96,250</u>			
Fund balance - ending	<u>\$ 77,052</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, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ 796	\$ 832	\$ 832	\$ (36)
Fines	34,972	40,281	40,281	(5,309)
Investment earnings	3,798	400	400	3,398
Miscellaneous	6	-	-	6
Total revenues	<u>39,572</u>	<u>41,513</u>	<u>41,513</u>	<u>(1,941)</u>
EXPENDITURES				
Current:				
Public safety	38,029	39,524	40,864	2,835
Total expenditures	<u>38,029</u>	<u>39,524</u>	<u>40,864</u>	<u>2,835</u>
Net change in fund balance	1,543	<u>\$ 1,989</u>	<u>\$ 649</u>	<u>\$ 894</u>
Fund balance - beginning	<u>166,633</u>			
Fund balance - ending	<u><u>\$ 168,176</u></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, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Fines	\$ 69,841	\$ 77,932	\$ 77,932	\$ (8,091)
Investment earnings	12,468	1,500	1,500	10,968
Miscellaneous	15	-	-	15
Total revenues	<u>82,324</u>	<u>79,432</u>	<u>79,432</u>	<u>2,892</u>
EXPENDITURES				
Current:				
Public safety	<u>75,511</u>	<u>101,789</u>	<u>107,078</u>	<u>31,567</u>
Total expenditures	<u>75,511</u>	<u>101,789</u>	<u>107,078</u>	<u>31,567</u>
Net change in fund balance	6,813	<u>\$ (22,357)</u>	<u>\$ (27,646)</u>	<u>\$ 34,459</u>
Fund balance - beginning	<u>555,923</u>			
Fund balance - ending	<u>\$ 562,736</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, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Fines	\$ 12,944	\$ -	\$ 11,198	\$ 1,746
Investment earnings	117	-	-	117
Total revenues	<u>13,061</u>	<u>-</u>	<u>11,198</u>	<u>1,863</u>
EXPENDITURES				
Current:				
Public safety	10,001	-	6,419	(3,582)
Total expenditures	<u>10,001</u>	<u>-</u>	<u>6,419</u>	<u>(3,582) *</u>
Net change in fund balance	3,060	<u>\$ -</u>	<u>\$ 4,779</u>	<u>\$ (1,719)</u>
Fund balance - beginning	<u>1,159</u>			
Fund balance - ending	<u>\$ 4,219</u>			

* Expenditures exceeded appropriations at the legal level of control.

City of Killeen, Texas
Animal Control Donations Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Contributions	85,193	185,122	185,122	(99,929)
Investment earnings	1,220	-	-	1,220
Total revenues	<u>86,413</u>	<u>185,122</u>	<u>185,122</u>	<u>(98,709)</u>
EXPENDITURES				
Current:				
Public safety	<u>135,038</u>	<u>199,739</u>	<u>199,739</u>	<u>64,701</u>
Total expenditures	<u>135,038</u>	<u>199,739</u>	<u>199,739</u>	<u>64,701</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,625)</u>	<u>(14,617)</u>	<u>(14,617)</u>	<u>(163,410)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>32,398</u>	<u>-</u>	<u>-</u>	<u>32,398</u>
Total other financing sources	<u>32,398</u>	<u>-</u>	<u>-</u>	<u>32,398</u>
Net change in fund balance	(16,227)	<u>\$ (14,617)</u>	<u>\$ (14,617)</u>	<u>\$ (1,610)</u>
Fund balance - beginning	<u>113,169</u>			
Fund balance - ending	<u>\$ 96,942</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, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ 158,779	\$ -	\$ -	\$ 158,779
Fines	28,196	35,000	35,000	(6,804)
Investments earnings	7,405	-	-	7,405
Miscellaneous	1	-	-	1
Total revenues	<u>194,381</u>	<u>35,000</u>	<u>35,000</u>	<u>159,381</u>
EXPENDITURES				
Current:				
Public safety	<u>75,417</u>	<u>33,500</u>	<u>87,934</u>	<u>12,517</u>
Total expenditures	<u>75,417</u>	<u>33,500</u>	<u>87,934</u>	<u>12,517</u>
Net change in fund balance	118,964	<u>\$ 1,500</u>	<u>\$ (52,934)</u>	<u>\$ 171,898</u>
Fund balance - beginning	<u>240,713</u>			
Fund balance - ending	<u><u>\$ 359,677</u></u>			

City of Killeen, Texas
Police Department Donations Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ 20,163	\$ 17,776	\$ 17,776	\$ 2,387
Contributions	7,941	6,430	6,430	1,511
Charges for services	7,513	10,252	10,252	(2,739)
Investment earnings	4,593	-	-	4,593
Miscellaneous	-	63,353	63,353	(63,353)
Total revenues	<u>40,210</u>	<u>97,811</u>	<u>97,811</u>	<u>(57,601)</u>
EXPENDITURES				
Public safety	43,891	233,496	233,496	189,605
Total expenditures	<u>43,891</u>	<u>233,496</u>	<u>233,496</u>	<u>189,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,681)</u>	<u>(135,685)</u>	<u>(135,685)</u>	<u>132,004</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	3,773	61,869	61,869	(58,096)
Transfers out	(32,398)	-	(50,308)	17,910
Total other financing sources	<u>(28,625)</u>	<u>61,869</u>	<u>11,561</u>	<u>(40,186)</u>
Net change in fund balance	(32,306)	<u>\$ (73,816)</u>	<u>\$ (124,124)</u>	<u>\$ 91,818</u>
Fund balance - beginning	<u>201,092</u>			
Fund balance - ending	<u>\$ 168,786</u>			

City of Killeen, Texas
Employee Wellness Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Charges for Services	\$ 50,050	\$ 263,523	\$ 263,523	\$ (213,473)
Interest earnings	3,447	-	-	3,447
Total revenues	<u>53,497</u>	<u>263,523</u>	<u>263,523</u>	<u>(210,026)</u>
EXPENDITURES				
Current:				
General government	50,791	50,000	68,852	18,061
Total expenditures	<u>50,791</u>	<u>50,000</u>	<u>68,852</u>	<u>18,061</u>
Net change in fund balance	2,706	<u>\$ 213,523</u>	<u>\$ 194,671</u>	<u>\$ (191,965)</u>
Fund balance - beginning	<u>152,812</u>			
Fund balance - ending	<u><u>\$ 155,518</u></u>			

City of Killeen, Texas
Debt Service Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended September 30, 2019

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 12,386,080	\$ 12,325,165	\$ 12,325,165	\$ 60,915
Intergovernmental	2,167,092	1,684,375	1,684,375	482,717
Investment earnings	244,860	106,734	106,734	138,126
Miscellaneous	135	-	-	135
Total revenues	<u>14,798,167</u>	<u>14,116,274</u>	<u>14,116,274</u>	<u>681,893</u>
EXPENDITURES				
Debt service:				
Principal	8,680,000	8,680,000	8,680,000	-
Interest and fiscal charges	7,182,247	7,186,274	7,186,274	4,027
Total expenditures	<u>15,862,247</u>	<u>15,866,274</u>	<u>15,866,274</u>	<u>4,027</u>
Excess of revenues over expenditures	(1,064,080)	(1,750,000)	(1,750,000)	685,920
Net change in fund balance	(1,064,080)	<u>\$ (1,750,000)</u>	<u>\$ (1,750,000)</u>	<u>\$ 685,920</u>
Fund balance - beginning	<u>5,150,834</u>			
Fund balance - ending	<u>\$ 4,086,754</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.

Contents	Page
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>	140
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	145
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>	149
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>	154
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>	156
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>	162

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)

	2010	2011	2012	2013	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾	2019
Governmental activities										
Net investment in capital assets	\$ 66,697,447	\$ 67,024,699	\$ 62,566,576	\$ 62,867,902	\$ 54,564,150	\$ 55,015,444	\$ 52,004,821	\$ 48,083,942	\$ 52,468,959	\$ 58,430,100
Restricted for:										
Debt service	3,008,055	6,033,367	4,893,750	1,730,132	3,131,449	905,327	-	3,238,931	4,494,021	3,768,422
Capital projects	8,085,411	7,134,634	2,089,363	2,910,571	2,472,582	2,414,025	298,693	6,239,123	9,628,364	12,162,264
Other purposes	3,271,170	2,768,621	3,045,444	2,963,110	2,952,565	2,641,546	3,138,898	3,242,359	3,621,300	5,427,449
Unrestricted	16,516,531	12,126,100	16,857,071	14,455,124	11,671,245	(51,826,021)	(51,868,558)	(33,339,549)	(29,100,119)	(71,757,266)
Total governmental activities net position	\$ 97,578,614	\$ 95,087,421	\$ 89,452,204	\$ 84,926,839	\$ 74,791,991	\$ 9,150,321	\$ 3,573,854	\$ 27,464,806	\$ 41,112,525	\$ 8,030,969
Business-type activities										
Net investment in capital assets	\$ 164,542,836	\$ 171,472,647	\$ 176,347,544	\$ 188,453,458	\$ 192,106,889	\$ 203,053,020	\$ 181,931,220	\$ 201,056,728	\$ 200,358,419	\$ 206,354,400
Restricted for:										
Debt service	7,987,426	7,963,550	7,999,802	8,724,350	8,437,776	8,436,533	5,965,000	5,115,000	5,384,661	4,984,429
Capital projects	-	-	-	-	-	-	14,588,933	3,054,410	1,796,524	2,086,726
Unrestricted	32,495,856	33,318,199	33,556,533	31,760,856	21,921,142	3,450,901	6,274,922	15,788,767	20,591,450	10,104,986
Total business-type activities net position	\$ 205,026,118	\$ 212,754,396	\$ 217,903,879	\$ 228,938,664	\$ 222,465,807	\$ 214,940,454	\$ 208,760,075	\$ 225,014,905	\$ 228,131,054	\$ 223,530,541
Primary government										
Net investment in capital assets	\$ 231,240,283	\$ 238,497,346	\$ 238,914,120	\$ 251,321,360	\$ 246,671,039	\$ 258,068,464	\$ 233,936,041	\$ 249,140,670	\$ 252,827,378	\$ 264,784,500
Restricted for:										
Debt service	10,995,481	13,996,917	12,893,552	10,454,482	11,569,225	9,341,860	5,965,000	8,353,931	9,878,682	8,752,851
Capital projects	8,085,411	7,134,634	2,089,363	2,910,571	2,472,582	2,414,025	14,887,626	9,293,533	11,424,888	14,248,990
Other purposes	3,271,170	2,768,621	3,045,444	2,963,110	2,952,565	2,641,546	3,138,898	3,242,359	3,621,300	5,427,449
Unrestricted	49,012,387	45,444,299	50,413,604	46,215,980	33,592,387	(48,375,120)	(45,593,636)	(17,550,782)	(8,508,669)	(61,652,280)
Total primary government activities net position	\$ 302,604,732	\$ 307,841,817	\$ 307,356,083	\$ 313,865,503	\$ 297,257,798	\$ 224,090,775	\$ 212,333,929	\$ 252,479,711	\$ 269,243,579	\$ 231,561,510

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

(1) Implemented GASB 68

(2) Implemented GASB 75

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 16,580,327	\$ 18,165,769	\$ 16,841,919	\$ 18,130,388	\$ 18,280,688	\$ 19,738,067	\$ 23,881,088	\$ 7,640,003	\$ 18,532,927	\$ 24,073,260
Public safety	38,841,024	44,462,918	45,108,412	47,472,507	49,434,466	57,032,023	59,748,462	47,145,776	50,531,932	79,194,745
Public works	11,062,840	10,395,353	11,038,454	10,041,012	11,861,694	10,859,949	7,240,120	7,144,108	10,746,654	12,296,974
Recreation services	10,110,998	11,071,638	9,524,690	9,682,663	9,549,328	10,741,314	10,686,576	9,468,049	8,624,123	13,621,364
Community development	1,481,728	1,607,797	1,494,038	1,563,247	2,292,071	2,306,419	3,218,079	3,199,353	3,432,423	6,215,603
Fleet services	-	-	-	-	-	-	-	1,164,394	1,078,970	-
Interest on long-term debt	5,280,410	5,418,468	7,632,519	8,547,412	8,263,132	8,598,463	7,610,776	7,739,808	6,466,577	6,972,133
Total governmental activities expenses	83,357,327	91,121,943	91,640,032	95,437,229	99,681,379	109,276,235	112,385,101	83,501,491	99,413,606	142,374,079
Business-type activities										
Airport operations	6,843,195	7,266,448	7,244,913	7,287,062	7,572,452	7,439,685	8,253,375	5,827,440	6,536,318	8,799,407
Solid waste	12,239,129	12,522,011	13,019,791	12,871,668	12,953,683	13,025,124	13,579,907	11,069,243	14,513,999	18,577,778
Water and sewer	25,586,685	26,689,831	27,525,085	28,455,634	34,975,124	32,611,994	32,027,836	27,181,470	32,112,444	32,225,119
Drainage utility	2,336,704	2,926,201	2,778,690	2,949,262	3,400,443	3,092,520	3,289,469	2,393,986	3,170,071	4,862,697
Total business-type activities expenses	47,005,713	49,404,491	50,568,479	51,563,626	58,901,702	56,169,323	57,150,587	46,472,139	56,332,832	64,465,001
Total primary government expenses	\$ 130,363,040	\$ 140,526,434	\$ 142,208,511	\$ 147,000,855	\$ 158,583,081	\$ 165,445,558	\$ 169,535,688	\$ 129,973,630	\$ 155,746,438	\$ 206,839,080
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 4,185,056	\$ 4,613,298	\$ 5,340,754	\$ 5,894,028	\$ 5,750,455	\$ 3,755,430	\$ 6,610,874	\$ 1,127,516	\$ 4,629,114	\$ 5,053,902
Public safety	3,601,361	3,784,908	3,777,581	3,091,333	3,612,991	3,367,392	4,182,979	8,737,207	3,661,289	3,488,013
Public works	-	-	-	-	-	-	-	-	-	296,251
Recreation Services	3,001,552	3,098,699	3,193,406	3,210,649	2,331,670	2,273,406	2,198,783	2,153,672	2,230,770	2,022,922
Community development	42,879	40,032	40,430	38,892	40,365	38,757	717,784	692,966	636,451	941,735
Fleet services	-	-	-	-	-	-	-	1,138,067	10,941,422	-
Operating grants and contributions	2,816,838	3,398,318	2,143,652	2,726,431	3,326,406	4,220,705	5,450,879	6,929,957	5,066,389	4,068,617
Capital grants and contributions	1,842,757	5,300,013	954,919	5,489,297	2,113,813	6,385,540	4,964,996	3,717,656	3,655,127	5,691,172
Total governmental activities program revenues	\$ 15,490,443	\$ 20,235,268	\$ 15,450,742	\$ 20,450,630	\$ 17,931,978	\$ 20,889,041	\$ 24,126,295	\$ 24,497,041	\$ 30,820,562	\$ 21,562,612
Business-type activities:										
Charges for services:										
Airport operations	\$ 4,632,837	\$ 4,699,432	\$ 4,470,443	\$ 4,573,403	\$ 4,234,301	\$ 4,071,067	\$ 3,669,270	\$ 3,795,116	\$ 3,644,898	\$ 4,217,009
Solid waste	13,530,501	14,405,513	15,366,604	15,053,351	15,535,858	16,074,277	17,644,259	18,293,262	18,388,088	18,948,949
Water and sewer	30,001,656	35,659,361	37,571,221	36,532,116	35,391,913	37,487,713	38,806,421	39,446,531	40,089,479	39,548,922
Drainage utility	3,016,767	3,597,206	3,732,993	3,779,799	3,828,757	3,888,581	4,008,810	4,273,222	4,157,847	4,220,607
Operating grants and contributions	-	-	21,759	6,418	6,900	-	-	-	-	-
Capital grants and contributions	5,125,074	6,195,071	2,322,768	9,643,994	2,424,583	5,096,651	846,368	6,276,903	4,403,558	7,550,014
Total business-type activities program revenues	56,306,835	64,556,583	63,485,788	69,589,081	61,422,312	66,618,289	64,975,128	72,085,034	70,683,870	74,485,501
Total primary government program revenues	\$ 71,797,278	\$ 84,791,851	\$ 78,936,530	\$ 90,039,711	\$ 79,354,290	\$ 87,507,330	\$ 89,101,423	\$ 96,582,075	\$ 101,504,432	\$ 96,048,113
Net (expense)/revenue:										
Governmental activities	\$ (69,866,884)	\$ (70,886,675)	\$ (76,189,290)	\$ (74,986,599)	\$ (81,749,401)	\$ (88,387,194)	\$ (88,258,806)	\$ (59,004,450)	\$ (68,593,044)	\$ (120,811,467)
Business-type activities	9,301,122	15,152,092	12,917,309	18,025,455	2,520,610	10,448,966	7,824,541	25,612,895	14,351,038	3,990,500
Total primary government net expense	\$ (60,565,762)	\$ (55,734,583)	\$ (63,271,981)	\$ (56,961,144)	\$ (79,228,791)	\$ (77,938,228)	\$ (80,434,265)	\$ (33,391,555)	\$ (54,242,006)	\$ (116,820,967)

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General revenues and other changes in net position										
Governmental activities:										
Ad valorem taxes	\$ 31,029,266	\$ 33,365,766	\$ 34,287,877	\$ 34,847,841	\$ 36,002,184	\$ 36,509,352	\$ 37,499,361	\$ 39,841,800	\$ 42,796,449	\$ 43,262,259
Mixed beverage taxes	293,119	254,405	202,262	179,856	293,502	233,159	236,722	253,215	257,411	-
Franchise taxes	5,406,007	6,277,179	5,621,923	5,269,332	5,428,953	5,836,042	5,268,332	5,504,632	5,680,187	5,792,836
Sales and occupancy taxes	20,648,682	20,306,910	21,557,147	22,058,498	22,118,887	23,315,571	23,725,822	24,354,825	25,723,407	27,310,995
Bingo taxes	220,694	213,972	218,269	218,595	258,546	203,264	198,375	153,142	146,237	-
Investment income	211,699	353,738	502,041	314,478	140,560	135,958	204,862	383,558	782,209	1,300,153
Insurance proceeds	-	-	-	-	-	-	795,893	296,262	138,552	359,631
Gain on sale of capital assets	-	-	27,600	-	24,192	262,934	90,763	-	252,468	66,880
Lease revenue	-	-	166,113	153,092	165,351	309,270	331,441	351,917	-	-
Transfers	5,559,226	7,623,512	7,970,841	7,419,542	8,394,420	9,294,363	14,330,769	9,901,033	9,813,125	9,701,040
Total governmental activities	63,368,693	68,395,482	70,554,073	70,461,234	72,826,595	76,099,913	82,682,340	81,040,384	85,590,045	87,793,794
Business-type activities:										
Investment income	203,576	128,751	144,151	168,372	140,175	120,247	155,399	281,939	556,044	933,359
Insurance proceeds	-	-	-	-	-	-	43,439	16,391	82,381	28,305
Gain on sale of capital assets	34,750	21,334	31,364	212,404	14,853	193,875	55,511	186,638	117,013	44,559
Lease revenue	-	49,613	27,500	48,096	66,000	27,500	71,500	58,000	102,000	103,804
Transfers	(5,559,226)	(7,623,512)	(7,970,841)	(7,419,542)	(8,394,420)	(9,294,363)	(14,330,769)	(9,901,033)	(9,813,125)	(9,701,040)
Total business-type activities	(5,320,900)	(7,423,814)	(7,767,826)	(6,990,670)	(8,173,392)	(8,952,741)	(14,004,920)	(9,358,065)	(8,955,687)	(8,591,013)
Total primary government	\$ 58,047,793	\$ 60,971,668	\$ 62,786,247	\$ 63,470,564	\$ 64,653,203	\$ 67,147,172	\$ 68,677,420	\$ 71,682,319	\$ 76,634,358	\$ 79,202,781
Changes in net position:										
Governmental activities	\$ (6,498,191)	\$ (2,491,193)	\$ (5,635,217)	\$ (4,525,365)	\$ (8,922,806)	\$ (12,287,281)	\$ (5,576,466)	\$ 22,035,934	\$ 16,997,001	\$ (33,017,673)
Business-type activities	3,980,222	7,728,278	5,149,483	11,034,785	(5,652,782)	1,496,225	(6,180,379)	16,254,830	5,395,351	(4,600,513)
Total primary government	\$ (2,517,969)	\$ 5,237,085	\$ (485,734)	\$ 6,509,420	\$ (14,575,588)	\$ (10,791,056)	\$ (11,756,845)	\$ 38,290,764	\$ 22,392,352	\$ (37,618,186)

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved										
Encumbrances	\$ 635,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	404,478	-	-	-	-	-	-	-	-	-
Debt service	240,170	-	-	-	-	-	-	-	-	-
Unreserved										
Designated	1,891,405	-	-	-	-	-	-	-	-	-
Undesignated	19,029,602	-	-	-	-	-	-	-	-	-
Nonspendable:										
Inventories	-	417,664	449,156	509,387	441,742	442,190	103,606	137,733	154,011	86,495
Prepaid assets	-	170,891	105,188	106,615	108,402	110,157	114,407	120,506	534,217	274,427
Restricted for:										
Debt service	-	240,171	-	68,313	68,313	68,313	-	-	-	-
Other purposes	-	380,641	492,440	468,064	315,957	-	-	-	-	-
Committed to:										
Vehicle replacement	-	63,383	-	-	-	-	-	-	-	-
Unassigned	-	17,977,741	22,517,086	21,182,627	19,398,607	17,508,236	17,437,198	19,918,779	21,626,790	19,928,826
Total general fund	\$ 22,201,438	\$ 19,250,491	\$ 23,563,870	\$ 22,335,006	\$ 20,333,021	\$ 18,128,896	\$ 17,655,211	\$ 20,177,018	\$ 22,315,018	\$ 20,289,748
All other governmental funds:										
Reserved for:										
Encumbrances	\$ 244,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	6,864	-	-	-	-	-	-	-	-	-
Debt service	3,630,277	-	-	-	-	-	-	-	-	-
Capital projects	18,801,542	-	-	-	-	-	-	-	-	-
Unreserved:										
Undesignated - special revenue	3,271,170	-	-	-	-	-	-	-	-	-
Nonspendable:										
Inventories	-	6,196	7,493	4,905	5,850	7,173	6,381	7,871	6,408	10,729
Prepaid expenses	-	-	-	-	-	-	4,828	-	7,274	-
Restricted for:										
Debt service	-	7,055,118	6,315,862	2,900,309	4,434,714	2,098,113	801,898	4,345,453	5,496,950	4,763,976
Capital projects	-	56,991,885	73,687,602	47,546,673	44,788,179	26,964,619	10,506,281	6,239,123	9,628,364	12,162,264
Other purposes	-	2,387,980	2,553,004	2,495,046	2,636,608	2,641,546	3,138,898	3,242,359	3,621,300	5,427,449
Committed to:										
Killeen Arts and Activities Cent	-	38,232	34,311	101,169	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(36,429)	(1,341)	(48,226)	(4,463)	-
Total all other governmental funds	\$ 25,953,897	\$ 66,479,411	\$ 82,598,272	\$ 53,048,102	\$ 51,865,351	\$ 31,675,022	\$ 14,456,945	\$ 13,786,580	\$ 18,755,833	\$ 22,364,418
Total all governmental funds	\$ 48,155,335	\$ 85,729,902	\$ 106,162,142	\$ 75,383,108	\$ 72,198,372	\$ 49,803,918	\$ 32,112,156	\$ 33,963,598	\$ 41,070,851	\$ 42,654,166

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.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	\$ 57,594,108	\$ 60,328,145	\$ 61,993,688	\$ 62,585,863	\$ 64,115,782	\$ 66,189,875	\$ 66,997,659	\$ 70,109,923	\$ 74,505,377	\$ 76,480,105
Licenses and permits	1,365,200	1,284,569	1,396,708	1,290,444	1,898,797	1,589,563	1,615,634	1,527,193	1,218,182	1,423,697
Intergovernmental	3,302,656	4,714,540	2,067,471	4,761,906	3,043,666	4,958,666	6,706,747	11,485,054	8,108,586	9,484,205
Charges for services	5,581,992	5,896,989	5,952,211	5,487,183	5,944,876	6,186,000	6,241,344	6,412,087	6,675,688	7,446,513
Fines	3,246,230	3,503,274	3,308,807	3,893,338	3,488,335	3,761,425	4,287,878	4,472,891	3,062,812	2,739,515
Investment earnings	-	-	-	-	-	-	168,320	371,354	730,509	1,230,754
Contributions	1,297,161	3,925,053	450,532	513,433	766,886	321,188	1,709,636	585,705	483,382	275,584
Miscellaneous	905,216	1,220,296	1,931,194	1,711,522	1,424,859	1,938,413	1,283,522	418,291	335,727	236,557
Total revenues	73,292,563	80,872,866	77,100,611	80,243,689	80,683,201	84,945,130	89,010,740	95,382,498	95,120,263	99,316,930
Expenditures:										
General government	10,465,499	10,794,299	10,704,020	11,193,546	11,297,186	11,890,861	14,491,763	9,134,337	13,387,734	11,536,105
Public safety	36,873,391	40,841,867	41,517,877	42,733,351	44,735,530	48,458,020	51,064,651	55,388,559	50,616,632	53,486,111
Public works	4,047,734	4,340,764	5,097,995	4,249,519	4,769,726	4,144,229	4,608,741	4,409,555	4,075,919	4,210,689
Recreation services	9,305,228	10,701,424	8,858,814	9,056,971	-	-	8,968,135	8,772,321	7,596,793	9,012,635
Community development	-	-	-	-	9,636,330	10,395,629	2,196,927	3,462,380	3,186,783	3,317,103
Miscellaneous	5,531,595	6,412,904	5,451,968	6,181,920	6,256,371	6,495,235	-	-	-	-
Capital outlay	20,243,349	19,187,531	19,626,046	30,380,527	22,861,208	20,640,470	18,972,495	7,873,907	4,325,318	9,974,308
Debt service:										
Principal	4,985,911	5,366,470	5,575,102	5,915,391	4,421,871	5,718,681	7,580,693	8,010,000	9,359,679	9,617,481
Interest and fiscal charges	5,220,832	5,136,579	7,597,361	8,991,182	8,103,822	8,888,561	7,950,995	8,189,380	7,287,928	7,527,631
Costs of issuance	109,000	335,000	336,101	170,215	196,863	2,261	584,349	-	391,354	-
Deferred amount on refunding	546,097	140,981	-	-	-	-	-	-	-	-
Total expenditures	97,328,636	103,257,819	104,765,284	118,872,622	112,278,907	116,633,947	116,418,749	105,240,439	100,228,140	108,682,063
(Deficiency) of revenues (under) expenditures	(24,036,073)	(22,384,953)	(27,664,673)	(38,628,933)	(31,595,706)	(31,688,817)	(27,408,009)	(9,857,941)	(5,107,877)	(9,365,133)
Other financing sources (uses):										
Capital-related bonds issued	-	50,100,000	39,320,000	-	18,730,000	-	-	-	-	-
Refunding bonds issued	13,330,000	6,875,000	18,345,000	37,290,000	4,940,000	-	44,090,000	-	33,455,000	-
Premium/discount on issuance of debt	365,808	2,451,008	3,391,957	5,716,664	1,739,296	-	7,810,525	-	3,877,980	-
Capital lease	-	-	-	258,936	-	-	-	-	483,616	431,752
Insurance proceeds	-	-	-	-	-	-	795,893	296,262	138,552	359,631
Sale of capital assets	-	-	-	-	-	-	90,763	33,165	252,468	63,633
Payment to refunded bond escrow age	(13,084,092)	(7,090,000)	(20,930,885)	(42,835,243)	(5,392,746)	-	(51,901,703)	-	(36,938,001)	-
Transfers in	20,103,714	18,075,712	10,257,467	11,216,236	10,629,638	14,865,656	15,322,481	12,130,635	14,101,355	25,060,895
Transfers out	(14,544,488)	(10,452,200)	(2,286,626)	(3,796,694)	(2,235,218)	(5,571,293)	(6,491,712)	(851,937)	(4,288,230)	(14,903,581)
Total other financing sources	6,170,942	59,959,520	48,096,913	7,849,899	28,410,970	9,294,363	9,716,247	11,608,125	11,082,740	11,012,330
Net change in fund balances	\$ (17,865,131)	\$ 37,574,567	\$ 20,432,240	\$ (30,779,034)	\$ (3,184,736)	\$ (22,394,454)	\$ (17,691,762)	\$ 1,750,184	\$ 5,974,863	\$ 1,647,197
Debt service as a percentage of noncapital expenditures	12.8%	12.4%	15.5%	16.8%	14.0%	15.2%	16.1%	16.6%	17.4%	17.4%

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

Table V

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

Fiscal Year Ended	Taxable Assessed Value		Less:	Total	Total Direct Tax Rate	Estimated	Assessed
	Real Property	Personal Property	Tax Exempt Property	Taxable Assessed Value		Actual Taxable Value	Value as a Percentage of Actual Value
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	0.743	5,153,883,639	89.22%
2012	4,910,126,647	372,499,175	555,982,344	4,726,643,478	0.743	5,301,412,785	89.16%
2013	5,056,322,730	367,818,504	612,203,199	4,811,938,035	0.743	5,439,453,166	88.46%
2014	5,260,588,761	414,547,783	670,960,505	5,004,176,039	0.743	5,677,195,525	88.15%
2015	5,378,345,788	405,312,087	764,110,031	5,019,547,844	0.750	5,784,580,161	86.77%
2016	5,601,877,911	434,281,825	860,867,315	5,175,292,421	0.750	6,036,159,736	85.74%
2017	5,885,042,124	443,095,052	987,711,674	5,340,425,502	0.750	6,328,137,176	84.39%
2018	6,466,293,461	451,716,724	1,167,352,778	5,750,657,407	0.750	6,918,010,185	83.13%
2019	6,731,951,123	445,182,128	1,342,658,938	5,834,474,313	0.750	7,177,133,251	81.29%

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				
		Operating Rate	Debt Service Rate	Total Direct Rate	Bell County	Killeen ISD	Central Texas College	Clear Water Underground Water Conservation District	Total Direct and Overlapping Rates
2010	2009	\$0.49057	\$0.20443	\$ 0.6950	\$ 0.4058	\$ 1.1412	\$ 0.1409	\$ 0.00400	\$2.38689
2011	2010	0.5087	0.2341	0.7428	0.4119	1.1412	0.1409	0.0040	2.44079
2012	2011	0.5473	0.1955	0.7428	0.4395	1.1412	0.1409	0.0040	2.46839
2013	2012	0.5056	0.2372	0.7428	0.4511	1.1310	0.1400	0.0040	2.46890
2014	2013	0.5041	0.2387	0.7428	0.4511	1.1280	0.1370	0.0040	2.46290
2015	2014	0.5229	0.2269	0.7498	0.4511	1.1280	0.1366	0.0040	2.46945
2016	2015	0.4938	0.2560	0.7498	0.4511	1.1280	0.1366	0.0039	2.46942
2017	2016	0.4467	0.3031	0.7498	0.4511	1.1260	0.1366	0.0039	2.46742
2018	2017	0.4938	0.2560	0.7498	0.4212	1.1100	0.1399	0.0039	2.42475
2019	2018	0.5353	0.2145	0.7498	0.4212	1.2600	0.1386	0.0038	2.57343

Source: Bell County Tax Appraisal District

Table VII

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

Name of Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery Co., LLC	\$ 58,242,898	1	1.00%	\$ 41,590,784	1	0.91%
Watercrest Place LP	27,215,442	2	0.47%	\$ 14,114,812	5	0.31%
Credit Suisse First Boston Mortgage Sec. Cor	23,943,075	3	0.41%			
Amber Chase Townhomes LLC	23,712,447	4	0.41%			
Wal-Mart Real Estate Business Trust	21,536,106	5	0.37%	19,886,932	2	0.44%
Dorel Killeen Holdings LLC	17,997,421	6	0.31%			
HEB Grocery Company LP	16,867,699	7	0.29%	\$ 12,177,851	7	0.27%
Killeen MFD LLC	16,696,000	8	0.29%			
LHCS LLC	16,573,903	9	0.28%			
MFT - Brookside LLC	15,484,534	10	0.27%			
Central Telephone Co. of Texas				18,657,540	3	0.41%
Killeen Mall LLC				16,973,485	4	0.37%
Watercrest Place LP						
TWE Advance/Newhouse				12,512,870	6	0.27%
Aegis Communications Group, Inc.				11,326,849	8	0.25%
Feiga/Sierra Creek LP				11,321,315	9	0.25%
WLC Brookside Apartments LP				10,404,461	10	0.23%
Subtotal	238,269,525		4.08%	168,966,899		3.70%
All other taxpayers	5,596,204,788		95.92%	4,396,676,352		96.30%
	<u>\$ 5,834,474,313</u>		<u>100.00%</u>	<u>\$4,565,643,251</u>		<u>100.00%</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 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
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%
2017	2016	0.74980	0.44670	0.30310	39,677,125	39,354,013	99.19%	225,640	39,579,653	99.75%
2018	2017	0.74980	0.49330	0.25650	42,927,120	42,255,422	98.44%	196,066	42,451,488	98.89%
2019	2018	0.74980	0.53530	0.21450	43,544,811	42,776,978	98.24%	298,818	43,075,796	98.92%

(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					Business-Type Activities					
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Unamortized bond premiums/ discounts	Total Governmental Activities (1)	General Obligation Bonds	Revenue Bonds	Certificates of Obligation	Capital Leases	Unamortized bond premiums/ discounts	Total Business-Type Activities (1)
2010	\$ 67,810,500	\$ 52,865,000	\$ 449,099	\$ 295,798	\$121,420,397	\$ 2,614,500	\$ 56,640,000	\$ 16,320,000	\$ -	\$ 1,238,245	\$ 76,812,745
2011	72,163,200	93,250,000	229,602	2,735,003	168,377,805	1,626,800	53,570,000	15,710,000	-	1,571,499	72,478,299
2012	79,662,700	118,365,000	-	5,995,983	204,023,683	6,887,300	50,945,000	8,570,000	-	2,285,920	68,688,220
2013	92,135,000	98,420,000	191,245	11,106,401	201,852,646	10,095,000	65,430,000	3,725,000	-	6,069,368	85,319,368
2014	97,255,000	107,520,000	129,374	12,498,860	217,403,234	11,105,000	60,775,000	2,010,000	-	5,698,043	79,588,043
2015	93,770,000	105,350,000	65,693	11,972,680	211,158,373	10,805,000	55,820,000	1,590,000	-	5,341,354	73,556,354
2016	123,625,000	66,945,000	-	17,711,321	208,281,321	11,295,000	50,745,000	270,000	-	5,151,179	67,461,179
2017	119,060,000	63,500,000	-	16,665,784	199,225,784	10,620,000	45,540,000	185,000	-	4,584,638	60,929,638
2018	142,790,000	29,805,000	1,140,588	18,451,604	192,187,192	9,930,000	41,205,000	95,000	512,845	4,179,094	55,921,939
2019	137,540,000	25,935,000	1,074,859	17,178,691	181,728,550	9,210,000	36,725,000	-	545,279	3,773,549	50,253,828

Fiscal Year	Total Primary Government (1)	Percentage of Personal Income (2)	Population (3)	Per Capita
2010	\$ 198,233,142	1.31%	119,510	\$ 1,659
2011	240,856,104	1.54%	127,921	1,883
2012	272,711,903	1.65%	131,286	2,077
2013	287,172,014	1.71%	135,015	2,127
2014	296,991,277	1.78%	137,147	2,165
2015	284,714,727	1.72%	140,806	2,022
2016	275,742,500	1.59%	143,400	1,923
2017	260,155,422	1.49%	144,930	1,795
2018	248,109,131	1.37%	145,935	1,705
2019	231,982,378	1.28%	151,006	1,387

(1) Debt presented net of original issuance discounts and premiums
 (2) Personal income is disclosed on Table 14
 (3) Source: U. S. Census Bureau, Greater Killeen Chamber of Commerce

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

Fiscal Year Ended September 30	General Obligation Bonds (1)	Plus: Unamortized Premium/Bond Discounts (2)	Less: Amounts Available in Debt Service Fund (3)	Total	Percentage of Estimated Actual Taxable Value of Property (4)	Per Capita (5)
2010	\$ 70,425,000	\$ 295,798	\$ 3,565,000	\$ 67,155,798	1.31%	\$ 562
2011	73,790,000	2,735,003	3,780,000	72,745,003	1.36%	569
2012	86,550,000	5,995,983	4,115,000	88,430,983	1.55%	674
2013	102,230,000	11,106,401	2,840,000	110,496,401	1.83%	818
2014	108,360,000	12,498,860	3,785,000	117,073,860	1.84%	854
2015	104,575,000	11,972,680	4,900,000	111,647,680	1.72%	793
2016	134,920,000	17,711,321	5,240,000	147,391,321	2.15%	1,028
2017	129,680,000	16,665,784	4,056,860	142,288,924	2.25%	982
2018	152,720,000	18,451,604	5,150,835	166,020,769	2.40%	1,138
2019	146,750,000	17,178,691	4,086,755	159,841,936	2.23%	1,059

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 premium.
- (2) Unamortized premium/bond discounts.
- (3) This is the amount restricted for debt service principal payments.
- (4) See the Schedule of Assessed and Estimated Actual Value of Property for property value data.
- (5) 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, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Amount Applicable to Primary Government</u>
Bell County	\$ 118,205,000	32.14%	\$ 37,991,087
Killeen Independent School District	\$ 422,765,000	79.15%	334,618,498
Subtotal, overlapping debt			372,609,585
City of Killeen, debt payable from ad valorem taxes			<u>192,187,192</u> (1)
Total direct and overlapping funded debt			<u><u>\$ 564,796,777</u></u>
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation			9.82% (1)
Per Capita Direct and Overlapping Funded Debt			\$ 3,870.19 (1)

Sources: Outstanding debt provided by each governmental unit.

(1) Includes all long-term debt instruments of the governmental activities (table IX).

(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. 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.

Table XII

**City of Killeen, Texas
Legal Debt Margin Information
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Assessed Value, Tax Roll</u>	<u>Legal Debt Limit Percentage</u>	<u>Legal Debt Limit</u>	<u>Actual Amount Expended for General Obligation Debt Service During the Year</u>
2010	\$ 4,565,643,251	1.50%	\$ 68,484,649	\$ 6,100,636
2011	4,598,247,312	1.50%	68,973,710	6,407,155
2012	4,726,643,478	1.50%	70,899,652	6,834,172
2013	4,811,938,035	1.50%	72,179,071	8,202,360
2014	5,004,176,039	1.50%	75,062,641	7,184,594
2015	5,019,547,844	1.50%	75,293,218	8,457,092
2016	5,175,292,421	1.50%	77,629,386	15,463,387
2017	5,340,425,502	1.50%	80,106,383	15,459,661
2018	5,750,657,407	1.50%	86,259,861	16,120,575
2019	5,596,204,788	1.50%	83,943,072	12,428,899

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities such as the City to \$2.50 per \$100 taxable assessed valuation for all purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum rate for all general obligation debt service calculated at the time of issuance based on 90% tax collections.

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

City of Killeen, Texas
Revenue Bond Coverage - Water and Sewer Fund
 Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Operating Expenses *	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2017	39,446,531	20,119,105	19,327,426	4,335,000	1,830,870	6,165,870	3.13
2018	40,089,479	23,768,307	16,321,172	4,480,000	1,690,688	6,170,688	2.64
2019	40,012,569	26,029,923	13,982,646	3,935,000	1,528,158	5,463,158	2.56

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>
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	143,400	433,658	40,237	17,343,479	4.8%
2017	144,930	435,857	40,096	17,475,962	3.8%
2018	145,935	443,773	40,773	18,093,956	3.9%
2019	151,006	451,679	41,634	18,804,982	3.7%

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.

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

Name of Employer	Business Category	2019			2010		
		Employees	Rank	% of Total	Employees	Rank	% of Total
III Corp & Fort Hood	Government	37,004	1	58.68%	57,580	1	81.48%
Military Defense Contractors & Others	Defense Contractor	8,327	2	13.21%	-	-	-
Killeen ISD	Education	6,000	3	9.52%	6,000	2	8.49%
Civilian Personnel Office	Government	5,373	4	8.52%	-	-	-
Teleperformance	Call Center	1,800	5	2.85%	-	-	-
Central Texas College	Education	1,488	6	2.36%	1,500	3	2.12%
City of Killeen	Government	1,173	7	1.86%	1,227	4	1.73%
AdventHealth	Health Care	1,000	8	1.59%	-	-	0.00%
Z-Systems	Defense Contractor	413	9	0.65%	-	-	-
Seton Medical Center Harker Heights	Hospital	480	10	0.76%	-	-	0.00%
Metroplex Hospital	Health Care				1,200	5	1.70%
Westar Aerospace & Defense Group, Inc.					1,050	6	1.49%
L-3 Communications					600	7	0.85%
Aegis Communications					600	8	0.85%
ESP, Inc.	Defense Contractor				510	9	0.72%
Presidium, Inc.					401	10	0.57%
Total		<u>63,058</u>		<u>100.00%</u>	<u>70,668</u>		<u>100.00%</u>

Source: Greater Killeen Chamber of Commerce

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Administration										
City Manager	4.0	4.0	3.0	4.0	2.0	2.0	2.0	2.0	2.0	3.0
Assistant City Manager	3.0	3.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Deputy City Manager	-	-	-	-	2.0	2.0	2.0	1.0	0.3	-
Downtown Revitalization	-	-	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	-	-	-	-	-	-	-	-
Total Administration	9.0	9.0	7.0	7.0	7.0	7.0	7.0	5.0	4.3	5.0
Municipal Court	24.0	24.0	24.0	25.0	23.0	23.0	23.0	22.0	19.7	20.0
Communications										
Communications	2.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5	4.9	4.8
Printing Services	2.5	2.5	2.5	3.0	3.0	3.0	3.0	2.0	2.0	2.0
Legislative Affairs	-	-	-	-	-	-	-	-	0.1	0.2
Total Communications	4.5	4.5	5.0	5.5	5.5	5.5	5.5	4.5	7.0	7.0
Legal										
City Attorney	7.0	8.0	8.0	7.0	7.0	7.0	8.0	7.0	7.0	7.0
City Secretary	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Legal	8.0	9.0	9.0	8.0	8.0	8.0	9.0	8.0	8.0	8.0
Finance										
Finance	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	14.0
EMS Billing and Collections	5.0	5.0	6.0	6.0	6.0	6.0	6.0	3.3	-	-
Purchasing	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Total Finance	21.0	23.0	24.0	24.0	24.0	24.0	24.0	21.3	18.0	19.0
Support Services	-	-	-	1.0	1.0	1.0	2.0	-	-	-
Human Resources	12.0	12.0	12.0	12.0	13.0	14.0	14.0	13.0	12.0	12.6
Information Technology	15.0	15.0	14.0	17.0	17.0	19.0	19.0	17.0	-	-
Recreation Services										
Administration	-	-	-	-	-	-	-	-	3.0	3.0
Volunteer Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Golf Course	19.0	19.0	19.0	20.0	19.0	18.5	20.2	19.0	16.9	-
Golf Course Food and Beverage	5.0	5.0	-	-	-	-	-	-	-	-
Community Center Operations	6.0	6.0	6.0	3.0	5.0	3.0	3.0	3.0	2.0	4.8
Parks	33.0	33.0	33.0	33.0	35.0	37.0	37.0	33.0	32.0	33.6
Lions Club Park	14.0	14.0	14.0	13.0	12.0	16.0	15.5	14.5	7.6	8.2
Family Aquatics Center	2.0	2.0	2.0	2.0	2.0	1.0	15.3	16.4	14.3	14.5
Recreation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
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	5.0	5.0	4.0	4.0	4.0
Senior Citizens	6.0	6.0	6.0	4.0	4.0	4.0	4.0	3.0	3.5	4.1
Total Recreation Services	99.0	99.0	94.0	89.0	91.0	92.5	107.9	100.9	92.2	81.2
Community Development										
Library Services	32.0	32.0	32.0	29.0	26.0	26.0	27.0	25.5	24.3	24.0
Arts and Activities Center	-	-	4.0	4.0	4.5	5.0	6.0	6.0	6.0	5.3
Community Development	3.0	3.0	3.0	4.0	5.0	4.0	4.0	4.0	1.0	0.9
Home Program	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Lien Services	-	-	-	-	-	2.0	2.0	2.0	-	-
Building Services	3.5	3.5	3.5	6.0	6.0	7.0	7.0	7.0	7.0	7.0
Custodial Services	13.0	13.0	12.0	18.0	18.0	18.0	18.0	18.0	16.0	16.0
Total Community Development	52.5	52.5	55.5	62.0	60.5	63.0	65.0	63.5	54.3	53.2
Public Works										
Public Works	2.0	2.0	2.0	2.0	2.0	2.0	0.1	0.1	0.1	0.2
Street Operations	57.0	57.0	58.0	57.0	57.0	57.0	57.0	54.0	54.0	-
Engineering	2.0	2.0	-	-	-	-	-	2.3	3.0	2.7
Total Public Works	61.0	61.0	60.0	59.0	59.0	59.0	57.1	56.4	57.2	2.9

Table XVI

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Planning and Development										
Planning and Development	10.0	10.0	10.0	7.0	7.0	7.0	7.0	6.0	8.0	7.0
Building Inspections	15.0	15.0	15.0	15.0	14.0	14.0	14.0	14.0	14.0	14.0
Code Enforcement	9.0	11.0	11.0	13.0	14.0	15.0	15.0	14.0	14.0	14.0
Total Planning & Development	34.0	36.0	36.0	35.0	35.0	36.0	36.0	34.0	36.0	35.0
Police										
Commissioned Officers	225.0	240.0	242.0	244.0	256.0	268.0	281.0	280.0	260.0	258.0
Civilian Personnel	89.0	76.0	85.0	75.0	86.0	87.0	87.0	85.0	82.0	78.0
Animal Control	11.0	11.0	11.0	12.0	13.0	17.0	18.0	18.0	16.0	16.0
Total Police	325.0	327.0	338.0	331.0	355.0	372.0	386.0	383.0	358.0	352.0
Fire										
Commissioned Officers	195.0	195.0	195.0	195.0	195.0	195.0	231.0	230.0	230.0	230.0
Civilian Personnel	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Fire	201.0	201.0	201.0	201.0	201.0	201.0	238.0	237.0	237.0	237.0
Total General Fund	866.0	873.0	879.5	876.5	900.0	925.0	993.5	965.5	903.7	832.9
Aviation Funds										
Killeen-Fort Hood Regional Airport										
Operations	38.0	38.0	38.0	38.0	38.0	38.0	38.0	37.0	36.3	37.0
Information Technology	3.0	3.0	3.0	3.0	3.0	1.0	1.0	1.0	-	-
Total KFHRA	41.0	41.0	41.0	41.0	41.0	39.0	39.0	38.0	36.3	37.0
Skylark Field	4.0	3.3	3.0							
Total Aviation Funds	45.0	45.0	45.0	45.0	45.0	43.0	43.0	42.0	39.7	40.0
Solid Waste Fund										
Public Works	-	-	-	-	-	-	0.6	0.6	1.2	1.4
Custodial	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Accounting	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Residential Services	41.2	41.2	42.2	44.0	44.5	44.5	43.5	38.0	37.0	37.0
Commercial Services	20.0	20.0	20.0	20.0	21.0	21.0	23.0	23.0	23.0	23.0
Recycling	7.0	7.0	7.0	7.0	6.0	6.0	6.2	5.2	5.2	5.2
Transfer Station	15.0	15.0	16.0	16.0	15.5	15.5	15.5	15.5	15.5	16.5
Mowing Operations	22.0	22.0	22.0	17.5	22.5	22.5	21.5	20.5	16.5	16.5
Total Solid Waste Fund	110.2	110.2	112.2	109.5	113.5	113.5	114.3	106.8	102.3	104.6
Water/Sewer Fund										
Public Works	-	-	-	-	-	-	1.2	1.2	1.6	2.2
Utility Collections	38.0	38.0	38.0	40.0	40.5	40.5	40.5	39.5	39.5	39.5
Fleet Services	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	5.0	5.0	-	-
Water Distribution	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	18.0
Sanitary Sewers	15.0	15.0	15.0	15.0	15.0	15.0	15.0	19.0	19.0	20.0
Water and Sewer Operations	24.0	24.0	26.0	27.0	28.0	28.0	28.0	29.0	28.0	28.0
Engineering	9.6	9.6	10.6	11.8	11.8	13.8	13.8	12.2	11.7	10.2
Environmental Services	-	-	-	-	-	-	-	-	0.8	0.8
Total Water/Sewer Fund	133.6	133.6	136.6	143.8	145.3	147.3	149.5	124.9	119.5	118.7

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Drainage Utility Fund										
Public Works	-	-	-	-	-	-	0.1	0.1	0.2	0.2
Engineering	3.2	3.2	4.2	4.2	4.0	4.0	4.0	3.3	1.3	1.1
Streets	-	-	-	-	-	-	-	-	2.0	2.0
Drainage Maintenance	30.0	30.0	31.0	32.5	33.5	33.5	35.2	36.0	34.6	34.1
Environmental Services	-	-	-	-	1.2	1.2	1.2	1.2	5.2	5.2
Mowing	-	-	-	-	-	-	-	-	0.5	0.5
Total Drainage Utility Fund	33.2	33.2	35.2	36.7	38.7	38.7	40.5	40.6	43.8	43.1
Special Revenue Funds										
Killeen Civic Conference Center	14.0	14.0	14.0	14.0	11.5	11.5	11.5	11.0	11.0	13.6
Convention Visitor Bureau	-	-	-	-	2.5	2.5	2.5	2.5	2.5	2.5
Housing and Rehabilitation	5.0	5.0	2.0	2.0	1.0	1.0	1.0	1.0	1.4	1.1
Cablesystem Improvements PEG	1.5	1.5	3.1	3.5	3.5	3.5	3.5	2.5	-	-
CDBG Program	-	-	-	-	-	-	-	-	2.1	2.3
Home Program	1.0	1.0	1.0	1.0	1.0	1.0	-	-	0.5	0.5
Street Maintenance Fund	-	-	-	-	-	-	-	-	-	53.0
Court Security Fund	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Juvenile Case Manager Fund	-	-	-	-	1.0	2.0	2.0	2.0	2.0	2.0
Wellness Non-Assessment Fund	-	-	-	-	-	-	-	-	-	0.4
Total Special Revenue Fund	21.5	21.5	20.1	20.5	21.5	22.5	21.5	20.0	20.5	76.4
Capital Project Funds										
Bond Construction	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Water and Sewer Improvements	-	-	-	-	-	5.0	4.0	-	-	-
Pass-Through Finance Construction	-	-	5.0	5.0	8.0	8.0	4.0	-	-	-
Total Capital Project Funds	1.0	1.0	6.0	6.0	8.0	13.0	8.0	-	-	-
Internal Service Funds										
Fleet	-	-	-	-	-	-	-	26.0	26.0	27.0
Risk Management	-	-	-	-	-	-	-	-	3.0	3.0
Information Technology	-	-	-	-	-	-	-	-	24.0	26.0
Total Internal Service Funds	-	26.0	53.0	56.0						
Total Personnel	1,210.5	1,217.5	1,234.6	1,238.0	1,272.0	1,303.0	1,370.3	1,325.7	1,282.6	1,271.7

Table XVII

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Building Permits Issued	11,468	11,620	11,126	10,711	16,091	12,264	10,522	10,373	9,212	10,438
Public Safety										
Police										
Calls for Service	157,625	161,936	171,736	166,454	170,695	156,167	149,738	163,947	156,391	149,725
Citations	24,570	23,615	22,641	31,985	23,278	20,979	19,843	19,439	17,247	13,911
Traffic Accidents	3,045	2,319	2,479	2,199	2,324	2,396	2,540	2,258	2,160	2,419
UCR Part 1 Violent Crimes	999	815	850	753	846	869	992	1,147	585	632
UCR Part 1 Non-violent Crimes	5,837	5,199	5,006	4,791	4,703	4,034	3,946	4,175	3,413	3,493
Arrests	7,515	7,887	7,932	7,913	6,449	5,355	4,459	4,624	4,460	4,495
Fire										
Fire Emergency Responses	479	685	447	486	529	459	468	516	630	533
Fire Inspections	1,930	1,486	1,451	1,321	1,225	1,000	1,124	1,085	1,118	1,331
EMS Responses	13,548	13,831	14,245	13,725	13,961	15,763	16,877	18,436	19,586	19,927
Public Works										
Number of Shade Trees:										
Removed	3	19	13	6	6	6	19	11	57	8
Trimmed	90	66	181	179	119	755	536	552	314	95
Added	-	-	-	-	-	-	-	5	1,464	-
Parks and Recreation										
Number of Shade Trees:										
Removed	-	-	-	-	-	-	-	-	32	41
Trimmed	-	-	-	-	-	-	-	-	641	733
Added	-	-	-	-	-	-	-	-	70	73
Library										
Visitors	269,360	294,139	292,086	284,072	271,495	270,983	227,411	242,223	251,262	273,144
Volumes in Collection	119,679	128,268	134,567	136,022	138,140	140,235	143,012	148,295	149,744	148,240
Children's Program Attendance	14,701	11,166	9,655	9,427	7,816	8,933	8,679	9,866	18,091	9,446
Public Computer Sessions	92,110	99,563	98,371	100,560	100,057	81,897	56,308	57,921	56,964	50,330
Aviation										
Airlines	3	3	3	3	3	3	3	3	2	2
Passengers Enplaning	211,439	188,121	168,487	175,353	165,452	149,008	136,008	128,978	129,798	139,671
Passengers Deplaning	208,473	189,800	165,568	174,961	163,722	154,124	135,412	131,891	134,349	138,493
Solid Waste										
Tons Collected and Disposed:										
Solid Waste - Residential	-	-	-	-	52,421	54,367	56,542	53,378	56,770	62,368
Solid Waste - Commercial	-	-	-	-	35,838	35,887	36,595	41,637	39,317	42,586
Recyclable Material	-	-	-	-	5,549	5,825	5,859	5,539	5,429	6,370
Water										
Metered Accounts	44,689	45,873	47,040	48,172	49,189	50,175	51,058	52,200	52,597	53,443
Water Demand (Purchased) (MG)	5,063	5,940	5,855	5,497	5,371	5,585	4,967	5,325	5,500	5,066
Avg. Daily Demand (MGD)	15	15	15	15	15	15	14	15	15	14
Avg. Monthly Demand/Cust (gal)	3,298	3,838	3,711	3,440	3,318	3,405	2,990	3,125	3,161	2,932
Peak Demand (MGD)	26	25	26	25	22	22	25	25	25	26
Sewer										
Service Connections	39,321	40,786	39,945	41,621	42,650	43,691	45,221	46,487	47,975	49,452
Total Sewer Flows (MGD)	13	10	11	11	11	14	12	11	10	14
Total Sewer Flow (MG)	4,742	3,607	3,871	3,941	4,165	5,022	4,470	4,149	3,721	5,072
Avg Daily Demand (MGD)	13	10	11	11	11	14	12	11	10	14
Avg Daily Demand/Cust (gal)	102	77	81	81	85	101	89	80	71	96

Table XVIII

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Area of City (square miles)	54.72	54.72	55.47	55.562	55.564	55.564	55.564	55.868	55.868	56.1
Vehicles	-	-	-	-	-	-	48	50	49	47
Public Safety										
Police										
Police Stations	3	3	3	3	3	3	3	3	2	2
Firing Ranges	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	-	-	-	-	-	-	140	159	171	187
Other Police Vehicles	-	-	-	-	-	-	147	145	142	141
Animal Shelters	1	1	1	1	1	1	1	1	1	1
Animal Control Vehicles	-	-	-	-	-	-	8	10	10	10
Fire										
Fire Stations	8	8	8	8	8	8	8	8	8	8
Fire Apparatus	27	35	20	19	23	23	20	22	22	22
EMS Units	11	11	10	11	14	14	18	18	18	18
Other Vehicles	-	-	-	-	-	-	24	24	23	34
Public Works										
Paved Streets (miles)	512	522	525	533	539	552	563	575	575	587
Unpaved Streets (miles)	1	1	1	1	1	1	1	1	1	1
Curb and Gutter (miles)	866	866	866	866	878	878	900	924	902	926
Signalized Intersections	87	89	92	95	88	92	97	99	95	99
Vehicles	-	-	-	-	-	-	44	39	55	55
Parks and Recreation										
Parks	21	21	21	21	21	21	21	21	23	23
Playgrounds	22	22	22	22	22	22	22	22	25	25
Municipal Golf Courses	1	1	1	1	1	1	1	1	1	1
Disc Golf Course	-	1	1	1	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2	1	1	1	1
Tennis Courts	9	9	9	9	9	5	5	5	5	5
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Fields	15	15	15	15	15	15	15	15	15	15
Soccer Fields	6	6	6	6	6	6	6	6	6	6
Jogging/Walking Trails	6	6	7	7	7	7	3	3	3	3
Senior Centers	2	2	2	2	2	2	2	2	2	2
Aquatics Centers	1	1	1	1	1	1	1	1	1	1
Vehicles	-	-	-	-	-	-	26	26	27	26
Library										
Libraries	2	2	2	2	2	2	2	2	2	2
Vehicles	-	-	-	-	-	-	1	1	1	1

Table XVIII

City of Killeen, Texas
Capital Asset Statistics by Function (Continued)
 Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Aviation										
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	3	3	3	3	3	3	3
Skylark off road vehicles	1	1	1	1	1	1	1	2	2	2
KFHRA on road vehicles	6	6	6	6	6	6	6	6	7	7
KFHRA off road vehicles	3	3	3	3	3	3	3	3	4	3
Solid Waste										
Refuse Disposal Vehicles	-	-	-	-	-	-	58	51	51	45
Other Vehicles	-	-	-	-	-	-	35	37	35	39
Water										
Rated Daily Capacity (gpd)	29,500,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000
Storage Capacity (gallons)	29,250,000	29,250,000	32,380,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000
Water Mains (miles)	685	602	617	617	618	618	618	655	676	678
Fire Hydrants	3,530	3,630	4,315	4,800	5,000	5,000	5,000	4,611	4,931	5,025
Vehicles	-	-	-	-	-	-	61	32	35	36
Sewer										
Sanitary Sewers (miles)	521.86	520.20	522.41	535.00	535.00	535.00	574.00	595.00	600.00	604.00
Manholes	6,247	6,630	6,780	7,230	7,230	7,230	7,863	8,197	8,248	8,305
Sewer Treatment Capacity:										
Plant 1 (mgd)	15	15	15	15	18	18	18	18	18	18
Plant 2 (mgd)	6	6	6	6	6	6	6	6	6	6
Plant 3 (mgd)	6	6	6	6	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	15	44	31	37
Drainage										
Storm Sewers (linear feet)	150,000	150,000	150,000	150,000	150,000	93,099	93,099	94,349	94,349	129,891
Inlets and Outfalls	3,000	3,173	3,173	3,173	3,173	3,125	3,173	3,233	3,233	3,237
Open Channels (miles)	131.0	283.0	316.6	312.0	312.0	96	197.0	140.4	141.0	148.1
Vehicles	-	-	-	-	-	-	22	25	22	24
Fleet										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	-	-	-	-	-	-	7	7	7	7

City of Killeen, Texas
General Obligation Bond Tables
Valuation, Exemptions, and Tax Supported Debt
September 30, 2019

Market Valuation Established by Bell County Appraisal District		\$ 7,177,133,251
Less Exemptions/Deductions		1,342,658,938
Net Taxable Assessed Valuation		<u>\$ 5,834,474,313</u>
Debt Payable from Ad Valorem Taxes		
General Obligation Bonds	\$ 146,750,000	
Certificates of Obligation	<u>25,935,000</u>	
Debt Payable from Ad Valorem Taxes		\$ 172,685,000
Less Self-Supporting Debt ⁽¹⁾		12,475,000
Net Debt Payable from Ad Valorem Taxes		<u>\$ 160,210,000</u>
Interest and Sinking Fund		<u>\$ 4,086,755</u>
Ratio of Tax Supported Debt to Taxable Assessed Valuation		2.96%
Ratio of Net Tax Supported Debt to Taxable Assessed Valuation		2.75%
Estimated Population		151,006
Per Capita Taxable Assessed Valuation	\$	38,637
Per Capita Net Debt Payable from Ad Valorem Taxes	\$	1,061

(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

<u>Fiscal Year</u>	<u>Estimated Population⁽¹⁾</u>	<u>Taxable Assessed Valuation</u>	<u>Taxable Assessed Valuation Per Capita</u>	<u>Funded Debt Outstanding at Year End (2) (3)</u>	<u>Ratio of Funded Debt to Taxable Assessed Valuation</u>	<u>Funded Debt Per Capita</u>
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	143,400	5,175,292,421	36,090	232,730,000	4.50%	1,623
2017	144,930	5,340,425,502	36,848	193,365,000	3.62%	1,334
2018	145,935	5,750,657,407	39,406	182,620,000	3.18%	1,251
2019	151,006	5,834,474,313	38,637	172,685,000	2.96%	1,144

(1) Source: 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 September 30, 2012.

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

Fiscal Year	Outstanding Debt ⁽¹⁾			System- Supported Debt Service	Total Tax- Supported Debt Service
	Principal	Interest	Total		
2020	\$ 10,320,000	\$ 7,492,775	\$ 17,812,775	\$ 1,977,263	\$ 15,835,512
2021	10,740,000	7,081,425	17,821,425	1,961,313	15,860,112
2022	11,210,000	6,630,675	17,840,675	1,962,063	15,878,612
2023	11,730,000	6,141,425	17,871,425	1,962,613	15,908,812
2024	11,415,000	5,626,113	17,041,113	1,965,113	15,076,000
2025	11,980,000	5,102,913	17,082,913	1,978,513	15,104,400
2026	12,540,000	4,534,663	17,074,663	1,966,263	15,108,400
2027	11,575,000	3,939,663	15,514,663	1,325,863	14,188,800
2028	12,140,000	3,388,863	15,528,863	1,427,763	14,101,100
2029	12,695,000	2,840,663	15,535,663	1,418,813	14,116,850
2030	11,185,000	2,299,994	13,484,994	1,277,588	12,207,406
2031	9,755,000	1,858,325	11,613,325	109,200	11,504,125
2032	10,210,000	1,418,575	11,628,575	-	11,628,575
2033	7,150,000	2,086,250	9,236,250	-	9,236,250
2034	7,380,000	737,300	8,117,300	-	8,117,300
2035	5,110,000	439,900	5,549,900	-	5,549,900
2036	2,970,000	233,050	3,203,050	-	3,203,050
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>\$ 172,685,000</u>	<u>\$ 62,079,022</u>	<u>\$ 234,764,022</u>	<u>\$ 19,332,368</u>	<u>\$ 215,431,654</u>

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

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>
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	151.91
2017	22,539,599	56.81%	0.4259	155.52
2018	23,727,452	55.27%	0.4144	162.59
2019	24,990,652	57.39%	0.4303	165.49

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	\$ 1,701,360	\$ 1,636,001	\$ 1,652,409	\$ 1,696,609	\$ 1,722,623	\$ 1,776,199	\$ 1,941,564	\$ 1,897,724	\$ 1,738,543	\$ 1,887,416
Charges for Services	433,727	-	-	-	-	-	608,426	599,472	636,451	742,403
Investment Earnings	-	-	-	-	-	-	221	4,046	6,254	13,695
Miscellaneous	273,569	579,242	702,994	637,271	616,840	678,495	-	-	-	1,433
Total Revenues	2,408,656	2,215,243	2,355,403	2,333,880	2,339,463	2,454,694	2,550,211	2,501,242	2,381,248	2,644,947
Expenditures:										
General Government	1,760,925	1,606,911	1,582,371	1,540,785	1,506,634	1,567,108	-	-	-	-
Community Services	233,188	264,559	213,883	252,097	175,652	274,526	1,627,656	1,475,285	1,556,978	1,573,895
Capital Outlay	55,390	87,959	14,001	-	5,136	19,097	183,333	289,677	36,300	16,517
Debt Service	690,000	695,300	607,200	725,200	727,900	727,200	714,924	739,719	716,372	723,646
Total Expenditures	2,739,503	2,654,729	2,417,455	2,518,082	2,415,322	2,587,931	2,525,913	2,504,681	2,309,650	2,314,058
Excess (Deficiency) of Revenues Over (Under) Expenditures	(330,847)	(439,486)	(62,052)	(184,202)	(75,859)	(133,237)	24,298	(3,439)	71,598	330,889
Other Financing Uses:										
Sale of Assets	-	-	-	-	-	-	2,228	18	-	-
Transfers Out	-	-	-	-	-	-	-	-	(11,000)	-
Total Other Financing Uses	-	-	-	-	-	-	2,228	18	(11,000)	-
Net Change in Fund Balance	(330,847)	(439,486)	(62,052)	(184,202)	(75,859)	(133,237)	26,526	(3,421)	60,598	330,889
Beginning Fund Balance	1,499,042	1,168,195	728,709	666,657	482,455	406,596	273,359	299,885	296,464	357,062
Ending Fund Balance	\$ 1,168,195	\$ 728,709	\$ 666,657	\$ 482,455	\$ 406,596	\$ 273,359	\$ 299,885	\$ 296,464	\$ 357,062	\$ 687,951

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
Killeen Independent School District	102,886,800	\$ 361,665	2.47638%	1	44,955,540	\$ 179,030	1
Killeen Hyde Estates	56,546,000	35,498	1.36100%	2			
City of Killeen	56,540,200	212,493	1.36086%	3			
Stonetree Golf Course	29,907,000	23,391	0.71983%	4			
Independence Place At Ft Hood	27,462,800	89,168	0.66100%	5	20,164,980	76,728	3
Metroplex Hospital	26,570,800	91,170	0.63953%	6	19,968,110	76,508	4
Stone Hill Apartments	18,903,100	56,342	0.45498%	7	15,068,070	57,445	5
Today's Car Wash	16,476,600	54,784	0.39657%	8	14,452,060	55,175	6
Y&B Properties	14,096,700	45,662	0.33929%	9	12,627,270	48,356	7
Southern Hills Mhp	11,194,300	36,365	0.26943%	10	11,194,300	53,884	8
Central Texas College					42,976,160	164,009	2
Remington Apartments					9,001,980	34,394	9
Keystone 212					8,715,690	33,306	10

Note: Percentage of total consumption based on 4,154,731,600 gallons annual consumption.

City of Killeen, Texas
Waterworks and Sewer System Revenue Bond Tables
Monthly Water and Wastewater Rates (Effective 10/01/2016)

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

*Commercial wastewater over 3,000 gallons is calculated using a 90% flow factor.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues: (1)										
Charges for Services	\$ 30,001,656	\$ 35,659,361	\$ 37,571,221	\$ 36,532,116	\$ 35,243,516	\$ 37,007,157	\$ 38,803,969	\$ 39,409,416	\$ 40,086,634	\$ 39,528,685
Miscellaneous	-	104,123	103,721	132,662	148,397	480,556	2,452	37,115	2,845	20,237
Total Revenues	<u>30,001,656</u>	<u>35,763,484</u>	<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>	<u>39,446,531</u>	<u>40,089,479</u>	<u>39,548,922</u>
Expenditures: (2)										
Water Purchases	5,858,835	6,925,331	6,692,095	6,897,853	7,467,995	7,637,005	7,810,794	8,447,593	7,938,535	7,730,925
Sewage Treatment	6,273,881	5,230,533	5,452,759	5,553,338	6,297,470	6,594,789	7,183,054	6,366,159	6,053,339	7,387,129
Operating Costs	8,158,165	9,204,958	9,229,112	9,298,188	9,564,316	10,618,307	10,423,579	5,305,353	9,776,433	14,627,857
Total Expenditures	<u>20,290,881</u>	<u>21,360,822</u>	<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>20,119,105</u>	<u>23,768,307</u>	<u>29,745,911</u>
Net Available for Debt Service	<u>\$ 9,710,775</u>	<u>\$ 14,402,662</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>	<u>\$ 19,327,426</u>	<u>\$ 16,321,172</u>	<u>\$ 9,803,011</u>
Customer Count:										
Water	44,689	45,873	47,040	48,172	49,189	50,175	51,058	52,200	52,597	53,443
Sewer	39,321	40,786	39,945	43,205	52,636	52,636	55,786	47,407	47,975	49,452

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

(2) Expenditures do not include depreciation.