

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



*Fiscal Year Ended September 30, 2015*

**CITY OF KILLEEN, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**ELECTED OFFICIALS**

*Scott Cospers, Mayor*  
*Jose Segarra, Mayor Pro-Tem*  
*Shirley Fleming, Councilmember*  
*Jim Kilpatrick, Councilmember*  
*Brockley Moore, Councilmember*  
*Elizabeth Blackstone, Councilmember*  
*Jonathan Okray, Councilmember*  
*Juan Rivera, Councilmember*

**MANAGEMENT STAFF**

*Glenn P. Morrison, City Manager*  
*Lillian Ann Farris, Ph.D., Assistant City Manager, Internal Services*

**OFFICIALS ISSUING REPORT**

*Jonathan Locke, CPA, Executive Director of Finance*  
*Karen Evans, CPA, Assistant Director of Finance*  
*Amanda Wallace, CPA, City Auditor*



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## **INTRODUCTORY SECTION**

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## CITY OF KILLEEN

March 22, 2016

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

The comprehensive annual financial report of the City of Killeen, Texas, for the fiscal year ended September 30, 2015, is submitted in accordance with the provisions of the City Charter. This report was prepared by City of Killeen management in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and audited in accordance with U.S. Generally Accepted Auditing Standards (GAAS) by a firm of licensed independent certified public accountants.

This report consists of management's representations concerning the finances of the City of Killeen. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. To provide a reasonable basis for making these representations, management of the City of Killeen has established a comprehensive internal control framework that is designed both to protect the government's assets and to compile sufficient reliable information. Because the cost of a control should not exceed the benefits to be derived, the objective in establishing a comprehensive internal control framework is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

The City of Killeen's financial statements have been audited by Weaver, LLP, a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Killeen for fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining evidence on a test basis, supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

### **GOVERNMENT STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK**

The City of Killeen was established May 15, 1882, and incorporated as a municipality on March 3, 1949. Located in Bell County, it is situated along U.S. Highway 190, 17 miles east of Interstate 35. Geographically, Killeen is located on the main line of the Santa Fe Railroad and encompasses an area of 55.56 square miles. Its central location makes major metropolitan areas easily accessible - 70 miles to Austin, 150 miles to San Antonio, 160 miles to Dallas-Fort

Worth, and 190 miles to Houston. With an estimated population of 144,537, Killeen is the most populated city in Bell County. It is also home to Fort Hood, the largest active duty armored post in the United States Armed Services.

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

Killeen operates under the council-manager form of government. Policy-making and legislative authorities 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.

Killeen's population and economic growth have been steady, and the ever-increasing demands in all service areas, especially in the General Fund, which includes Public Safety and Street Maintenance, continue to be a challenge. Killeen will continue to pay close attention to the national landscape as decisions made in Washington, D.C. will undoubtedly have a significant impact on Fort Hood, this community and Central Texas as a whole. Accordingly the budget was developed projecting only slight increases in revenues.

### **BUDGET PROCESS**

The budget process for the City of Killeen is a year-round process defined by a fiscal year, not a calendar year. Killeen's fiscal year begins on October 1 and ends on September 30. The Killeen City Charter vests the responsibility for preparing an annual budget and plan of municipal services with the City Manager. The City Manager must then submit the proposed budget to the City Council for its review and adoption. The City Manager, not less than forty-five days prior to the beginning of each fiscal year, must submit to the Council a proposed budget which shall provide a complete financial plan for the coming fiscal year. The proposed budget is made available as a public record at the time it is presented to the City Council. Public hearings, as required by the Charter and state law, are held on the proposed budget and tax rate. The Council has the opportunity to make changes to the proposed budget during this process subject to required additional public hearings. The budget is adopted by the favorable vote of a majority of the members of the whole Council and must be adopted not later than September 20 of each year. If the Council fails to adopt a budget by this date, the proposed budget submitted by the City Manager shall be deemed to have been adopted by the Council. The FY 14-15 Budget and Plan of Municipal Services was adopted by the City Council on September 9, 2014.

### **MAJOR INITIATIVES**

The FY 14-15 adopted budget was very conservative. The City of Killeen has been prudent in maximizing resources and efficiencies in order to continue to provide excellent services to its citizens despite the constant challenge of balancing the benefits of those services with the costs. Killeen's population and economy continue to grow which has allowed the City to move forward on major projects while maintaining the current tax rate. The construction of a new university, medical facility and other projects create great potential for continued economic growth. The City of Killeen will continue its fiscally conservative approach to budgeting to ensure the city's long-term success.

### **KILLEEN CHALLENGE**

In developing the FY 15-16 budget, staff established several "fence posts" to help guide the process. Those markers included the following: maintaining fiscal soundness within the existing tax rate; focusing on the mission and service levels; aligning programs and services with our Strategic, Financial and Master Plans; and assessing economic conditions and military trends. With those in mind, staff diligently evaluated current programs and services in all major operating funds and thoughtfully considered new programs designed to meet the increasing demands for city services.

The operating budget highlights, in addition to the priorities noted in the above paragraph, are as follows:

1. Provide adequate funding to maintain existing levels of service to our citizens and to make scheduled debt payments. The budget maintains a strong ending fund balance in all major operating funds, to include 22.53% in the General Fund.
2. Continue with scheduled capital improvement projects.
3. Maintain adequate health coverage for employees and continue to fund 100% of employee base plan coverage.
4. Include 6 new full-time positions in various departments/divisions.
5. Create and implement a sustainable fleet replacement program.
6. Increase Code Enforcement funding by 20% for the abatement and demolition program.
7. Ensure that Animal Services has adequate funding for cat cages, fleet replacement, and a Veterinary Technician position.
8. Re-establish Library accreditation.
9. Include funding for the Greater Killeen Chamber of Commerce and the Killeen Economic Development Corporation.
10. Propose a 2.5% increase for Water and Sewer rates.

#### 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, 2014. This was the 24<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR which must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. This Certificate of Achievement is awarded on a yearly basis. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements; we are submitting this year's CAFR to the GFOA to determine its eligibility for another Certificate of Achievement.

The City of Killeen received the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2014, from the GFOA for our conformity in budget presentation. We believe that our current budget continues to conform to the program requirements and expect to receive this award for the fiscal year beginning October 1, 2015.

The preparation of this report could not have been accomplished without the efficient and dedicated services of City staff and through the competent service of our independent auditors. Appreciation is expressed to City employees throughout the organization who were instrumental in the successful completion of this report.

We also wish to express our sincere appreciation to the Mayor and City Council for your leadership and guidance in the financial affairs of the City of Killeen. You make it possible for City staff to achieve its mission: Dedicated Service – Every Day, for Everyone!

Respectfully submitted,



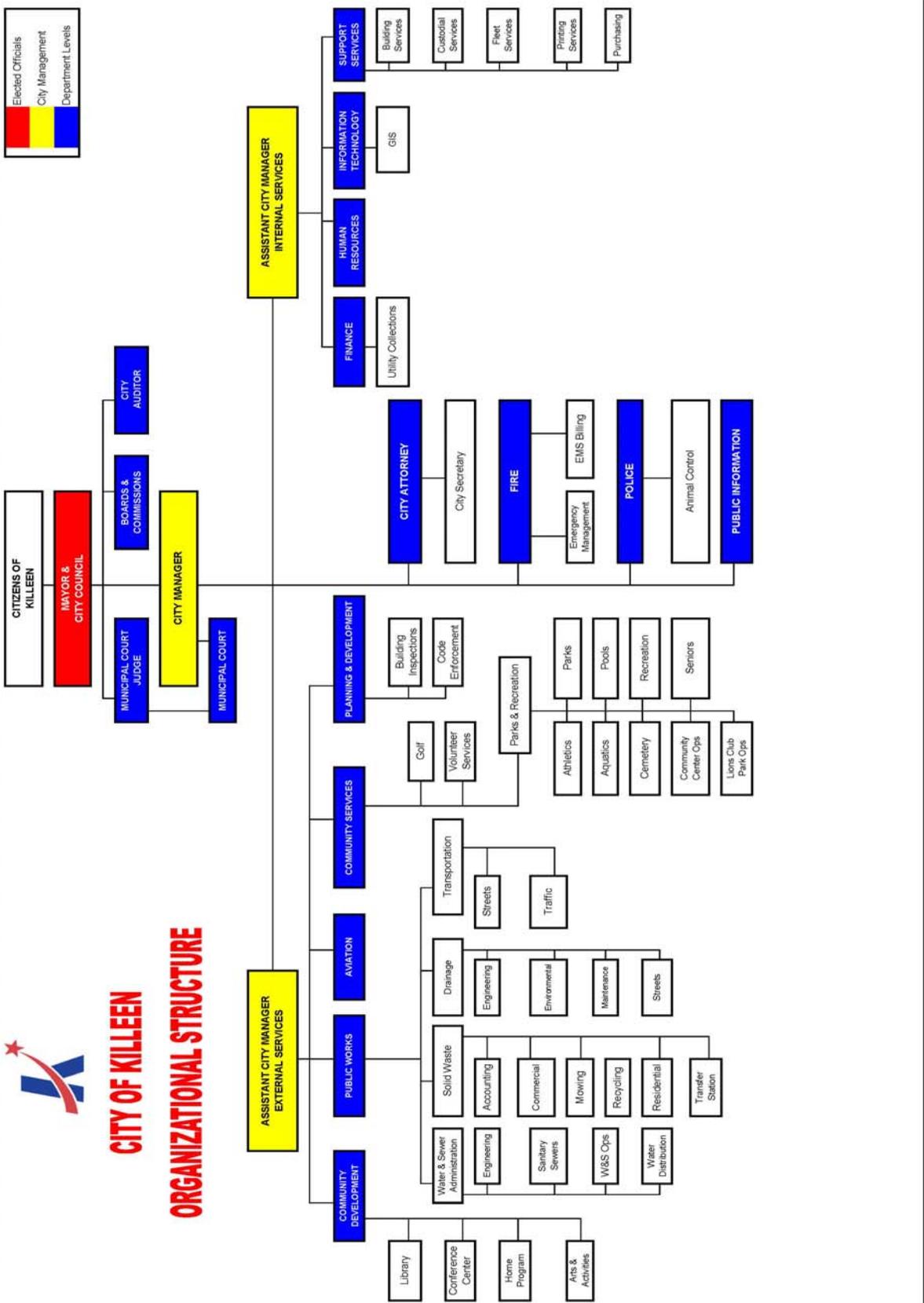
Jonathan Locke, CPA  
Executive Director of Finance



Glenn P. Morrison  
City Manager



# CITY OF KILLEEN ORGANIZATIONAL STRUCTURE



**CITY OF KILLEEN  
PRINCIPAL CITY OFFICIALS  
SEPTEMBER 30, 2015**

Mayor  
Mayor Pro Tem  
Councilmember – District 1  
Councilmember – District 3  
Councilmember – District 4  
Councilmember – At Large  
Councilmember – At Large  
Councilmember – At Large  
City Manager  
Assistant City Manager, Internal Services  
City Attorney  
City Auditor  
Executive Director of Aviation  
Executive Director of Finance  
Executive Director of Information Technology  
Executive Director of Planning  
Executive Director of Public Information  
Executive Director of Public Works  
Executive Director of Support Services  
Chief of Police  
Fire Chief  
Presiding Municipal Judge

Scott Cospers  
Jose Segarra  
Shirley Fleming  
Jim Kilpatrick  
Brockley Moore  
Elizabeth Blackstone  
Jonathan Okray  
Juan Rivera  
Glenn Morrison  
Lillian Ann Farris, Ph.D.  
Kathryn Davis  
Amanda Wallace, CPA  
Matthew Van Valkenburgh  
Jonathan Locke, CPA  
Tom Moore  
Ray Shanaa, Ph.D.  
Hilary Shine  
Scott Osburn  
Stuart McLennan  
Dennis Baldwin  
Jerry Gardner  
Mark Kimball



Government Finance Officers Association

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

Presented to

**City of Killeen  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO



## INDEPENDENT AUDITOR'S REPORT

The City Council  
City of Killeen, Texas

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Killeen, Texas (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of Killeen Economic Development Corporation (KEDC), the City's discretely presented component unit.

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

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

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

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

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

The City Council  
City of Killeen, Texas

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Killeen, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principles***

As discussed in Note IV. G. to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and post-employment benefit plans other than pension's required supplementary information, and the General Fund budgetary comparison information on pages 5–20 and 85-89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City Council  
City of Killeen, Texas

*Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
March 22, 2016

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**CITY OF KILLEEN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015**

As management of the City of Killeen, we offer readers of the City of Killeen's financial statements this narrative overview and analysis of the financial activities of the City of Killeen for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with our letter of transmittal which can be found on pages iii - v of this report and the basic financial statements that follow this section. This discussion and analysis includes comparative data to fiscal year ended September 30, 2014. All amounts, unless otherwise indicated, are expressed in dollars.

**Fiscal Year 2014-15 Financial Highlights**

*City-wide:*

- The City's total net position was \$224.1 million at September 30, 2015, of which \$9.2 million were in Governmental Activities and \$214.9 million were in Business-Type Activities.
- Total City revenues were \$154.6 million, of which \$87.7 million were derived from Governmental Activities and \$66.9 million were derived from Business-Type Activities.
- Total City expenses were \$165.4 million, of which \$109.3 million were incurred by Governmental Activities and \$56.1 million were incurred by Business-Type Activities.
- The total revenue and expense amounts stated above do not include transfers between funds.

*Fund Level:*

- Governmental funds reported combined ending fund balances of \$49.8 million at September 30, 2015. Of the combined ending fund balances, \$0.5 million is nonspendable, \$2.2 million is restricted for debt service, \$27.0 million is restricted in capital project funds, \$2.6 million is restricted for other purposes, and \$17.5 million is unassigned.
- Governmental fund revenues were \$84.9 million, an increase of \$4.2 million from fiscal year 2014's \$80.7 million. This is due mostly to an increase in ad valorem tax revenue and intergovernmental revenue.
- Governmental fund expenditures increased to \$116.6 million in fiscal year 2015, up \$4.3 million from the prior year due to an 8% civil service salary adjustment and major renovations to the Information Technology building.
- Enterprise fund operating revenues were \$61.5 million in fiscal year 2015, up \$2.5 million from the prior year, which is due to an increase in water and sewer rates during FY2015.
- Enterprise fund operating expenses were \$53.3 million in fiscal year 2015, an increase of \$1.6 million from the prior year.
- Enterprise fund non-operating revenues, including capital contributions, were \$5.4 million in fiscal year 2015, an increase of \$2.8 million from the prior year. This is due mostly to an increase in developer contributions.

*General Fund:*

- General Fund revenues were \$67.4 million, an increase of \$4.4 million from the prior year.
- General Fund expenditures were \$78.6 million, an increase of \$4.9 million from the prior year.
- Net transfers into the General Fund were \$9.0 million in fiscal year 2015, an increase of approximately \$0.3 million from the prior year.
- Unassigned fund balance for the general fund was \$17.5 million at September 30, 2015 or 22.9 percent of total general fund operating expenditures of \$76.4 million. The unassigned ending fund balance is down approximately \$1.9 million from the prior year.

**CITY OF KILLEEN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2015**

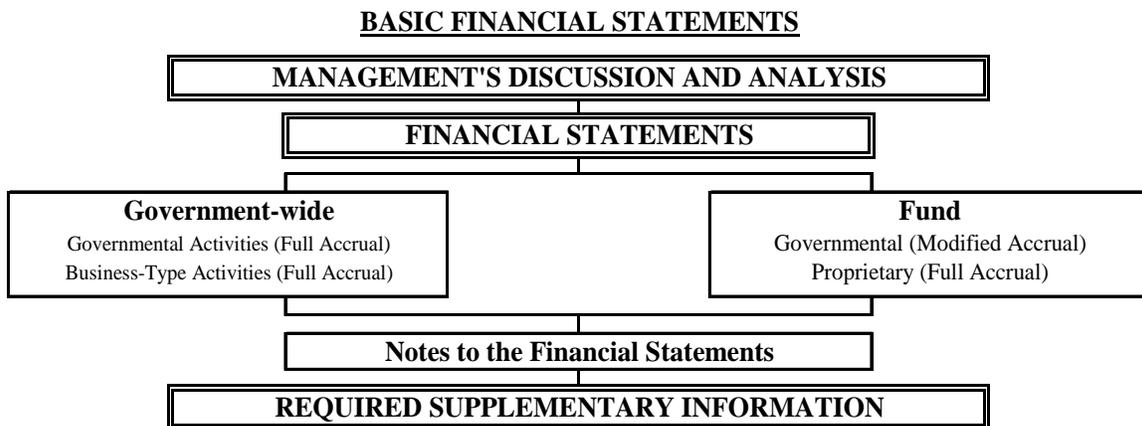
**USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

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

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

**Components of the Financial Section:**



**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

The statement of net position presents information on all of the City's assets, deferred inflows, liabilities and deferred outflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or

**CITY OF KILLEEN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**SEPTEMBER 30, 2015**

deteriorating. To assess the overall health of the City, one needs to consider other non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

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

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

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

The government-wide financial statements can be found on pages 21-23 of this report.

### **Fund Financial Statements**

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

#### ***Governmental Funds***

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation between changes in net position and changes in fund balances is provided on pages 25 and 27 to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the debt fund because they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column labeled as "Other Governmental Funds."

**CITY OF KILLEEN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**SEPTEMBER 30, 2015**

Individual fund data for each of these non-major governmental funds is provided in the "Combining Statements" section of this financial report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule (page 89) has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 24-27 of this report.

***Enterprise Funds***

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

The basic enterprise fund financial statements can be found on pages 28-37 of this report.

***Fiduciary Funds***

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

The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 41 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning: General Fund – Budget vs. Actual (page 89) and the City's progress in funding its obligation to provide pension benefits and other post employment benefits to qualifying employees and retirees (pages 85-88).

**Combining Statements**

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

**Budgetary Comparison Schedules**

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

**CITY OF KILLEEN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Analysis of Net Position**

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities by \$224.1 million for the year ended September 30, 2015.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>						
Current and other assets	\$ 58.0	\$ 81.6	\$ 51.9	\$ 58.3	\$ 109.9	\$ 139.9
Capital assets	236.4	224.1	251.5	247.4	487.9	471.5
Total assets	<u>294.4</u>	<u>305.7</u>	<u>303.4</u>	<u>305.7</u>	<u>597.8</u>	<u>611.4</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	5.2	5.5	3.5	3.8	8.7	9.3
Pension contributions after measurement date	2.3	-	0.6	-	2.9	-
Difference in projected and actual earnings on pension assets	1.4	-	0.2	-	1.6	-
Difference in expected and actual pension experience	0.7	-	-	-	0.7	-
Total deferred outflows of resources	<u>9.6</u>	<u>5.5</u>	<u>4.3</u>	<u>3.8</u>	<u>13.9</u>	<u>9.3</u>
<b>LIABILITIES</b>						
Current liabilities	8.7	8.0	7.8	6.7	16.5	14.7
Noncurrent liabilities	285.0	228.4	84.7	80.4	369.7	308.8
Total liabilities	<u>293.7</u>	<u>236.4</u>	<u>92.5</u>	<u>87.1</u>	<u>386.2</u>	<u>323.5</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Difference in expected and actual pension experience	1.1	-	0.3	-	1.4	-
Total deferred inflows of resources	<u>1.1</u>	<u>-</u>	<u>0.3</u>	<u>-</u>	<u>1.4</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	55.0	54.6	203.1	192.1	258.1	246.7
Restricted	6.0	8.5	8.4	8.4	14.4	16.9
Unrestricted	(51.8)	11.7	3.4	21.9	(48.4)	33.6
Total net position	<u>\$ 9.2</u>	<u>\$ 74.8</u>	<u>\$ 214.9</u>	<u>\$ 222.4</u>	<u>\$ 224.1</u>	<u>\$ 297.2</u>

The largest portion of the City's net position, \$258.1 million, reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, equipment and systems), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$14.4 million, represents resources that are subject to external restrictions on how they may be used. These restrictions are detailed in debt covenants, unexpended construction contracts, intergovernmental agreements, and in the City of Killeen Charter. The remaining balance of unrestricted net position, a negative \$48.4 million, may be used to meet the City's ongoing obligations to citizens and creditors. This negative unrestricted net position is a direct result of the implementation of GASB 68, through which the City is required to record in the government-wide financial statements a net pension liability.

**CITY OF KILLEEN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**SEPTEMBER 30, 2015**

The net pension liability is the value of any actuarially unfunded portion of pension benefits earned to date. See Note IV. G. for more detail.

**Analysis of Changes in Net Position**

The City's net position overall decreased by \$73.2 million during the current fiscal year. These increments are explained in the governmental and business-type activities discussion in the following tables.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 10.30	\$ 12.49	\$ 61.52	\$ 58.99	\$ 71.82	\$ 71.48
Operating grants and contributions	4.20	3.33	-	0.007	4.20	3.34
Capital grants and contributions	6.40	2.11	5.10	2.42	11.50	4.53
<i>General revenues:</i>						
Property taxes	36.51	36.00	-	-	36.51	36.00
Business taxes	6.27	5.98	-	-	6.27	5.98
Sales taxes	23.32	22.12	-	-	23.32	22.12
Interest and investment income	0.13	0.14	0.12	0.14	0.25	0.28
Gain on sale of capital assets	0.26	0.02	0.19	0.01	0.45	0.03
Lease revenue	0.31	0.17	0.02	0.07	0.33	0.24
Total revenues	<u>87.70</u>	<u>82.36</u>	<u>66.95</u>	<u>61.64</u>	<u>154.65</u>	<u>144.00</u>
Expenses						
General	19.74	18.28	-	-	19.74	18.28
Police	34.12	29.63	-	-	34.12	29.63
Fire	22.91	19.81	-	-	22.91	19.81
Public works	10.86	11.86	-	-	10.86	11.86
Parks and recreation	2.41	4.78	-	-	2.41	4.78
Golf	3.69	1.60	-	-	3.69	1.60
Library	1.84	1.60	-	-	1.84	1.60
Community development/services	5.11	3.86	-	-	5.11	3.86
Interest on long-term debt	8.60	8.26	-	-	8.60	8.26
Airport operations	-	-	7.44	7.57	7.44	7.57
Solid waste	-	-	13.02	12.95	13.02	12.95
Water and sewer	-	-	32.61	34.98	32.61	34.98
Drainage utility	-	-	3.09	3.40	3.09	3.40
Total expenses	<u>109.28</u>	<u>99.68</u>	<u>56.16</u>	<u>58.90</u>	<u>165.44</u>	<u>158.58</u>
Change in net position before transfers	(21.58)	(17.32)	10.79	2.74	(10.79)	(14.58)
Transfers	9.29	8.39	(9.29)	(8.39)	-	-
Change in net position	<u>(12.29)</u>	<u>(8.93)</u>	<u>1.50</u>	<u>(5.65)</u>	<u>(10.79)</u>	<u>(14.58)</u>
Net position at beginning of year	74.79	84.93	222.46	228.94	297.25	313.87
Prior period adjustment	(53.35)	(1.21)	(9.02)	(0.82)	(62.37)	(2.03)
Net position at end of year	<u>\$ 9.15</u>	<u>\$ 74.79</u>	<u>\$ 214.94</u>	<u>\$ 222.47</u>	<u>\$ 224.09</u>	<u>\$ 297.26</u>

**CITY OF KILLEEN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2015**

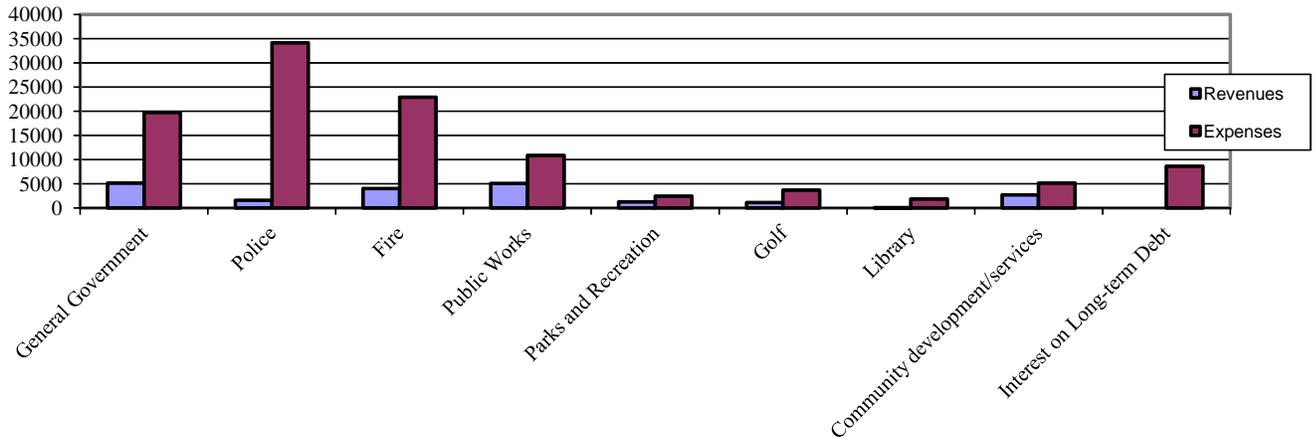
**Governmental Activities**

Governmental activities decreased the City's net position by \$65.6 million, of which \$53.4 million is attributable to the implementation of GASB 68 (see Note IV. G.), which required a restatement of beginning net position in order to record the beginning net pension liability. Other key factors of this decrease are discussed in the following section.

The following charts illustrate the City's governmental expenses and revenues by function. As shown, police is the largest function in expense (\$34.12 million), followed by fire (\$22.91 million) and general government (\$19.74 million). Overall expenses increased by \$9.6 million due to an 8% increase in salaries for civil service employees, and the pension expense associated with implementing GASB 68.

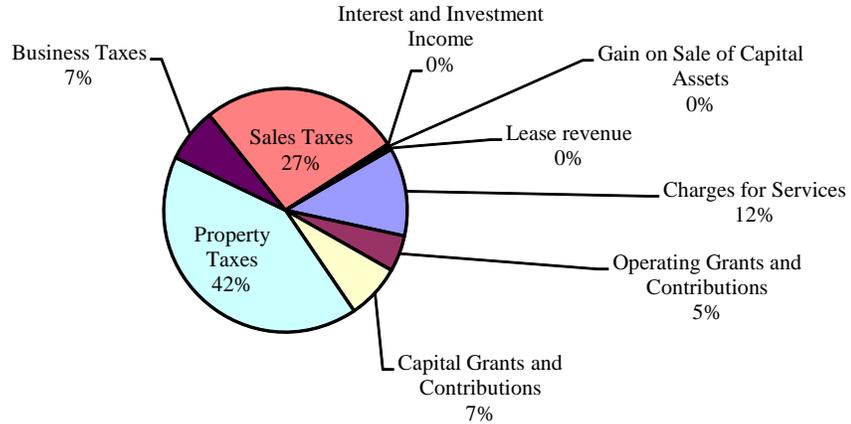
General revenues such as property, sales, and business taxes are not shown by program, but are effectively used to support program activities city-wide. For governmental activities overall, without regard to program, property taxes are the largest single source of funds (\$36.51 million), followed by sales taxes (\$23.32 million) and charges for services (\$10.3 million). Overall revenues increased by \$5.34 million due to an increase in sales tax and capital grants and contributions.

**Program Revenues and Expenses - Governmental Activities  
Fiscal Year 2014-15  
(in thousands of dollars)**



**CITY OF KILLEEN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2015**

**Revenue by Source - Governmental Activities  
Fiscal Year 2014-15**



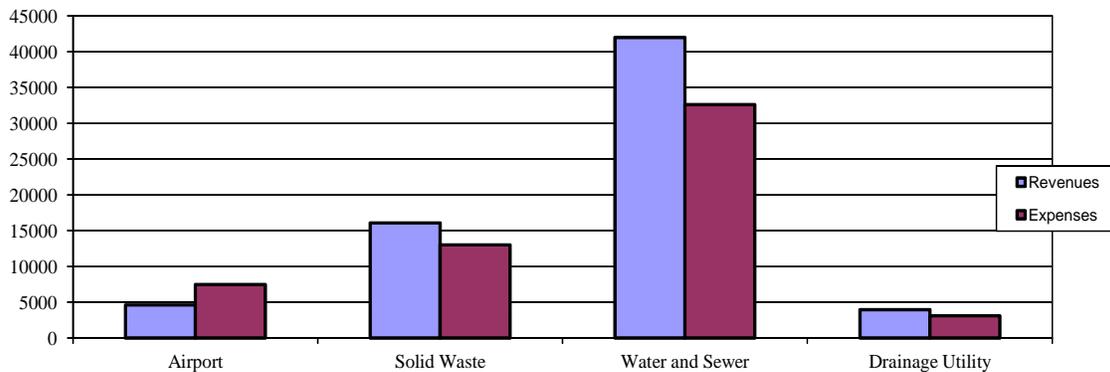
**Business-type Activities**

Business-type activities experienced a net decrease in net position by \$7.52 million, of which \$9.02 million is attributable to the implementation of GASB 68 (see Note IV. G.), requiring a restatement of beginning net position in order to record the beginning net pension liability.

The following charts illustrate the City's business-type expenses and revenues by fund. The largest of the City's business-type activities, Water and Sewer, had expenses of \$32.61 million in fiscal year 2015, followed by Solid Waste with expenses of approximately \$13.02 million. Overall expenses decreased by \$2.74 million mostly due to a one-time \$5 million water and sewer outgoing contribution in 2014 to Bell County Water Control and Improvement District #1 to help fund a new area-wide water treatment facility.

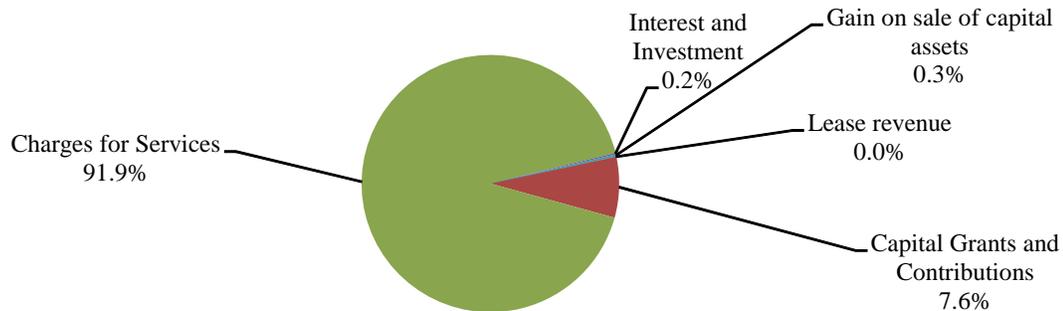
Charges for services provided the largest share of revenues (91.9 percent) followed by capital grants and contributions (7.62 percent) for all business-type activities. Overall revenues increased by \$5.31 million due mostly to an increase in capital grants and contributions and an increase in the water and sewer rates effective for fiscal year 2015.

**Program Revenues and Expenses - Business-Type Activities  
Fiscal Year 2014-15  
(in thousands of dollars)**



**CITY OF KILLEEN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2015**

**Revenue by Source - Business-Type Activities  
Fiscal Year 2014-15**



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

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

**Governmental Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$49.8 million, a decrease of \$22.4 million in comparison with the prior year. Approximately \$17.5 million (35.1 percent) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is in nonspendable form, or restricted for debt service, capital projects and other purposes as detailed in the combining statements beginning on page 92.

Revenues for governmental functions overall totaled approximately \$84.9 million in the fiscal year ended September 30, 2015, which represents a \$4.2 million increase from the prior fiscal year. Expenditures for governmental functions totaling \$116.6 million increased by approximately \$4.3 million from the previous fiscal year due mostly to an 8% adjustment to civil service salaries. In the fiscal year ended September 30, 2015, expenditures for governmental functions exceeded revenues by approximately \$31.7 million.

The general fund is the chief operating fund of the City and one of two major governmental funds presented in the financial statements. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$17.5 million, while total fund balance was \$18.1 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund operating expenditures. Unassigned fund balance represents 22.9 percent of total general fund operating expenditures, while total fund balance represents 23.7 percent of that same amount.

**CITY OF KILLEEN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**SEPTEMBER 30, 2015**

The debt service fund is the second major governmental fund presented in the financial statements. The debt service fund is used to account for the debt service payments for all issued governmental debt. During the current fiscal year, the fund balance decreased by \$2.2 million. As with the nature of a debt service fund, the fund balance will fluctuate as property taxes are received and debt service payments are issued throughout the fiscal year.

**General Fund Budgetary Highlights**

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

- \$2.2 million increase in general government expenditures due largely to expenditures related to the extensive renovation of the Information Technology building.
- \$4.4 million increase in public safety expenditures due mostly to an 8% increase in salaries and overtime for public safety employees and the purchase of necessary equipment.

In comparing the final amended budget for the general fund to actual results during FY2015, total actual expenditures were \$4.0 million less than the budget. This is due to fiscal conservativeness as well as the lapsing of encumbrances which are then re-encumbered and budgeted in the following fiscal year.

**Proprietary Funds**

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

At the end of the fiscal year, the unrestricted net position for the Airport Fund was \$1.0 million. The Solid Waste Fund had a negative \$923 thousand, the Water and Sewer Fund had \$321 thousand and the Drainage Utility Fund had \$3.0 million in unrestricted net position. The net decrease in net position for the enterprise funds was \$7.5 million. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's capital assets for its governmental and business-type activities as of September 30, 2015, amount to \$487.9 million (net of accumulated depreciation). Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. The total increase in the City's capital assets (net of accumulated depreciation) for the current fiscal year was \$16.3 million (a 5.5 percent increase for governmental activities and a 1.6 percent increase for business-type activities) as shown in the table on the following page.

**CITY OF KILLEEN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**Capital Assets**

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Activities</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 7.6	\$ 7.6	\$ 1.8	\$ 1.8	\$ 9.4	\$ 9.4
Construction in progress	42.5	29.4	7.7	4.3	50.2	33.7
Buildings and improvements	67.0	69.3	141.0	144.8	208.0	214.1
Improvements - other	-	-	93.5	91.0	93.5	91.0
Furniture and equipment	1.5	1.8	1.7	1.9	3.2	3.7
Vehicles	5.7	5.6	5.8	3.7	11.5	9.3
Infrastructure assets	112.1	110.4	-	-	112.1	110.4
<b>Total</b>	<u>\$ 236.4</u>	<u>\$ 224.1</u>	<u>\$ 251.5</u>	<u>\$ 247.5</u>	<u>\$ 487.9</u>	<u>\$ 471.6</u>

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

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

**Debt Administration**

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$284.7 million. Of this amount, \$104.6 million is general obligation bonds backed by the full faith and credit of the City and \$57.4 million in revenue bonds or certificates of obligation of the City's business enterprises. The remainder includes certificates of obligation of \$105.3 million and \$0.06 million in capital leases payable of governmental activities.

During fiscal year 2015, the City's total bonded debt decreased by approximately \$12.3 million. The decrease is the result of the scheduled debt service payments.

**Outstanding Debt**

*(in millions of dollars)*

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Activities</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue bonds	\$ -	\$ -	\$ 55.8	\$ 60.8	\$ 55.8	\$ 60.8
General obligation bonds	93.8	97.3	10.8	11.1	104.6	108.4
Certificates of obligation	105.3	107.5	1.6	2.0	106.9	109.5
Capital lease payable	0.06	0.1	-	-	0.06	0.1
Plus unamortized bond premiums/discounts	12.0	12.5	5.3	5.7	17.3	18.2
<b>Total outstanding debt</b>	<u>\$211.2</u>	<u>\$217.4</u>	<u>\$ 73.5</u>	<u>\$ 79.6</u>	<u>\$284.7</u>	<u>\$297.0</u>

**CITY OF KILLEEN, TEXAS  
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2015**

The City’s debt service management policies are designed to comply with the legal provisions of the various bond ordinances and covenants governing the debt issue. The City established separate interest and sinking funds for each general obligation bond, certificate of obligation, and revenue bond issued. In addition, bond insurance is obtained for each revenue bond issue as required. City policy attempts to maintain a fund balance of at least two months of annual appropriated expenditures for debt service and any associated fees as a fund balance in the debt service funds at fiscal year end.

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

**City of Killeen Bonded Debt Ratings  
September 30, 2015**

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

The state limits the legal amount of general obligation debt of a governmental entity to \$2.50 per \$100 valuation. The City’s 2015 debt levy equaled \$0.5531 per \$100 assessed valuation, or 22.1 percent of the maximum allowed. Additional information on the City’s long-term debt can be found in Section IV. Note F. of the notes to the Financial Statements.

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

At the time this MD&A was written, most of the leading indicators such as the stock market, money supply, and the labor market were showing signs of steady positive growth. The housing sector has improved along with the increase of household spending. A key to supporting economic growth will be continued labor market improvements in jobs and income. During the month of December, the national unemployment rate declined to 4.8 percent from 5.4 percent a year ago, and Killeen’s unemployment rate declined to 4.4 percent in December as compared to 4.8 percent a year ago. Other local economic indicators in Killeen are showing signs of continual and steady improvement. Sales tax revenues for the first quarter of FY 2016 have increased slightly compared to last year, and year-to-date sales tax revenues have increased slightly as well.

The 2016 budget is submitted in accordance with the provisions of our City Charter which requires the City Manager to submit a proposed budget between forty-five and ninety days prior to the beginning of each fiscal year. Management believes that this budget formulates a plan of municipal services that reflects the general directions and concerns of the City Council and the input from citizens received during the public forums. Many factors were considered in preparing the City’s budget for fiscal year 2016, including national, state, and local economic trends. The concerns of our citizens and the priorities of the City Council were included in the development of the budget. The budget priorities for the 2016 fiscal year include:

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

**CITY OF KILLEEN, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2015**

**Request for Information**

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

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

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

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF KILLEEN, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Killeen Economic Development Corp.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 41,959,125	\$ 17,755,584	\$ 59,714,709	\$ 4,994,686
Investments	7,000,000	5,500,000	12,500,000	-
Receivables (net of allowances for uncollectibles):				
Taxes	4,512,881	-	4,512,881	-
Accounts	925,599	8,043,843	8,969,442	-
Accrued interest	26,962	71,228	98,190	-
Intergovernmental receivable	3,041,920	19,861	3,061,781	-
Inventories	449,363	359,402	808,765	-
Prepaid items	110,157	705,000	815,157	628
Restricted assets:				
Cash and cash equivalents	23,913	9,448,537	9,472,450	-
Investments	-	10,013,439	10,013,439	-
Other assets:				
Skylark project	-	-	-	153,401
Deferred lease incentive	-	-	-	17,398
Capital assets:				
Non-depreciable	50,076,747	9,545,445	59,622,192	2,303,392
Depreciable (net)	186,320,547	241,966,685	428,287,232	3,013,987
Total assets	<u>294,447,214</u>	<u>303,429,024</u>	<u>597,876,238</u>	<u>10,483,492</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	5,225,929	3,487,841	8,713,770	-
Pension contributions after measurement date	2,324,290	557,210	2,881,500	-
Difference in projected and actual earnings on pension assets	1,375,147	268,378	1,643,525	-
Difference in expected and actual pension experience	709,013	-	709,013	-
Total deferred outflows of resources	<u>9,634,379</u>	<u>4,313,429</u>	<u>13,947,808</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	4,800,390	4,223,838	9,024,228	-
Deposits payable	-	6,400	6,400	-
Due to other governments	66,253	-	66,253	-
Customer deposits	107,186	2,717,821	2,825,007	-
Unearned revenue	280,484	66,156	346,640	-
Accrued salaries payable	2,057,615	427,339	2,484,954	-
Accrued interest payable	1,440,358	349,915	1,790,273	-
Noncurrent liabilities:				
Due within one year	9,634,917	6,245,069	15,879,986	-
Due in more than one year	275,374,561	78,485,090	353,859,651	1,025,303
Total liabilities	<u>293,761,764</u>	<u>92,521,628</u>	<u>386,283,392</u>	<u>1,025,303</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Difference in expected and actual pension experience	1,169,508	280,371	1,449,879	-
Total deferred inflows of resources	<u>1,169,508</u>	<u>280,371</u>	<u>1,449,879</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	55,015,444	203,053,020	258,068,464	4,292,076
Restricted for:				
Debt service	905,327	8,436,533	9,341,860	-
Capital projects	2,414,025	-	2,414,025	-
Other purposes (see combining statements for detail)	2,641,546	-	2,641,546	-
Economic development	-	-	-	5,166,113
Unrestricted	(51,826,021)	3,450,901	(48,375,120)	-
Total net position	<u>\$ 9,150,321</u>	<u>\$ 214,940,454</u>	<u>\$ 224,090,775</u>	<u>\$ 9,458,189</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, 2015**

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 19,738,067	\$ 3,755,430	\$ 164,258	\$ 1,203,317
Police	34,124,282	1,020,866	379,132	183,938
Fire	22,907,741	2,346,526	1,675,194	-
Public works	10,859,949	-	182,165	4,889,332
Parks and recreation	2,409,288	1,170,480	-	50,000
Golf	3,685,471	1,103,422	-	-
Library	1,841,425	38,757	11,179	-
Community development/services	5,111,549	847,315	1,808,777	58,953
Interest on long-term debt	8,598,463	-	-	-
Total governmental activities	<u>109,276,235</u>	<u>10,282,796</u>	<u>4,220,705</u>	<u>6,385,540</u>
Business-type activities:				
Airport operations	7,439,685	4,071,067	-	534,846
Solid waste	13,025,124	16,074,277	-	-
Water and sewer	32,611,994	37,487,713	-	4,485,160
Drainage utility	3,092,520	3,888,581	-	76,645
Total business-type activities	<u>56,169,323</u>	<u>61,521,638</u>	<u>-</u>	<u>5,096,651</u>
Total primary government	<u>\$ 165,445,558</u>	<u>\$ 71,804,434</u>	<u>\$ 4,220,705</u>	<u>\$ 11,482,191</u>
<b>Component Unit:</b>				
Killeen Economic Development Corp.	<u>\$ 1,770,103</u>	<u>\$ 517,190</u>	<u>\$ 701,252</u>	<u>\$ -</u>

General revenues:  
Taxes:  
    Ad valorem taxes  
    Penalties and interest  
    Mixed beverage taxes  
    Franchise taxes  
    Sales and occupancy taxes  
    Bingo taxes  
Investment income  
Gain on sale of capital assets  
Lease revenue  
Transfers  
    Total general revenues and transfers  
Change in net position  
Net position - beginning  
Cumulative effect of change in  
    accounting principle (See Note IV. G.)  
Net position - ending

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

**EXHIBIT A-2**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Primary Government		Component Unit
	Business - Type Activities	Total	Killeen Economic Development Corp.
\$ (14,615,062)	\$ -	\$ (14,615,062)	\$ -
(32,540,346)	-	(32,540,346)	-
(18,886,021)	-	(18,886,021)	-
(5,788,452)	-	(5,788,452)	-
(1,188,808)	-	(1,188,808)	-
(2,582,049)	-	(2,582,049)	-
(1,791,489)	-	(1,791,489)	-
(2,396,504)	-	(2,396,504)	-
(8,598,463)	-	(8,598,463)	-
<u>(88,387,194)</u>	<u>-</u>	<u>(88,387,194)</u>	<u>-</u>
-	(2,833,772)	(2,833,772)	-
-	3,049,153	3,049,153	-
-	9,360,879	9,360,879	-
-	872,706	872,706	-
<u>-</u>	<u>10,448,966</u>	<u>10,448,966</u>	<u>-</u>
<u>(88,387,194)</u>	<u>10,448,966</u>	<u>(77,938,228)</u>	<u>-</u>
			<u>(551,661)</u>
36,270,783	-	36,270,783	-
238,569	-	238,569	-
233,159	-	233,159	-
5,836,042	-	5,836,042	-
23,315,571	-	23,315,571	-
203,264	-	203,264	-
135,958	120,247	256,205	2,445
262,934	193,875	456,809	-
309,270	27,500	336,770	-
9,294,363	(9,294,363)	-	-
<u>76,099,913</u>	<u>(8,952,741)</u>	<u>67,147,172</u>	<u>2,445</u>
(12,287,281)	1,496,225	(10,791,056)	(549,216)
74,791,991	222,465,807	297,257,798	10,007,405
<u>(53,354,389)</u>	<u>(9,021,578)</u>	<u>(62,375,967)</u>	<u>-</u>
<u>\$ 9,150,321</u>	<u>\$ 214,940,454</u>	<u>\$ 224,090,775</u>	<u>\$ 9,458,189</u>

**CITY OF KILLEEN, TEXAS**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2015**

	General Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,042,741	\$ 1,836,927	\$ 27,079,457	\$ 41,959,125
Investments	2,000,000	-	5,000,000	7,000,000
Receivables (net of allowances for uncollectibles):				
Taxes	4,281,332	179,259	52,290	4,512,881
Accounts	851,324	-	74,275	925,599
Accrued interest	9,356	-	17,606	26,962
Intergovernmental receivable	2,472,156	-	569,764	3,041,920
Due from other funds	104,132	-	-	104,132
Restricted assets:				
Cash and cash equivalents	-	-	23,913	23,913
Inventories	442,190	-	7,173	449,363
Prepaid assets	110,157	-	-	110,157
Total assets	<u>\$23,313,388</u>	<u>\$ 2,016,186</u>	<u>\$ 32,824,478</u>	<u>\$ 58,154,052</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,077,971	\$ 5,000	\$ 2,717,419	\$ 4,800,390
Due to other governments	66,216	-	37	66,253
Due to other funds	-	-	104,132	104,132
Other liabilities	107,186	-	-	107,186
Accrued salaries payable	1,951,908	-	105,707	2,057,615
Unearned revenue	267,969	-	12,515	280,484
Total liabilities	<u>4,471,250</u>	<u>5,000</u>	<u>2,939,810</u>	<u>7,416,060</u>
Deferred inflows of resources:				
Unavailable revenue	713,242	179,259	41,573	934,074
Total deferred inflows of resources	<u>713,242</u>	<u>179,259</u>	<u>41,573</u>	<u>934,074</u>
Fund Balances:				
Nonspendable:				
Inventories	442,190	-	7,173	449,363
Prepaid assets	110,157	-	-	110,157
Restricted for:				
Debt service	68,313	1,831,927	266,186	2,166,426
Capital projects	-	-	26,964,619	26,964,619
Other purposes (see combining statements for detail)	-	-	2,641,546	2,641,546
Unassigned	17,508,236	-	(36,429)	17,471,807
Total fund balances	<u>18,128,896</u>	<u>1,831,927</u>	<u>29,843,095</u>	<u>49,803,918</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$23,313,388</u>	<u>\$ 2,016,186</u>	<u>\$ 32,824,478</u>	<u>\$ 58,154,052</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, 2015**

Total fund balances - governmental funds balance sheet	\$ 49,803,918
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (net of accumulated depreciation) used in governmental funds are not financial resources and, therefore, are not reported in the funds.	236,397,294
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(212,598,731)
Vacation, sick leave, and compensatory time payable is not due and payable in the current period and, therefore, is not reported in the funds.	(11,907,377)
The Other Post Employment Benefit Obligation (OPEB) is not due and payable in the current period and, therefore, is not reported in the funds.	(1,833,119)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	(60,110,609)
Deferred outflows of resources are not reported in the governmental funds:	
Deferred charges on debt refundings	\$ 5,225,929
Pension contributions after measurement date	2,324,290
Difference in projected and actual earnings on pension assets	1,375,147
Difference in expected and actual pension experience	<u>709,013</u>
	9,634,379
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	934,074
Deferred inflows of resources are not reported in the governmental funds:	
Difference in expected and actual pension experience	<u>(1,169,508)</u>
Net position of governmental activities - statement of net position	<u><u>\$ 9,150,321</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, 2015**

	General Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$53,087,788	10,966,088	\$ 2,135,999	\$ 66,189,875
Licenses and permits	1,589,563	-	-	1,589,563
Intergovernmental	2,937,314	-	2,021,352	4,958,666
Contributions	177,817	-	143,371	321,188
Charges for services	5,495,085	-	690,915	6,186,000
Fines	2,619,270	-	1,142,155	3,761,425
Miscellaneous	1,473,637	3,512	461,264	1,938,413
Total revenues	<u>67,380,474</u>	<u>10,969,600</u>	<u>6,595,056</u>	<u>84,945,130</u>
<b>EXPENDITURES</b>				
Current:				
General government	10,068,421	-	1,822,440	11,890,861
Public safety	47,834,075	-	623,945	48,458,020
Public works	3,685,521	-	458,708	4,144,229
Community development/services	8,349,931	-	2,045,698	10,395,629
Miscellaneous	6,495,235	-	-	6,495,235
Capital outlay	2,083,546	-	18,556,924	20,640,470
Debt service:				
Principal	63,681	5,655,000	-	5,718,681
Interest	4,632	8,861,024	-	8,865,656
Fiscal charges	-	22,905	-	22,905
Costs of issuance	-	-	2,261	2,261
Total expenditures	<u>78,585,042</u>	<u>14,538,929</u>	<u>23,509,976</u>	<u>116,633,947</u>
Deficiency of revenues under expenditures	<u>(11,204,568)</u>	<u>(3,569,329)</u>	<u>(16,914,920)</u>	<u>(31,688,817)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,294,366	1,367,288	4,204,002	14,865,656
Transfers out	(293,923)	-	(5,277,370)	(5,571,293)
Total other financing sources (uses)	<u>9,000,443</u>	<u>1,367,288</u>	<u>(1,073,368)</u>	<u>9,294,363</u>
Net change in fund balances	(2,204,125)	(2,202,041)	(17,988,288)	(22,394,454)
Fund balances, October 1	20,333,021	4,033,968	47,831,383	72,198,372
Fund balances, September 30	<u>\$18,128,896</u>	<u>\$ 1,831,927</u>	<u>\$ 29,843,095</u>	<u>\$ 49,803,918</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, 2015**

Net change in fund balances - total governmental funds	\$ (22,394,454)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report all capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This reconciling item represents the amount by which capital outlays exceeded depreciation in the current period.	12,287,201
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, which does not have an effect on net position. This reconciling item represents the effect of this difference in the treatment of long-term debt.	5,718,681
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This reconciling item reflects the net of such expenses.	(5,987,759)
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.	<u>(1,910,950)</u>
Change in net position of governmental activities - statement of activities	<u><u>\$ (12,287,281)</u></u>

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

**CITY OF KILLEEN, TEXAS  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
SEPTEMBER 30, 2015**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,473,846	\$ 1,937,428	\$ 10,218,466
Investments	-	1,000,000	3,500,000
Receivables (net of allowances for uncollectibles):			
Accounts	1,575	2,203,239	5,510,662
Accrued interest	-	6,377	40,056
Intergovernmental receivable	-	-	-
Inventories	97,503	-	261,899
Prepaid items	-	-	705,000
Restricted assets:			
Cash and cash equivalents	128,043	5,525	8,711,685
Investments	-	-	7,013,439
Total current assets	<u>2,700,967</u>	<u>5,152,569</u>	<u>35,961,207</u>
Noncurrent assets:			
Property and equipment:			
Land	1,319,003	72,165	243,332
Buildings and improvements	109,693,087	12,494,536	96,833,588
Improvements other than buildings	-	-	109,408,838
Furniture and equipment	2,649,114	4,236,139	5,355,744
Vehicles	881,881	12,104,744	5,259,274
Construction in progress	-	-	7,190,031
Less accumulated depreciation	<u>(42,377,078)</u>	<u>(17,065,997)</u>	<u>(63,370,553)</u>
Net property and equipment	<u>72,166,007</u>	<u>11,841,587</u>	<u>160,920,254</u>
Total assets	<u>74,866,974</u>	<u>16,994,156</u>	<u>196,881,461</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	-	484,344	2,668,050
Pension contributions after measurement date	75,686	181,005	243,523
Difference in projected and actual earnings on pension assets	36,454	87,180	117,292
Total deferred outflows of resources	<u>112,140</u>	<u>752,529</u>	<u>3,028,865</u>

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

**EXHIBIT A-7**

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 3,125,844	\$ 17,755,584
1,000,000	5,500,000
328,367	8,043,843
24,795	71,228
19,861	19,861
-	359,402
-	705,000
603,284	9,448,537
3,000,000	10,013,439
<u>8,102,151</u>	<u>51,916,894</u>
172,190	1,806,690
-	219,021,211
7,243,195	116,652,033
1,033,212	13,274,209
1,275,136	19,521,035
548,724	7,738,755
(3,688,175)	(126,501,803)
<u>6,584,282</u>	<u>251,512,130</u>
<u>14,686,433</u>	<u>303,429,024</u>
335,447	3,487,841
56,996	557,210
27,452	268,378
<u>419,895</u>	<u>4,313,429</u>

(CONTINUED)

**CITY OF KILLEEN, TEXAS**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS (CONTINUED)**  
**SEPTEMBER 30, 2015**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 184,541	\$ 898,202	\$ 2,920,600
Deposits payable	6,400	-	-
Customer deposits	-	-	2,717,821
Unearned revenue	1,575	30,455	17,957
Accrued salaries payable	55,610	138,051	191,978
Accrued interest payable	-	55,560	261,022
Compensated absences	7,626	18,032	23,121
Current portion of general obligation bonds payable	-	349,782	-
Current portion of certificate of obligation/revenue bonds payable	-	85,000	5,372,465
Total current liabilities	<u>255,752</u>	<u>1,575,082</u>	<u>11,504,964</u>
Noncurrent liabilities:			
Compensated absences	119,480	282,496	362,230
Net pension liability	1,396,901	3,340,722	4,494,594
General obligation bonds payable - long-term	-	6,628,786	-
Certificate of obligation/revenue bonds payable - long-term	-	1,505,000	54,434,387
Total non-current liabilities	<u>1,516,381</u>	<u>11,757,004</u>	<u>59,291,211</u>
Total liabilities	<u>1,772,133</u>	<u>13,332,086</u>	<u>70,796,175</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Difference in expected and actual pension experience	38,083	91,076	122,533
Total deferred inflows of resources	<u>38,083</u>	<u>91,076</u>	<u>122,533</u>
<b>NET POSITION</b>			
Net investment in capital assets	72,166,007	4,523,817	121,507,197
Restricted for debt service	-	723,358	7,163,175
Unrestricted	1,002,891	(923,652)	321,246
Total net position	<u>73,168,898</u>	<u>4,323,523</u>	<u>128,991,618</u>
Total liabilities, deferred inflows of resources and net position	<u>\$74,979,114</u>	<u>\$17,746,685</u>	<u>199,910,326</u>

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

**EXHIBIT A-7 (CONT'D)**

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 220,495	\$ 4,223,838
-	6,400
-	2,717,821
16,169	66,156
41,700	427,339
33,333	349,915
4,599	53,378
384,444	734,226
-	5,457,465
<u>700,740</u>	<u>14,036,538</u>
72,056	836,262
1,051,948	10,284,165
4,796,490	11,425,276
-	55,939,387
<u>5,920,494</u>	<u>78,485,090</u>
<u>6,621,234</u>	<u>92,521,628</u>
28,679	280,371
<u>28,679</u>	<u>280,371</u>
4,855,999	203,053,020
550,000	8,436,533
3,050,416	3,450,901
<u>8,456,415</u>	<u>214,940,454</u>
<u>\$ 15,106,328</u>	<u>\$ 307,742,453</u>

**CITY OF KILLEEN, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET POSITION – ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ 4,033,397	\$ 16,036,361	\$ 37,007,157
Miscellaneous	37,670	37,916	480,556
Total operating revenues	<u>4,071,067</u>	<u>16,074,277</u>	<u>37,487,713</u>
<b>OPERATING EXPENSES</b>			
Purchase of water	-	-	7,637,005
Sewage treatment	-	-	6,594,789
Salaries	1,543,964	3,692,425	5,061,490
Employee benefits	513,280	1,338,816	1,747,109
Repairs and maintenance	315,173	1,496,647	1,056,337
Supplies	98,854	693,417	756,425
Depreciation	3,999,508	1,244,496	5,486,451
Miscellaneous services and charges	968,906	524,934	1,996,946
Refuse disposal costs	-	3,710,493	-
Total operating expenses	<u>7,439,685</u>	<u>12,701,228</u>	<u>30,336,552</u>
Operating income (loss)	<u>(3,368,618)</u>	<u>3,373,049</u>	<u>7,151,161</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain on sale of capital assets	-	193,875	-
Lease revenue	-	27,500	-
Investment revenue	770	7,054	89,772
Industrial development	-	-	(806,200)
Interest and fiscal charges	-	(323,896)	(1,469,242)
Total non-operating revenues (expenses)	<u>770</u>	<u>(95,467)</u>	<u>(2,185,670)</u>
Income (loss) before contributions and transfers	<u>(3,367,848)</u>	<u>3,277,582</u>	<u>4,965,491</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Contributions - capital	534,846	-	4,485,160
Transfers out	-	(2,438,863)	(6,550,909)
Total contributions and transfers	<u>534,846</u>	<u>(2,438,863)</u>	<u>(2,065,749)</u>
Change in net position	(2,833,002)	838,719	2,899,742
Net position - beginning	77,227,304	6,415,385	130,034,668
Cumulative effect on change in accounting principle (See Note IV. G.)	(1,225,404)	(2,930,581)	(3,942,792)
Net position - ending	<u>\$ 73,168,898</u>	<u>\$ 4,323,523</u>	<u>\$ 128,991,618</u>

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

**EXHIBIT A-8**

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 3,886,941	\$ 60,963,856
1,640	557,782
<u>3,888,581</u>	<u>61,521,638</u>
-	7,637,005
-	6,594,789
1,162,696	11,460,575
438,279	4,037,484
483,938	3,352,095
129,151	1,677,847
538,873	11,269,328
121,202	3,611,988
-	3,710,493
<u>2,874,139</u>	<u>53,351,604</u>
<u>1,014,442</u>	<u>8,170,034</u>
-	193,875
-	27,500
22,651	120,247
-	(806,200)
<u>(218,381)</u>	<u>(2,011,519)</u>
<u>(195,730)</u>	<u>(2,476,097)</u>
<u>818,712</u>	<u>5,693,937</u>
76,645	5,096,651
<u>(304,591)</u>	<u>(9,294,363)</u>
<u>(227,946)</u>	<u>(4,197,712)</u>
590,766	1,496,225
8,788,450	222,465,807
(922,801)	(9,021,578)
<u>\$ 8,456,415</u>	<u>\$ 214,940,454</u>

**CITY OF KILLEEN, TEXAS  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 4,599,579	\$ 16,113,410	\$ 37,213,264
Payments to suppliers	(1,681,366)	(6,143,856)	(16,997,241)
Payments to employees	(1,950,470)	(4,772,586)	(6,467,582)
Industrial development	-	-	(806,200)
Net cash provided by operating activities	<u>967,743</u>	<u>5,196,968</u>	<u>12,942,241</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out to other funds	-	(2,438,863)	(6,550,909)
Net cash used by noncapital financing activities	<u>-</u>	<u>(2,438,863)</u>	<u>(6,550,909)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital contributions/grants	534,846	-	-
Purchase and construction of capital assets	(806,364)	(2,498,657)	(6,513,223)
Proceeds from sale of capital assets	-	193,875	-
Lease revenue	-	27,500	-
Principal paid on long-term debt	-	(380,000)	(4,955,000)
Interest and fees paid on long-term debt	-	(342,008)	(1,452,651)
Net cash used by capital and related financing activities	<u>(271,518)</u>	<u>(2,999,290)</u>	<u>(12,920,874)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment securities	-	-	8,493,771
Interest and dividends on investments	770	7,054	89,772
Net cash provided by investing activities	<u>770</u>	<u>7,054</u>	<u>8,583,543</u>
Net increase (decrease) in cash and cash equivalents	696,995	(234,131)	2,054,001
Cash and cash equivalents at beginning of year (including \$248,355, \$5,523, \$5,958,510, and \$1,138,117 for the Airport, Solid Waste, Water and Sewer, and Drainage Utility funds, respectively, reported in restricted cash accounts)	<u>1,904,894</u>	<u>2,177,084</u>	<u>16,876,150</u>
Cash and cash equivalents at end of year (including \$128,043, \$5,525, \$8,711,685, and \$603,284 for the Airport, Solid Waste, Water and Sewer, and Drainage Utility funds, respectively, reported in restricted cash accounts)	<u>\$ 2,601,889</u>	<u>\$ 1,942,953</u>	<u>\$ 18,930,151</u>

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

**EXHIBIT A-9**

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 4,081,440	\$ 62,007,693
(762,249)	(25,584,712)
(1,512,358)	(14,702,996)
-	(806,200)
<u>1,806,833</u>	<u>20,913,785</u>
<u>(304,591)</u>	<u>(9,294,363)</u>
<u>(304,591)</u>	<u>(9,294,363)</u>
76,645	611,491
(991,235)	(10,809,479)
-	193,875
-	27,500
(340,000)	(5,675,000)
(217,088)	(2,011,747)
<u>(1,471,678)</u>	<u>(17,663,360)</u>
-	8,493,771
<u>22,651</u>	<u>120,247</u>
<u>22,651</u>	<u>8,614,018</u>
53,215	2,570,080
<u>3,675,913</u>	<u>24,634,041</u>
<u>\$ 3,729,128</u>	<u>\$ 27,204,121</u>

(CONTINUED)

**CITY OF KILLEEN, TEXAS  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (3,368,618)	\$ 3,373,049	\$ 7,151,161
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	3,999,508	1,244,496	5,486,451
Industrial development	-	-	(806,200)
Pension expense	97,441	233,031	313,520
Changes in assets and liabilities:			
Decrease (increase) in receivables	528,512	22,405	(281,812)
Decrease (increase) in inventories	(2,162)	-	(1,675)
Decrease (increase) in other assets	-	-	(10,000)
Decrease (increase) in pension related deferred outflows	(112,140)	(268,185)	(360,815)
Increase (decrease) in payables	(296,271)	281,635	837,597
Increase (decrease) in customer deposits	-	-	218,339
Increase (decrease) in accrued salaries payable	6,102	21,344	24,842
Increase (decrease) in compensated absences	3,232	4,279	2,655
Increase (decrease) in unearned revenue	-	16,728	7,363
Increase (decrease) in pension related deferred inflows	38,083	91,076	122,533
Increase (decrease) in net pension liability	74,056	177,110	238,282
Total adjustments	<u>4,336,361</u>	<u>1,823,919</u>	<u>5,791,080</u>
Net cash provided by operating activities	<u>\$ 967,743</u>	<u>\$ 5,196,968</u>	<u>\$ 12,942,241</u>

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

**EXHIBIT A-9 (CONT'D)**

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 1,014,442	\$ 8,170,034
538,873	11,269,328
-	(806,200)
73,378	717,370
192,859	461,964
-	(3,837)
-	(10,000)
(84,448)	(825,588)
(27,958)	795,003
-	218,339
4,101	56,389
11,138	21,304
-	24,091
28,679	280,371
55,769	545,217
<u>792,391</u>	<u>12,743,751</u>
<u>\$ 1,806,833</u>	<u>\$ 20,913,785</u>

**CITY OF KILLEEN, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
EMPLOYEE BENEFITS TRUST FUND  
SEPTEMBER 30, 2015**

**ASSETS**

Cash and cash equivalents	\$ 33,488
Accounts receivable	508,849
Total assets	<u>\$ 542,337</u>

**LIABILITIES AND NET POSITION**

## Liabilities:

Distributions payable	<u>\$ 497,565</u>
Total liabilities	<u>497,565</u>

## Net Position:

Net position held in trust for employee benefits	<u>44,772</u>
Total net position	<u>44,772</u>

Total liabilities and net position	<u>\$ 542,337</u>
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The accompanying notes are an integral part of this financial statement.

**CITY OF KILLEEN, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
EMPLOYEE BENEFITS TRUST FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**ADDITIONS**

## Contributions:

Employer	\$ 3,708,726
Employee	1,873,788
Retiree	337,555
COBRA	27,904
Total contributions	<u>5,947,973</u>

**DEDUCTIONS**

## Benefit payments

## Total deductions

5,924,673

5,924,673

Change in net position

23,300

Net position - beginning of the year

21,472

Net position - end of the year

\$ 44,772

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Killeen, Texas, a Home-Rule Municipal Corporation, organized and existing under the Provisions of the Constitution of the State of Texas, adopted its Charter March 3, 1949. The City operates under the Council-Manager form of government and provides the following services as authorized by its Charter: public safety (police and fire), public works, community services, solid waste, water and sewer, airport, drainage and general administrative services. The financial statements of the City of Killeen, Texas, (the primary government) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Government-wide 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 unit. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function. Also included in program revenues are grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**Fund Financial Statements** Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The non-major funds are combined in a separate column in the fund financial statements, and are detailed in the combining section of the statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component unit on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. The government-wide statement of activities reflects depreciation expenses on the City's capital assets. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. 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.

In addition to the government-wide financial statements, the City has prepared governmental fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. 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.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, penalties, interest revenue, and charges for services. Sales and other taxes are recognized in the period that the exchange transaction on which the tax is imposed occurs. Fines, permits, beverage and bingo taxes are not susceptible to accrual because, generally, they are not measurable until received in cash. Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. Revenue is recognized in subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources.

Proprietary funds and fiduciary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Enterprise funds distinguish operating revenues and

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, solid waste, drainage utility, and airport funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

**General Fund** – is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, streets, parks and recreation, and general governmental services.

**Debt Service Fund** – is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on long-term debt of governmental funds.

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 Projects Funds** – are used to account for and report financial resources that are restricted, committed or assigned to be used for the acquisition or construction of major capital projects.

The City reports the following major enterprise funds:

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

**Solid Waste Fund** – is used to account for the provision of solid waste collection and disposal services to customers who are billed monthly at a rate sufficient to cover the cost of providing the service.

**Water and Sewer Fund** – is used to account for water and sewer operations. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities.

**Drainage Utility Fund** – is used to account for financial resources to be used for the construction and maintenance of the drainage utility facilities.

The City also reports an Employee Benefits Trust Fund, which accounts for the City's health and life insurance benefits. It does not include pension information.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**D. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE**

1) Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value based on quoted market values. The City is authorized to invest funds in the following:

- i. Obligations of the United States or its agencies and instrumentalities;
- ii. Direct obligations of the State of Texas or its agencies and instrumentalities;
- iii. Financial institution deposits with a state or national bank, savings and loan association, or credit union, that meet the requirements of the Public Funds Investment Act and are fully collateralized;
- iv. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed with the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities;
- v. Obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent;
- vi. Eligible fully collateralized repurchase agreements, as defined by the Public Funds Investment Act;
- vii. Eligible investment pools, continuously rated AAAM, in accordance with the Public Funds Investment Act;
- viii. Eligible money market mutual funds, continuously rated AAAM that are registered with and regulated by the Securities and Exchange Commission.

2) Interfund Transactions and Receivables and Payables

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund transactions, other than reimbursements, are reported as transfers.

Short-term advances between funds, due to the use of a central cash pool, are accounted for in the appropriate interfund receivable and payable accounts. All ending balances in the current year represent short-term financing of related activity that the City intends to settle within one year. Transfers of a recurring or routine nature are legally authorized and are included in the operations of both governmental and enterprise funds.

3) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the general fund and the special revenue funds throughout the fiscal year to aid in managing the budget. Encumbrances outstanding at year-end lapse and are rolled into the following fiscal year budget.

4) Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures 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.

5) Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because their use is limited by City Council commitment, donor restriction or applicable bond covenants.

6) Capital Assets

Property, plant, equipment, and infrastructure assets (i.e. roads, bridges, sidewalks, and similar items) purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Capital assets are defined by the City using the following thresholds:

Asset Class	Threshold
Land/land improvements	Capitalize All
Buildings/building improvements	\$ 25,000
Facilities and other improvements	\$ 25,000
Infrastructure	\$ 25,000
Personal property (equipment)	\$ 5,000
Library books/materials (collections)	Capitalize All
Works of art/historical treasures	Capitalize All
Leasehold improvements	\$ 25,000

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities 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.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

Capital assets of the City are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings and improvements	15-30
Improvements - other	10-20
Infrastructure	10-50
Personal property (equipment)	3-10

The useful lives used for GASB 34 depreciation purposes differ from the City's asset replacement criteria.

7) **Compensated Absences**

Accruals for vacation, sick pay, and compensatory time are reflected in the government-wide and enterprise fund financial statements for unpaid amounts of vacation, sick, and compensatory pay earned by employees. In the event of termination, all permanent employees will be reimbursed for accrued vacation time. All full-time employees, other than policemen and firemen, upon retirement only, will be reimbursed for accrued sick pay up to 720 hours. Policemen and firemen, upon resignation or retirement, will be reimbursed for accrued sick up to 720 and 1080 hours, respectively. All non-exempt employees will be reimbursed for accumulated compensatory time up to 120 hours upon separation from the City.

The governmental funds report a liability for these amounts only if they have matured, for example, as a result of employee resignations and retirements.

Actual vacation, sick, and compensatory benefits paid during the current year that were not accrued in the prior year, are recorded as expenditures in the general fund. For enterprise funds, vacation, sick pay, and compensatory time are recorded as an expense when earned.

8) **Long-Term Obligations**

In the government-wide financial statements and enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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

9) **Fund Balances**

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:

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

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.

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.

Committed fund balance – amounts that can only be used for specific purposes, pursuant to constraints imposed to establish, modify or rescind a fund balance commitment by the City Council through a resolution.

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.

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.

For the classification of fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available.

The City Council has established a minimum fund balance guideline for the general fund and net position for the enterprise funds collectively. As a general practice, the City will strive to maintain fund balances/net position equal to 22% or above of operating expenditures.

10) Comparative Data/Reclassifications

Comparative data have not been presented in the accompanying financial statements because their inclusion would make certain statements unduly complex and difficult to understand.

11) Pension Plans

It is the policy of the City to fund annual pension costs, which are composed of normal cost and amortization of unfunded prior service cost. For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City'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. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS's consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

**CITY OF KILLEEN, TEXAS**  
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**SEPTEMBER 30, 2015**

12) Unearned Revenues

Unearned revenues are those where an asset has been received in advance of having been earned. The City has reported in the fund financial statements the following as unearned revenues:

	Fund		Total Governmental Funds
	General	Special Revenue	
Miscellaneous	\$ 267,969	\$ -	\$ 267,969
Intergovernmental	-	12,515	12,515
Total unearned revenue	\$ 267,969	\$ 12,515	\$ 280,484

13) Other Post-Employment Benefits

In the government-wide financial statements, other post-employment benefit (OPEB) liabilities are reported as liabilities for the amount that the annual required contribution exceeds the amount funded by the City on a cumulative basis.

14) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations used to determine the annual required contributions and related liabilities of the City's post-employment obligation are based on assumptions about the possibility of events far into the future. Accordingly, actual results could differ from those estimates.

15) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet 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:

- 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.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet 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 one type of item,

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which arises 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 as depicted in the following table. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

	Fund			Total Governmental Funds
	General	Special Revenue	Debt Service	
	Property taxes receivable	\$ 416,210	\$ -	
Ambulance fees receivable	222,256	-	-	222,256
Intergovernmental	-	41,573	-	41,573
Parks and recreation	74,776	-	-	74,776
Total unavailable revenue	<u>\$ 713,242</u>	<u>\$ 41,573</u>	<u>\$ 179,259</u>	<u>\$ 934,074</u>

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

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes a reconciliation *between fund balance - total governmental funds and net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$212,598,731 difference are as follows:

General obligation bonds payable	\$ (93,770,000)
Certificates of obligation bonds payable	(105,350,000)
Capital lease payable	(65,693)
Unamortized premium (discount)	(11,972,680)
Accrued interest payable	<u>(1,440,358)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (212,598,731)</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital 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 expense.” The details of this \$12,287,201 difference are as follows:

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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Capital outlay	\$	20,640,470
Developer contributions		4,660,411
Bond issuance costs		2,261
Depreciation expense		<u>(13,015,941)</u>
Net adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental activities		<u><u>\$ 12,287,201</u></u>

Another element of that reconciliation states that “the repayment of the principal of long-term debt consumes the current financial resources of governmental funds, which does not have an effect on net position.” The details of this \$5,718,681 difference are as follows:

Principal repayments:		
General obligation debt	\$	3,485,000
Certificates of obligation debt		2,170,000
Capital lease payable		<u>63,681</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		<u><u>\$ 5,718,681</u></u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$5,987,759 difference are as follows:

Other Post Employment Benefits	\$	(299,921)
Vacation, sick leave, and compensatory time		(2,460,658)
Pension expense		(3,517,278)
Accrued interest		79,683
Amortization of bond premium		526,180
Amortization of amount deferred on refunding		<u>(315,765)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities		<u><u>\$ (5,987,759)</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY ACCOUNTING**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue (except for Fire State Seizure), Debt Service and Enterprise funds. Project-length financial plans are adopted for all Capital Projects funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds throughout the fiscal year. Encumbrances outstanding at year-end lapse and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year.

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

1. 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.
2. On or before September 20, the budget is legally adopted by the City Council.
3. Subsequent to enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget which may result in a change in total appropriations as long as total estimated expenditures do not exceed total estimated resources. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the department. Each special revenue fund represents a single department. The City Manager may reallocate expenditures within a department without prior City Council approval.
4. Formal budgetary integration is employed as a management control device by expenditure category for the following funds, which have legally adopted annual budgets: general fund, special revenue funds and enterprise funds. Formal annual budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Annual budgetary integration is not employed for the capital projects funds because the contracts and projects in these funds provide effective project-length budgetary control.
5. Budgets for the general fund, the special revenue funds, and enterprise funds are adopted on a basis specified by the charge of the City of Killeen, which is consistent with the modified accrual basis of accounting.
6. All budget appropriations lapse at year-end and do not carry forward to future periods except for appropriations for major capital projects.

During the year, general fund budgeted appropriations were increased by \$7.3 million due largely to construction expenditures related to the rehabilitation of the Information Technology building, and an 8% public safety salary adjustment. Additionally, the budgeted appropriations were increased due to the encumbrance rollover, a process in which prior year outstanding encumbrances were cancelled and appropriated into the current year budget. These appropriations were adopted prior to year-end.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**IV. DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

**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, 2015, 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.

**Cash and Investments**

Investments are made in accordance with the Investment Policy most recently updated and adopted by the City on September 22, 2015 to comply with the Public Funds Investment Act. This policy, which is applicable to all City funds, permits investments that are in the Notes to the Financial Statements detailed at Note I. D. 1).

The Investment Policy is consistent with statutory limitations of the State of Texas, requiring collateralization of deposits on a dollar for dollar basis, or Treasury Issues, which are backed by the full faith and credit of the United States Government; therefore, the City was not exposed to custodial credit risk during the fiscal year ended September 30, 2015.

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

**Custodial Credit Risk – Investments:** 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.

**Interest Rate Risk** – Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value of those securities if interest rates rise. The allowed maturity of any individual investment owned by the City shall not exceed two years at the time of purchase and pooled funds shall have a weighted maximum average dollar maturity of less than ninety days. Limiting investment maturities and purchasing government securities are the City's means for limiting exposure to fair value losses arising from interest rate fluctuations.

**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. Market

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**SEPTEMBER 30, 2015**

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.

**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.

The following summarizes investments of City funds:

	Fair Value	Effective Duration (years)	Credit Rating
TexPool *	\$ 17,552,734	0.003	AAAm
TexStar *	3,646,462	0.003	AAAm
TexasTerm *	394,336	0.003	AAAm
Money Market Accounts *	37,611,534	0.003	Unrated
Certificates of Deposit	22,598,192	0.568	Unrated
Total fair value	<u>\$ 81,803,258</u>		
Portfolio weighted average maturity		0.197	

\* External investment pools and money market accounts are considered cash and cash equivalents due to liquidity.

Fair values of the U.S. Treasury securities and U. S. Agencies investments are based on quoted fair values. In accordance with Governmental Accounting Standards Board Statement (GASB) No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools,” these securities are reported at fair value. All unrealized gains/losses are reported as net increases (decreases) in the fair value of investments. The City has elected to report short term as well as long-term U. S. Treasury Agency securities at fair value.

**External Investment Pools**

The City uses the following external investment pools:

TexPool

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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Finally, as a requirement to maintain the credit rating, weekly portfolio information must be submitted to Standard & Poors, as well as the Office of the Comptroller of Public Accounts for review.

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

**TexStar**

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

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

**TexasTerm**

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

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

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

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

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**B. 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 assessed value for the roll of January 1, 2014, upon which the 2015 fiscal year levy was based, was \$5,019,547,844.

The tax assessment of October 1, 2014 set a tax levy at \$0.7498 per \$100 of assessed valuation at 100 percent of assumed market value. 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. Tax collections during the fiscal year ended September 30, 2015, for the fiscal year 2015 tax levy, were 96 percent of the total tax levy for that year.

Delinquent property taxes, estimated to be collectible within 60 days after the fiscal year end, are recognized as revenues. Other delinquent property taxes are recorded as unearned revenue.

At September 30, 2015, delinquent property taxes receivable were \$965,323, net of allowance for uncollectible accounts of \$369,853.

Since 1982, 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.

**C. RECEIVABLES**

Receivables at September 30, 2015 for the City's individual major governmental funds, in the aggregate non-major governmental funds, proprietary funds, and fiduciary fund, net of allowances for uncollectible accounts, consist of the following:

	Receivables				
	Taxes	Accounts	Accrued Interest	Intergovernmental	Total Net
General	\$4,281,332	\$ 851,324	\$ 9,356	\$ 2,472,156	\$ 7,614,168
Debt Service	179,259	-	-	-	179,259
Other Governmental Funds	52,290	74,275	17,606	569,764	713,935
Airport	-	1,575	-	-	1,575
Solid Waste	-	2,203,239	6,377	-	2,209,616
Water & Sewer	-	5,510,662	40,056	-	5,550,718
Drainage Utility	-	328,367	24,795	19,861	373,023
Total	<u>\$4,512,881</u>	<u>\$8,969,442</u>	<u>\$ 98,190</u>	<u>\$ 3,061,781</u>	<u>\$ 16,642,294</u>
Employee Benefits Trust	\$ -	\$ 508,849	\$ -	\$ -	\$ 508,849

The enterprise funds accounts receivable include unbilled charges for services rendered at September 30, 2015.

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**SEPTEMBER 30, 2015**

**D. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015 was as follows:

**Primary Government**

	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 7,570,005	\$ -	\$ -	\$ 7,570,005
Construction in progress	29,371,765	13,832,059	(697,082)	42,506,742
Total capital assets not being depreciated	<u>36,941,770</u>	<u>13,832,059</u>	<u>(697,082)</u>	<u>50,076,747</u>
Capital assets, being depreciated:				
Buildings and improvements	100,303,929	880,461	(2,489)	101,181,901
Furniture and equipment	25,127,391	938,186	(38,139)	26,027,438
Vehicles	27,253,594	2,606,474	(75,071)	29,784,997
Infrastructure assets	230,858,741	7,743,044	(81,913,381)	156,688,404
Total capital assets being depreciated	<u>383,543,655</u>	<u>12,168,165</u>	<u>(82,029,080)</u>	<u>313,682,740</u>
Less accumulated depreciation for:				
Buildings and improvements	30,961,609	3,238,855	(2,489)	34,197,975
Furniture and equipment	23,357,018	1,234,899	(38,139)	24,553,778
Vehicles	21,604,585	2,560,417	(75,071)	24,089,931
Infrastructure assets	120,452,120	5,981,770	(81,913,381)	44,520,509
Total accumulated depreciation	<u>196,375,332</u>	<u>13,015,941</u>	<u>(82,029,080)</u>	<u>127,362,193</u>
Total capital assets being depreciated, net	<u>187,168,323</u>	<u>(847,776)</u>	<u>-</u>	<u>186,320,547</u>
Governmental activities capital assets, net	<u>\$ 224,110,093</u>	<u>\$ 12,984,283</u>	<u>\$ (697,082)</u>	<u>\$ 236,397,294</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015
<b>Airport activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,319,003	\$ -	\$ -	\$ 1,319,003
Total capital assets not being depreciated	1,319,003	-	-	1,319,003
Capital assets being depreciated:				
Buildings and improvements	108,985,002	708,085	-	109,693,087
Furniture and equipment	2,550,835	98,279	-	2,649,114
Vehicles	881,881	-	-	881,881
Total capital assets being depreciated	112,417,718	806,364	-	113,224,082
Less accumulated depreciation for:				
Buildings and improvements	35,871,338	3,657,688	-	39,529,026
Furniture and equipment	1,660,964	318,978	-	1,979,942
Vehicles	845,268	22,842	-	868,110
Total accumulated depreciation	38,377,570	3,999,508	-	42,377,078
Total capital assets being depreciated, net	74,040,148	(3,193,144)	-	70,847,004
Aviation activities capital assets, net	\$ 75,359,151	\$ (3,193,144)	\$ -	\$ 72,166,007
	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015
<b>Solid Waste activities:</b>				
Capital assets not being depreciated:				
Land	\$ 72,165	\$ -	\$ -	\$ 72,165
Total capital assets not being depreciated	72,165	-	-	72,165
Capital assets being depreciated:				
Buildings and improvements	12,494,536	-	-	12,494,536
Furniture and equipment	4,085,838	150,301	-	4,236,139
Vehicles	10,932,034	2,348,356	(1,175,646)	12,104,744
Total capital assets being depreciated	27,512,408	2,498,657	(1,175,646)	28,835,419
Less accumulated depreciation for:				
Buildings and improvements	4,089,108	420,832	-	4,509,940
Furniture and equipment	3,955,798	157,630	-	4,113,428
Vehicles	8,952,241	666,034	(1,175,646)	8,442,629
Total accumulated depreciation	16,997,147	1,244,496	(1,175,646)	17,065,997
Total capital assets being depreciated, net	10,515,261	1,254,161	-	11,769,422
Solid waste activities capital assets, net	\$ 10,587,426	\$ 1,254,161	\$ -	\$ 11,841,587

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015
<b>Water and Sewer activities:</b>				
Capital assets not being depreciated:				
Land	\$ 243,332	\$ -	\$ -	\$ 243,332
Construction in progress	4,315,042	2,996,989	(122,000)	7,190,031
Total capital assets not being depreciated	4,558,374	2,996,989	(122,000)	7,433,363
Capital assets being depreciated:				
Buildings and improvements	95,392,601	1,440,987	-	96,833,588
Improvements - other	103,925,111	5,483,727	-	109,408,838
Furniture and equipment	5,057,636	298,108	-	5,355,744
Vehicles	4,358,702	900,572	-	5,259,274
Total capital assets being depreciated	208,734,050	8,123,394	-	216,857,444
Less accumulated depreciation for:				
Buildings and improvements	32,138,150	1,868,927	-	34,007,077
Improvements - other	18,347,957	2,959,363	-	21,307,320
Furniture and equipment	4,214,973	294,099	-	4,509,072
Vehicles	3,183,022	364,062	-	3,547,084
Total accumulated depreciation	57,884,102	5,486,451	-	63,370,553
Total capital assets being depreciated, net	150,849,948	2,636,943	-	153,486,891
Water and Sewer activities capital assets, net	<u>\$ 155,408,322</u>	<u>\$ 5,633,932</u>	<u>\$ (122,000)</u>	<u>\$ 160,920,254</u>
	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015
<b>Drainage Utility activities:</b>				
Capital assets not being depreciated:				
Land	\$ 172,190	\$ -	\$ -	\$ 172,190
Construction in progress	-	548,724	-	548,724
Total capital assets not being depreciated	172,190	548,724	-	720,914
Capital assets being depreciated:				
Improvements - other	6,881,981	361,214	-	7,243,195
Furniture and equipment	1,024,190	9,022	-	1,033,212
Vehicles	1,202,861	72,275	-	1,275,136
Total capital assets being depreciated	9,109,032	442,511	-	9,551,543
Less accumulated depreciation for:				
Improvements - other	1,488,410	345,249	-	1,833,659
Furniture and equipment	926,839	39,809	-	966,648
Vehicles	734,053	153,815	-	887,868
Total accumulated depreciation	3,149,302	538,873	-	3,688,175
Total capital assets being depreciated, net	5,959,730	(96,362)	-	5,863,368
Drainage Utility activities capital assets, net	<u>\$ 6,131,920</u>	<u>\$ 452,362</u>	<u>\$ -</u>	<u>\$ 6,584,282</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015
<b>Total Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,806,690	\$ -	\$ -	\$ 1,806,690
Construction in progress	4,315,042	3,545,713	(122,000)	7,738,755
Total capital assets not being depreciated	6,121,732	3,545,713	(122,000)	9,545,445
Capital assets being depreciated:				
Buildings and improvements	216,872,139	2,149,072	-	219,021,211
Improvements - other	110,807,092	5,844,941	-	116,652,033
Furniture and equipment	12,718,499	555,710	-	13,274,209
Vehicles	17,375,478	3,321,203	(1,175,646)	19,521,035
Total capital assets being depreciated	357,773,208	11,870,926	(1,175,646)	368,468,488
Less accumulated depreciation for:				
Buildings and improvements	72,098,596	5,947,447	-	78,046,043
Improvements - other	19,836,367	3,304,612	-	23,140,979
Furniture and equipment	10,758,574	810,516	-	11,569,090
Vehicles	13,714,584	1,206,753	(1,175,646)	13,745,691
Total accumulated depreciation	116,408,121	11,269,328	(1,175,646)	126,501,803
Total capital assets being depreciated, net	241,365,087	601,598	-	241,966,685
Business-type activities capital assets, net	<u>\$ 247,486,819</u>	<u>\$ 4,147,311</u>	<u>\$ (122,000)</u>	<u>\$ 251,512,130</u>

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

Governmental activities:	
General government	\$ 507,124
Police	2,320,807
Fire	1,612,999
Public works	6,480,818
Parks and recreation	760,800
Golf	122,154
Library	269,568
Community development/services	941,671
Total governmental activities	<u>\$ 13,015,941</u>
Business-type activities:	
Airport	\$ 3,999,508
Solid waste	1,244,496
Water and sewer	5,486,451
Drainage utility	538,873
Total business-type activities	<u>\$ 11,269,328</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**Construction Commitments**

The City had active Water and Sewer, Drainage Utility, and Governmental construction projects as of September 30, 2015. At year-end the City's commitments with contractors were as follows:

	Contract Amount	Spent-to-Date	Remaining Commitment
Water and Sewer	\$ 2,942,065	\$ 2,456,124	\$ 485,941
Drainage Utility	1,799,335	662,354	1,136,981
Governmental Funds	17,303,576	11,560,329	5,743,247
	<u>\$ 22,044,976</u>	<u>\$ 14,678,807</u>	<u>\$ 7,366,169</u>

**Discretely presented component unit**

	Balance 9/30/2014	Additions	Deletions	Balance 9/30/2015
<b>Killeen Economic Development Corp. (KEDC)</b>				
Capital assets not being depreciated:				
Land				
KEDC - owned	\$ 280,007	\$ -	\$ -	\$ 280,007
Industrial Park	1,723,082	-	-	1,723,082
Convergys	110,000	-	-	110,000
Enterprise	100,000	-	-	100,000
First National Bank	90,303	-	-	90,303
Total capital assets not being depreciated	<u>2,303,392</u>	<u>-</u>	<u>-</u>	<u>2,303,392</u>
Capital assets being depreciated:				
Buildings				
Presidium	3,402,535	161,210	-	3,563,745
First National Bank/Raytheon	1,850,700	-	-	1,850,700
Entrance Sign	31,382	-	-	31,382
Total capital assets being depreciated	<u>5,284,617</u>	<u>161,210</u>	<u>-</u>	<u>5,445,827</u>
Less accumulated depreciation for:				
Buildings	<u>2,282,355</u>	<u>149,485</u>	<u>-</u>	<u>2,431,840</u>
Total accumulated depreciation	<u>2,282,355</u>	<u>149,485</u>	<u>-</u>	<u>2,431,840</u>
Total capital assets being depreciated, net	<u>3,002,262</u>	<u>11,725</u>	<u>-</u>	<u>3,013,987</u>
KEDC capital assets, net	<u>\$ 5,305,654</u>	<u>\$ 11,725</u>	<u>\$ -</u>	<u>\$ 5,317,379</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables represent short term advances primarily to support operations of funds. A summary of interfund receivables and payables at September 30, 2015 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 104,132	\$ -
Other Governmental Funds:		
Special Revenue		
CDBG	-	104,132
Total Interfund Balances	<u>\$ 104,132</u>	<u>\$ 104,132</u>

Transfers between funds were primarily to support debt service and operations of funds as well as to close old capital project funds. Transfers during the year ended September 30, 2015 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 9,294,366	\$ 293,923
Debt Service Fund	1,367,288	-
Other Governmental Funds:		
Special Revenue:		
Federal Seizure	332	-
Hotel Occupancy Tax	-	727,200
Parks Donations	21,048	-
Teen Court Program	6,195	-
Court Technology	-	50,000
Court Security	2,114	82,000
Fire Department	317	-
Child Safety	235,550	-
Police Department Donations	19,014	-
Capital Project:		
1993 G.O. Bonds	-	7,074
1995 G.O. Bonds	-	14,912
2000 Limited Tax Note	-	144,513
2004 C.O. Bonds	-	607
2004 G.O. Bonds	-	19,397
2005 C.O. Bonds	-	25,992
2007 G.O. & C.O. Bonds	15,387	-
2009 C.O. Bonds	25,992	-
2011A Pass Thru Financing 190/2410	-	640,088
2011 C.O. Bonds	486,501	-
2012 C.O. Bonds	-	15,387
2012 G.O. Bonds	1,404,200	-
2014 C.O. Bonds	1,590,000	556,000
2014 G.O. Bonds	256,000	2,994,200
Governmental Capital Projects	132,000	-
Golf Capital Projects	9,352	-
Total Other Governmental Funds	<u>4,204,002</u>	<u>5,277,370</u>
Total Governmental Funds	<u>14,865,656</u>	<u>5,571,293</u>
Enterprise:		
Solid Waste	-	2,438,863
Water & Sewer	-	6,550,909
Drainage Utility	-	304,591
Total Enterprise Funds	<u>-</u>	<u>9,294,363</u>
Total Transfers	<u>\$ 14,865,656</u>	<u>\$ 14,865,656</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**F. LONG-TERM DEBT**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2015 is as follows:

**Primary government:**

	September 30, 2014	Additions	Deletions	September 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 97,255,000	\$ -	\$ (3,485,000)	\$ 93,770,000	\$ (4,245,000)
Tax/Revenue Certificates of obligation	107,520,000	-	(2,170,000)	105,350,000	(3,270,000)
Unamortized bond premiums/(discounts)	12,498,860	-	(526,180)	11,972,680	(684,876)
Total bonds payable	217,273,860	-	(6,181,180)	211,092,680	(8,199,876)
Compensated absences	9,480,549	3,541,306	(1,114,478)	11,907,377	(1,369,348)
Net OPEB obligation	1,533,198	604,359	(304,438)	1,833,119	-
Net pension liability *	55,471,845	8,156,043	(3,517,279)	60,110,609	-
Capital lease payable	129,374	-	(63,681)	65,693	(65,693)
Governmental activity long-term debt	<u>\$ 283,888,826</u>	<u>\$ 12,301,708</u>	<u>\$ (11,181,056)</u>	<u>\$ 285,009,478</u>	<u>\$ (9,634,917)</u>
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 60,775,000	\$ -	\$ (4,955,000)	\$ 55,820,000	\$ (5,075,000)
General obligation bonds	11,105,000	-	(300,000)	10,805,000	(655,000)
Certificates of obligation	2,010,000	-	(420,000)	1,590,000	(85,000)
Unamortized bond premiums/(discounts)	5,698,043	-	(356,689)	5,341,354	(376,691)
Total bonds payable	79,588,043	-	(6,031,689)	73,556,354	(6,191,691)
Compensated absences	868,336	462,203	(440,899)	889,640	(53,378)
Net pension liability *	9,529,204	1,472,331	(717,370)	10,284,165	-
Business-type activity long-term debt	<u>\$ 89,985,583</u>	<u>\$ 1,934,534</u>	<u>\$ (7,189,958)</u>	<u>\$ 84,730,159</u>	<u>\$ (6,245,069)</u>

\* Beginning balance presented according to GASB Statement 68. See Note IV. G.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

Long-term debt at September 30, 2015 is comprised of the following:

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
<b>Governmental Funds</b>						
Capital Lease Payable:	3.40	7/16/2013	9/15/2016	\$ 258,936	\$ 193,243	\$ 65,693
General Obligation Bonds:						
2006 Various purpose	4.00-4.70	05/01/06	08/01/26	10,000,000	10,000,000	-
2007 Various purpose	4.00-4.63	10/01/07	08/01/32	17,665,000	17,665,000	-
2009 Various purpose	3.00-4.80	08/15/09	08/01/34	13,175,000	1,585,000	11,590,000
2010 Refunding HOT	2.00-4.00	05/15/10	08/01/30	8,500,000	1,740,000	6,760,000
2010 Refunding	2.00-4.00	05/15/10	08/01/30	4,830,000	1,105,000	3,725,000
2011 Refunding	3.25-5.00	07/01/11	08/01/23	6,875,000	1,485,000	5,390,000
2012 Various purpose & refunding	2.00-5.00	09/05/12	08/01/32	19,500,000	600,000	18,900,000
2013 Refunding	2.00-5.00	04/15/13	08/01/32	37,290,000	495,000	36,795,000
2014 Refunding	2.00-5.00	07/16/14	08/01/34	10,610,000	-	10,610,000
Total General Obligation Bonds				<u>128,445,000</u>	<u>34,675,000</u>	<u>93,770,000</u>
Tax/Revenue Certificates of Obligation:						
2007 Various purpose	4.00-5.00	10/01/07	08/01/32	24,120,000	24,120,000	-
2009 Various purpose	2.75-4.35	08/15/09	08/01/29	6,500,000	1,065,000	5,435,000
2011 Various purpose	2.00-5.00	06/15/11	08/01/36	32,040,000	730,000	31,310,000
2011 PTF 195/201	2.00-5.00	06/15/11	08/01/34	18,060,000	580,000	17,480,000
2011A PTF 190/2410	2.00-5.00	11/01/11	08/01/35	31,400,000	-	31,400,000
2012 Various Purpose & Refunding	2.00-3.00	08/22/12	08/01/32	6,765,000	100,000	6,665,000
2014 Various Purpose	2.00-5.00	07/16/14	08/01/39	13,060,000	-	13,060,000
Total Tax/Revenue Certificates of Obligation				<u>131,945,000</u>	<u>26,595,000</u>	<u>105,350,000</u>
Total Governmental Funds				<u>\$ 260,648,936</u>	<u>\$ 61,463,243</u>	<u>\$ 199,185,693</u>
<b>Proprietary Funds</b>						
Revenue Bonds:						
2007 Various purpose	4.00-5.00	10/01/07	08/15/27	\$ 21,165,000	\$ 20,365,000	\$ 800,000
2010 Refunding	2.00-4.00	05/15/10	08/15/21	6,870,000	2,730,000	4,140,000
2011 Refunding	3.75-5.00	07/01/11	08/15/22	11,135,000	1,255,000	9,880,000
2012 Refunding	2.98	07/12/12	08/15/27	7,365,000	140,000	7,225,000
2013 Refunding and Improvement	2.00-5.00	03/15/13	08/15/33	29,030,000	990,000	28,040,000
2013 Refunding	0.40-1.62	03/15/13	08/15/19	8,270,000	2,535,000	5,735,000
Total Revenue Bonds				<u>83,835,000</u>	<u>28,015,000</u>	<u>55,820,000</u>
General Obligation Bonds:						
2012 Various Purpose & Refunding	2.00-5.00	08/01/12	08/01/32	6,215,000	-	6,215,000
2013 Refunding	2.00-5.00	04/15/13	08/01/32	3,935,000	55,000	3,880,000
2014 GO & Refunding	2.00-5.00	07/16/14	08/01/34	1,010,000	300,000	710,000
Total General Obligation Bonds				<u>11,160,000</u>	<u>355,000</u>	<u>10,805,000</u>
Tax/Revenue Certificates of Obligation:						
2009 Various purpose	2.75-4.35	08/15/09	08/01/29	2,000,000	410,000	1,590,000
2006 Various purpose	4.00-4.70	05/01/06	08/01/26	8,000,000	8,000,000	-
Total Tax/Revenue Certificates of Obligation				<u>10,000,000</u>	<u>8,410,000</u>	<u>1,590,000</u>
Total Proprietary Funds				<u>\$ 104,995,000</u>	<u>\$ 36,780,000</u>	<u>\$ 68,215,000</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**Capital Lease Payable**

A capital lease was entered into during fiscal year 2013 to acquire police vehicles. Annual debt service requirements to maturity for the Capital Lease Payable are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2016	\$ 65,693	\$ 2,620
Total	\$ 65,693	\$ 2,620

**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
2016	\$ 4,245,000	\$ 4,058,913	\$ 655,000	\$ 471,613
2017	4,565,000	3,921,813	675,000	451,963
2018	4,995,000	3,748,813	690,000	424,963
2019	5,250,000	3,561,163	720,000	401,013
2020	5,470,000	3,364,363	740,000	375,613
2021-2025	29,695,000	13,020,708	4,245,000	1,328,313
2026-2030	28,850,000	5,989,984	3,080,000	332,938
2031-2034	10,700,000	951,325	-	-
Total	\$ 93,770,000	\$ 38,617,082	\$ 10,805,000	\$ 3,786,416

**Revenue Bonds**

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

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

Year Ending September 30	Business-type Activities	
	Principal	Interest
2016	\$ 5,075,000	\$ 2,088,175
2017	5,205,000	1,956,301
2018	4,335,000	1,830,871
2019	4,480,000	1,690,688
2020	3,935,000	1,528,158
2021-2025	18,550,000	5,196,253
2026-2030	9,845,000	2,056,965
2031-2033	4,395,000	446,500
Total	<u>\$ 55,820,000</u>	<u>\$ 16,793,911</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		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 3,270,000	\$ 4,583,238	\$ 85,000	\$ 61,745
2017	3,445,000	4,500,038	85,000	59,195
2018	3,550,000	4,399,163	90,000	56,433
2019	3,870,000	4,261,250	95,000	53,508
2020	4,050,000	4,087,090	100,000	50,373
2021-2025	23,160,000	17,665,215	570,000	192,633
2026-2030	28,355,000	12,044,288	565,000	62,230
2031-2035	29,975,000	5,309,288	-	-
2036-2039	5,675,000	481,788	-	-
Total	<u>\$ 105,350,000</u>	<u>\$ 57,331,358</u>	<u>\$ 1,590,000</u>	<u>\$ 536,117</u>

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

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

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**G. RESTATEMENT FOR THE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

Effective for fiscal year 2015, the GASB issued Statement No. 68 “Accounting and Financial Reporting for Pensions”. This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer’s financial statements for any actuarially unfunded portion of pension benefits earned to date. The implementation of Statement No. 68 resulted in the restatement of beginning net position for the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying this change results in the following adjustment:

	Government-wide Statement of		Fund Level			
	Activities		Statement of Revenues, Expenses and Changes in Fund Net			
	Governmental	Business-Type	Position - Enterprise Funds			Drainage
	Activities	Activities	Aviation	Solid Waste	Water & Sewer	Utility
Net position as previously reported September 30, 2014	\$ 74,791,991	\$ 222,465,807	\$ 77,227,304	\$ 6,415,385	\$ 130,034,668	\$ 8,788,450
Change in reporting for pensions	<u>(53,354,389)</u>	<u>(9,021,578)</u>	<u>(1,225,404)</u>	<u>(2,930,581)</u>	<u>(3,942,792)</u>	<u>(922,801)</u>
Net position at September 30, 2014 as restated	<u>\$ 21,437,602</u>	<u>\$ 213,444,229</u>	<u>\$ 76,001,900</u>	<u>\$ 3,484,804</u>	<u>\$ 126,091,876</u>	<u>\$ 7,865,649</u>

**V. OTHER INFORMATION**

**A. RISK MANAGEMENT**

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

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

**B. COMMITMENTS AND CONTINGENCIES**

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

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

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

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

**C. EMPLOYEE BENEFITS**

**EMPLOYEE PENSION PLAN**

**Plan Description**

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**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.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

Plan provisions for the City are as follows:

	<b>Plan Year 2015</b>
Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100%, Transfers
Annuity Increase (to retirees)	70%

**Employees covered by benefit terms**

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	407
Inactive employees entitled to but not yet receiving benefits	337
Active employees	<u>1,017</u>
Total	<u>1,761</u>

**Contributions**

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

Employees for the City of Killeen were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.01% and 8.39% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$3,879,674, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year	
Overall payroll growth	3.0% per year	
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation	

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100%	

The discount rate used to measure the Total Pension Liability was 7.0%. 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

**CITY OF KILLEEN, TEXAS**  
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employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability are as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
	\$ 184,869,530	\$ 135,591,198	\$ 49,278,332
<b>Changes for the year:</b>			
Service cost	7,127,298	-	7,127,298
Interest (on the Total Pension Liability)	12,950,074	-	12,950,074
Difference between expected and actual experience	(1,781,423)	-	(1,781,423)
Benefit payments, including refunds of employee contribu	(6,864,254)	(6,864,254)	-
Contributions - employer	-	3,555,987	(3,555,987)
Contributions - employee	-	3,166,911	(3,166,911)
Net investment income	-	7,756,563	(7,756,563)
Administrative expenses	-	(80,983)	80,983
Other	-	(6,658)	6,658
<b>Net changes</b>	11,431,695	7,527,566	3,904,129
<b>Amounts as of December 31, 2014</b>	\$ 196,301,225	\$ 143,118,764	\$ 53,182,461

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Net Pension Liability	\$ 84,085,315	\$ 53,182,461	\$ 28,178,225

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

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

For the year ended September 30, 2015, the City recognized pension expense of \$3,709,733. This amount is included as part of salaries within the functional program activities.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in projected and actual earnings on pension plan investments	\$ 1,387,857	\$ -
Contributions subsequent to the measurement date	2,881,500	
Difference in actuarial assumptions and actual experience	-	1,449,879
Total	<u>\$ 4,269,357</u>	<u>\$ 1,449,879</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,881,500 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (i.e. recognized in the City’s financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Net of Deferred Outflows (Inflows) of Resources</b>
2015	\$ 15,419
2016	15,419
2017	15,419
2018	15,420
2019	(123,699)
Thereafter	-
Total	<u>\$ (62,022)</u>

**SUPPLEMENTAL DEATH BENEFITS FUND**

**Plan Description**

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

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

The City of Killeen offers supplemental death to:	<b><u>Plan Year 2015</u></b>	<b><u>Plan Year 2014</u></b>
Active employees	Yes	Yes
Retirees	Yes	Yes

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**Contributions**

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

The City's contribution to the TMRS SDBF for the years ended 2015, 2014 and 2013 were \$13,571, \$13,500, and \$12,473, respectively, which equaled the required contributions each year.

**Schedule of Contribution Rates:  
(RETIREE - only portion of the rate)**

<b>Plan/Calendar Year</b>	<b>Annual Required Contribution (Rate)</b>	<b>Actual Contribution Made (Rate)</b>	<b>Percentage of ARC Contributed</b>
2013	0.03%	0.03%	100.00%
2014	0.03%	0.03%	100.00%
2015	0.03%	0.03%	100.00%

**DEFERRED COMPENSATION FUND**

**Plan Description**

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

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

**FIREFIGHTER'S RELIEF AND RETIREMENT SYSTEM**

**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

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

**Benefits Provided**

Firefighters in the Killeen Fire Department are covered by the Killeen Firefighter's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. Those benefits fully vest after 20 years of credited service. Paid firefighters may retire at age 50 with 25 years or at age 55 with 20 years of service. A partially vested benefit is provided for paid firefighters who terminate employment with at least 10 but less than 20 years of service. Volunteer firefighters may retire at age 55 with 20 years of service. If a terminated firefighter has a fully or partially vested benefit, he may retire starting on the date he would have satisfied service retirement eligibility if he had remained a Killeen firefighter. As of the September 30, 2014 actuarial valuation date, the plan effective July 1, 2007 provided a monthly normal service retirement benefit for paid firefighters, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 58.40% of Highest 60-Month Average Salary plus 2.275% of Highest 60-Month Average Salary for each year of service in excess of 20. The monthly benefit for volunteer firefighters at retirement is equal to \$155.00 per month payable in a Joint and Two-Thirds to Spouse form of annuity.

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

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

**Members Covered by the Fund**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**Funding Policy**

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

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

Ultimately, the funding policy also depends upon the total return of the Fund’s assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. The board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending September 30, 2014, the money-weighted rate of return was 6.67%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

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

**Net Pension Liability**

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

Total pension liability	\$ 49,056,514
Plan fiduciary net position	31,844,201
City's net pension liability	\$ 17,212,313
 Plan fiduciary net position as a percentage of the total pension liability	64.9%

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**Actuarial Assumptions**

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

Inflation	3.50%
Salary increases	3.50%, plus promotion, step and longevity increases that vary by service
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

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

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the September 30, 2014 actuarial valuation showed that

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years. Because of the 30-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
City's Net Pension Liability	\$ 24,265,222	\$ 17,212,313	\$ 11,378,728

**Plan Fiduciary Net Position**

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

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Amounts as of September 30, 2014</b> <sup>1</sup>	\$ 45,004,046	\$ 29,281,329	\$ 15,722,717
<b>Changes for the year:</b>			
Service cost	1,830,207	-	1,830,207
Interest	3,548,068	-	3,548,068
Differences between expected and actual experience	-	-	-
Contributions by the City	-	1,541,096	(1,541,096)
Contributions by the firefighters	-	1,284,686	(1,284,686)
Net investment income	-	1,972,592	(1,972,592)
Benefit payments	(2,105,453)	(2,105,453)	-
Administrative expenses	-	(130,049)	130,049
Assumption changes	779,646	-	779,646
Other	-	-	-
<b>Net changes</b>	<b>4,052,468</b>	<b>2,562,872</b>	<b>1,489,596</b>
<b>Amounts as of September 30, 2015</b> <sup>2</sup>	<b>\$ 49,056,514</b>	<b>\$ 31,844,201</b>	<b>\$ 17,212,313</b>

<sup>1</sup> Measurements for the fiscal year ended September 30, 2014 were taken as of September 30, 2013.

<sup>2</sup> Measurements for the fiscal year ended September 30, 2015 were taken as of September 30, 2014.

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

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

For the year ended September 30, 2015, the City's GASB 68 pension expense was \$2,066,012. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

1. Components of Pension Expense for the Fiscal Year Ended September 30, 2015

Service Cost	\$	1,830,207
Interest		3,548,068
Firefighter contributions		(1,284,686)
Projected earnings on pension plan investments		(2,292,176)
Amortization of differences between projected and actual earnings on plan investments		63,917
Amortization of changes of assumptions		70,633
Amortization of differences between expected and actual experience		-
Pension plan administrative expenses		130,049
Other		-
Total pension expenses	<u>\$</u>	<u>2,066,012</u>

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

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 255,668
Changes of assumptions	709,013
Total	<u>\$ 964,681</u>

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>Net of Deferred Outflows (Inflows) of Resources</u>
2016	\$ 134,550
2017	134,550
2018	134,550
2019	134,549
2020	70,633
Thereafter	355,849
Total	<u>\$ 964,681</u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

**Plan Description**

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

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

**Funding Policy**

Current retirees contribute to the health plan 100% of the total blended premium for active and retired participants, resulting in an implicit subsidy. Retiree contribution rates for fiscal year 2015 ranged from \$4,552 to \$19,749 per year depending on coverage levels selected. Consequently, since the plan is funded 100% by the retirees, the City has not established a trust arrangement to fund the plan since it does not contribute to the plan. The liability discussed in this section is strictly a result of the fact that the City’s health plan is based on a blended premium rate, or implicit subsidy as noted above. This means that the premiums paid by the City and its employees are slightly inflated due to the fact that retirees participate in the plan.

Based on the funding policy noted above, the City’s annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City’s actuarially determined annual OPEB cost for the fiscal year ending September 30, 2015, is as follows:

Annual required contribution (ARC)	\$ 600,747
Interest on OPEB obligation	68,994
Adjustment to ARC	<u>(65,382)</u>
End of year annual OPEB cost (expense)	604,359
Net estimated employer contributions	<u>(304,438)</u>
Increase in net OPEB obligation	299,921
Net OPEB Obligation, beginning of year	1,533,198
Net OPEB Obligation, end of year	<u><u>\$ 1,833,119</u></u>

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2015 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Oligation
9/30/2013	\$ 620,424	\$ 255,922	41.2%	\$ 1,166,308
9/30/2014	640,163	273,273	42.7%	1,533,198
9/30/2015	604,359	304,438	50.4%	1,833,119

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$5,948,779 at October 1, 2014. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 10.3%.

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

**Actuarial Methods and Assumptions**

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

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

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

**Actuarial Methods and Assumptions**

Actuarial valuation date	October 1, 2014
Inflation rate	2.50% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll growth	3.00% per annum
Health care cost trend rate	5.40%

**CITY OF KILLEEN, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2015**

**E. FUTURE FINANCIAL REPORTING REQUIREMENTS**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF KILLEEN, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)  
SEPTEMBER 30, 2015**

**Schedule of Changes in the City's Net Pension Liability and related Ratios<sup>1</sup>**

	<b>12/31/14</b>
<b>1. Total Pension Liability</b>	
a. Service cost	\$ 7,127,298
b. Interest	12,950,074
c. Changes of benefit provisions	-
d. Differences between expected and actual experience	(1,781,423)
e. Changes of assumptions	-
f. Benefit payments, including refunds of employee contributions	(6,864,254)
<b>g. Net Change in Total Pension Liability</b>	<b>11,431,695</b>
<b>h. Total Pension Liability - Beginning</b>	<b>184,869,530</b>
<b>i. Total Pension Liability - Ending</b>	<b>196,301,225</b>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions by the city	\$ 3,555,987
b. Contributions by the employees	3,166,911
c. Net investment income	7,756,563
d. Benefit payments, including refunds of employee contributions	(6,864,254)
e. administrative expenses	(80,983)
f. other	(6,658)
<b>g. Net Change in Plan Fiduciary Net Position</b>	<b>7,527,566</b>
<b>h. Plan Fiduciary Net Position - Beginning</b>	<b>135,591,198</b>
<b>i. Plan Fiduciary Net Position - Ending</b>	<b>143,118,764</b>
<b>3. City's Net Pension Liability - Ending [Item 1(i) - 2(i)]</b>	<b>53,182,461</b>
<b>4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>72.91%</b>
<b>5. Covered Payroll for Year (Estimated)</b>	<b>45,235,558</b>
<b>6. City's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>117.57%</b>

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

**CITY OF KILLEEN, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED)**  
**SEPTEMBER 30, 2015**

**Schedule of Contributions for the Last 10 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 employee payroll	(5) Contributions as a percentage of covered employee payroll (2)/(4)
2006	\$ 2,958,458	2,958,458	-	\$ 24,375,195	12.14%
2007	3,428,543	3,428,543	-	27,299,198	12.56%
2008	3,795,179	3,795,179	-	31,035,339	12.23%
2009	4,388,259	4,388,259	-	34,856,263	12.59%
2010	4,567,683	4,567,683	-	36,579,718	12.49%
2011	4,132,298	4,132,298	-	38,174,700	10.82%
2012	4,410,989	4,410,989	-	41,425,056	10.65%
2013	3,134,221	3,134,221	-	41,575,749	7.54%
2014	3,429,108	3,429,108	-	44,998,507	7.62%
2015	3,879,674	3,879,674	-	46,806,060	8.29%

**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	24 years
Asset Valuation Method	10-year Smoothed Market, 15% soft corridor
Inflation	3.00%
Salary Increases	3.5% to 12% including inflation
Investment Rate of Return	7.0%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

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

**CITY OF KILLEEN, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FIREFIGHTER'S RELIEF AND RETIREMENT FUND (UNAUDITED)**  
**SEPTEMBER 30, 2015**

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

	<u>9/30/2015</u>
<b>1. Total Pension Liability</b>	
a. Service cost	\$ 1,830,207
b. Interest	3,548,068
c. Changes of benefit provisions	-
d. Differences between expected and actual experience	-
e. Changes of assumptions	779,646
f. Benefit payments	(2,105,453)
<b>g. Net Change in Total Pension Liability</b>	<b>4,052,468</b>
<b>h. Total Pension Liability - Beginning</b>	<b>45,004,046 <sup>2</sup></b>
<b>i. Total Pension Liability - Ending</b>	<b>49,056,514</b>
<b>2. Plan Fiduciary Net Position</b>	
a. Contributions by the city	\$ 1,541,096
b. Contributions by the firefighters	1,284,686
c. Net investment income	1,972,592
d. Benefit payments	(2,105,453)
e. administrative expenses	(130,049)
f. other	-
<b>g. Net Change in Plan Fiduciary Net Position</b>	<b>2,562,872</b>
<b>h. Plan Fiduciary Net Position - Beginning</b>	<b>29,281,329</b>
<b>i. Plan Fiduciary Net Position - Ending</b>	<b>31,844,201</b>
<b>3. City's Net Pension Liability - Ending [Item 1(i) - 2(i)]</b>	<b>17,212,313</b>
<b>4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>64.9%</b>
<b>5. Covered Payroll for Year (Estimated)</b>	<b>12,457,025</b>
<b>6. City's Net Pension Liability as a Percentage of Covered Payroll</b>	<b>138.2%</b>

Notes to Schedule:

<sup>1</sup>

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

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

**Schedule of Contributions for the Last 10 Fiscal Years**

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**  
**OTHER POST EMPLOYMENT BENEFITS (UNAUDITED)**  
**SEPTEMBER 30, 2015**

**OTHER POST EMPLOYMENT BENEFITS (UNAUDITED):****Schedule of Funding Progress**

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/2013	-	\$ 4,409,664	\$ 4,409,664	0.0%	\$ 52,374,642	8.4%
9/30/2014	-	5,560,589	5,560,589	0.0%	52,601,392	10.6%
9/30/2015	-	5,948,779	5,948,779	0.0%	57,692,583	10.3%

**CITY OF KILLEEN, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 53,087,788	\$ 51,261,059	\$ 51,261,059	\$ 1,826,729
Licenses and permits	1,589,563	1,615,300	1,615,300	(25,737)
Intergovernmental	2,937,314	884,845	1,570,201	1,367,113
Contributions	177,817	190,000	190,000	(12,183)
Charges for services	5,495,085	5,818,841	5,818,841	(323,756)
Fines	2,619,270	3,290,024	3,290,024	(670,754)
Miscellaneous	1,473,637	1,197,712	1,669,742	(196,105)
Total revenues	<u>67,380,474</u>	<u>64,257,781</u>	<u>65,415,167</u>	<u>1,965,307</u>
<b>EXPENDITURES</b>				
General government	16,940,445	16,947,408	19,146,272	2,205,827
Public safety	49,296,035	45,269,162	49,677,326	381,291
Public works	3,951,578	4,127,021	4,784,764	833,186
Community services	8,396,984	8,983,482	8,985,471	588,487
Total expenditures	<u>78,585,042</u>	<u>75,327,073</u>	<u>82,593,833</u>	<u>4,008,791</u>
Deficiency of revenues under expenditures	(11,204,568)	(11,069,292)	(17,178,666)	5,974,098
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,294,366	9,316,123	9,306,771	(12,405)
Transfers out	(293,923)	-	(9,352)	(284,571)
Total other financing sources (uses)	<u>9,000,443</u>	<u>9,316,123</u>	<u>9,297,419</u>	<u>(296,976)</u>
Net change in fund balance	(2,204,125)	(1,753,169)	(7,881,247)	5,677,122
Fund balance, October 1	<u>20,333,021</u>	<u>20,359,458</u>	<u>20,359,458</u>	<u>(26,437)</u>
Fund balance, September 30	<u>\$ 18,128,896</u>	<u>\$ 18,606,289</u>	<u>\$ 12,478,211</u>	<u>\$ 5,650,685</u>

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**COMBINING STATEMENTS**  
**NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF KILLEEN, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,456,426	\$ 23,623,031	\$ 27,079,457
Investments	-	5,000,000	5,000,000
Receivables (net of allowances for uncollectibles):			
Taxes	52,290	-	52,290
Accounts	74,275	-	74,275
Accrued interest	-	17,606	17,606
Intergovernmental receivable	364,913	204,851	569,764
Restricted assets:			
Cash and cash equivalents	23,913	-	23,913
Inventories	7,173	-	7,173
Total assets	<u>\$ 3,978,990</u>	<u>\$ 28,845,488</u>	<u>\$ 32,824,478</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 911,558	\$ 1,805,861	\$ 2,717,419
Due to other governments	37	-	37
Due to other funds	104,132	-	104,132
Accrued salaries payable	30,699	75,008	105,707
Unearned revenue	12,515	-	12,515
Total liabilities	<u>1,058,941</u>	<u>1,880,869</u>	<u>2,939,810</u>
Deferred inflows of resources:			
Unavailable revenue	<u>41,573</u>	<u>-</u>	<u>41,573</u>
Total deferred inflows of resources	<u>41,573</u>	<u>-</u>	<u>41,573</u>
Fund Balances:			
Nonspendable:			
Inventories	7,173	-	7,173
Restricted for:			
Debt service	266,186	-	266,186
Capital projects	-	26,964,619	26,964,619
Other purposes	2,641,546	-	2,641,546
Unassigned	<u>(36,429)</u>	<u>-</u>	<u>(36,429)</u>
Total fund balances	<u>2,878,476</u>	<u>26,964,619</u>	<u>29,843,095</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,978,990</u>	<u>\$ 28,845,488</u>	<u>\$ 32,824,478</u>

**CITY OF KILLEEN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>REVENUES</b>			
Taxes	\$2,135,999	\$ -	\$ 2,135,999
Intergovernmental	1,816,501	204,851	2,021,352
Contributions	93,371	50,000	143,371
Charges for services	690,915	-	690,915
Fines	1,142,155	-	1,142,155
Miscellaneous	125,223	336,041	461,264
Total revenues	<u>6,004,164</u>	<u>590,892</u>	<u>6,595,056</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,822,440	-	1,822,440
Public safety	623,945	-	623,945
Public works	11,007	447,701	458,708
Community services	2,045,698	-	2,045,698
Capital outlay	1,091,172	17,465,752	18,556,924
Costs of issuance	-	2,261	2,261
Total expenditures	<u>5,594,262</u>	<u>17,915,714</u>	<u>23,509,976</u>
Excess (deficiency) of revenues over (under) expenditures	<u>409,902</u>	<u>(17,324,822)</u>	<u>(16,914,920)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	284,570	3,919,432	4,204,002
Transfers out	(859,200)	(4,418,170)	(5,277,370)
Total other financing sources (uses)	<u>(574,630)</u>	<u>(498,738)</u>	<u>(1,073,368)</u>
Net changes in fund balances	(164,728)	(17,823,560)	(17,988,288)
Fund balances, October 1	3,043,204	44,788,179	47,831,383
Fund balances, September 30	<u>\$2,878,476</u>	<u>\$26,964,619</u>	<u>\$ 29,843,095</u>

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## **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:** To account 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:** To account for the revenues and expenditures restricted by state seizure requirements for the Police Department.

**Federal Seizure Fund:** To account for revenues and expenditures restricted by federal seizure requirements for the Police Department.

**Emergency Management:** To account for revenues and expenditures restricted for the management of emergency situations.

**Fire State Seizure Fund:** To account for revenues and expenditures restricted by state seizure requirements for the Fire Department.

**Hotel Occupancy Tax Fund:** To account 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:** To account for the funds to be used for the construction and operation of the Special Events Center.

**Cablesystem Improvements Fund:** To Account 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:** To account for revenues that are restricted for use for the Public Library.

**Community Development Fund:** To account 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.

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

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

**Parks Donations:** To account for resources contributed to the City, restricted to the park activities.

**Teen Court Program:** To account 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:** To account for technology related expenditures of the Municipal Court from technology fees collected as enacted by the Texas Legislature.

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

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

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

**Fire Department:** To account for receipts and expenditures related to fire activities.

**Animal Control Donations:** To account for receipts and expenditures related to animal control.

**Child Safety:** To account 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:** To account for receipts and expenditures related to police activities.

**CITY OF KILLEEN, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2015**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Fire State Seizure
<b>ASSETS</b>					
Cash and cash equivalents	\$ 53,483	\$ 129,999	\$ 25,489	\$ 217	\$ -
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 53,483</u>	<u>\$ 129,999</u>	<u>\$ 25,489</u>	<u>\$ 217</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 38,035	\$ -	\$ -	\$ -	\$ -
Due to other governments	37	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued salaries payable	-	-	-	-	-
Unearned revenue	12,515	-	-	-	-
Total liabilities	<u>50,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable:					
Inventories	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Other purposes	2,896	129,999	25,489	217	-
Unassigned	-	-	-	-	-
Total fund balances	<u>2,896</u>	<u>129,999</u>	<u>25,489</u>	<u>217</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 53,483</u>	<u>\$ 129,999</u>	<u>\$ 25,489</u>	<u>\$ 217</u>	<u>\$ -</u>

**EXHIBIT C-3**

<u>Hotel Occupancy Tax</u>	<u>Special Events Center</u>	<u>Cablesystem Improvements</u>	<u>Library Memorial</u>	<u>Community Development</u>	<u>CDBG Home Program</u>
\$ 400,302	\$ 17,542	\$ 720,361	\$ 14,127	\$ 19	\$ 4,854
-	-	52,290	-	-	-
915	-	-	-	-	-
-	-	-	-	342,565	22,348
23,913	-	-	-	-	-
7,173	-	-	-	-	-
<u>\$ 432,303</u>	<u>\$ 17,542</u>	<u>\$ 772,651</u>	<u>\$ 14,127</u>	<u>\$ 342,584</u>	<u>\$ 27,202</u>
\$ 139,878	\$ -	\$ 1,805	\$ -	\$ 231,981	\$ 21,148
-	-	-	-	-	-
-	-	-	-	104,132	-
19,066	-	5,281	-	1,327	-
-	-	-	-	-	-
<u>158,944</u>	<u>-</u>	<u>7,086</u>	<u>-</u>	<u>337,440</u>	<u>21,148</u>
-	-	-	-	41,573	-
-	-	-	-	41,573	-
7,173	-	-	-	-	-
266,186	-	-	-	-	-
-	17,542	765,565	14,127	-	6,054
-	-	-	-	(36,429)	-
<u>273,359</u>	<u>17,542</u>	<u>765,565</u>	<u>14,127</u>	<u>(36,429)</u>	<u>6,054</u>
<u>\$ 432,303</u>	<u>\$ 17,542</u>	<u>\$ 772,651</u>	<u>\$ 14,127</u>	<u>\$ 342,584</u>	<u>\$ 27,202</u>

(CONTINUED)

**CITY OF KILLEEN, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
SEPTEMBER 30, 2015**

	<u>Tax Increment</u>	<u>Parks Donations</u>	<u>Teen Court Program</u>	<u>Court Technology</u>	<u>Court Security</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 309,702	\$ 48,582	\$ 7,031	\$ 242,361	\$ 132,865
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 309,702</u>	<u>\$ 48,582</u>	<u>\$ 7,031</u>	<u>\$ 242,361</u>	<u>\$ 132,865</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 6,576	\$ 189	\$ 33,125	\$ 804
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued salaries payable	-	-	-	-	883
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>6,576</u>	<u>189</u>	<u>33,125</u>	<u>1,687</u>
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable:					
Inventories	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Other purposes	309,702	42,006	6,842	209,236	131,178
Unassigned	-	-	-	-	-
Total fund balances	<u>309,702</u>	<u>42,006</u>	<u>6,842</u>	<u>209,236</u>	<u>131,178</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 309,702</u>	<u>\$ 48,582</u>	<u>\$ 7,031</u>	<u>\$ 242,361</u>	<u>\$ 132,865</u>

**EXHIBIT C-3 (CONT'D)**

Juvenile Case Manager	Photo Red Light Enforcement	Fire Department	Animal Control Donations	Child Safety	Police Department Donations	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 514,864	\$ 494,166	\$ 1,166	\$ 28,911	\$ 260,067	\$ 50,318	\$ 3,456,426
-	-	-	-	-	-	52,290
-	73,360	-	-	-	-	74,275
-	-	-	-	-	-	364,913
-	-	-	-	-	-	23,913
-	-	-	-	-	-	7,173
<u>\$ 514,864</u>	<u>\$ 567,526</u>	<u>\$ 1,166</u>	<u>\$ 28,911</u>	<u>\$ 260,067</u>	<u>\$ 50,318</u>	<u>\$ 3,978,990</u>
\$ -	\$ 390,733	\$ -	\$ 256	\$ 40,000	\$ 7,028	\$ 911,558
-	-	-	-	-	-	37
-	-	-	-	-	-	104,132
2,530	1,612	-	-	-	-	30,699
-	-	-	-	-	-	12,515
<u>2,530</u>	<u>392,345</u>	<u>-</u>	<u>256</u>	<u>40,000</u>	<u>7,028</u>	<u>1,058,941</u>
-	-	-	-	-	-	41,573
-	-	-	-	-	-	41,573
-	-	-	-	-	-	7,173
-	-	-	-	-	-	266,186
512,334	175,181	1,166	28,655	220,067	43,290	2,641,546
-	-	-	-	-	-	(36,429)
<u>512,334</u>	<u>175,181</u>	<u>1,166</u>	<u>28,655</u>	<u>220,067</u>	<u>43,290</u>	<u>2,878,476</u>
<u>\$ 514,864</u>	<u>\$ 567,526</u>	<u>\$ 1,166</u>	<u>\$ 28,911</u>	<u>\$ 260,067</u>	<u>\$ 50,318</u>	<u>\$ 3,978,990</u>

**CITY OF KILLEEN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Fire State Seizure
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	105,970	75,011	2,956	-	-
Contributions	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines	-	-	-	-	-
Miscellaneous	-	13,914	6	-	-
Total revenues	<u>105,970</u>	<u>88,925</u>	<u>2,962</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	1,430	-
Public safety	85,295	-	-	-	581
Public works	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	20,675	-	-	-	-
Total expenditures	<u>105,970</u>	<u>-</u>	<u>-</u>	<u>1,430</u>	<u>581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>88,925</u>	<u>2,962</u>	<u>(1,430)</u>	<u>(581)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	332	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>332</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	88,925	3,294	(1,430)	(581)
Fund balances, October 1	<u>2,896</u>	<u>41,074</u>	<u>22,195</u>	<u>1,647</u>	<u>581</u>
Fund balances, September 30	<u>\$ 2,896</u>	<u>\$ 129,999</u>	<u>\$ 25,489</u>	<u>\$ 217</u>	<u>\$ -</u>

**EXHIBIT C-4**

<u>Hotel Occupancy Tax</u>	<u>Special Events Center</u>	<u>Cablesystem Improvements</u>	<u>Library Memorial</u>	<u>Community Development</u>	<u>CDBG Home Program</u>
\$ 1,776,199	\$ -	\$ 262,949	\$ -	\$ -	\$ -
-	-	-	-	1,046,913	414,950
916	17,380	-	11,179	-	-
675,465	-	-	-	-	-
-	-	-	-	-	-
2,114	95	315	-	7,358	62,009
<u>2,454,694</u>	<u>17,475</u>	<u>263,264</u>	<u>11,179</u>	<u>1,054,271</u>	<u>476,959</u>
1,567,108	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
274,526	-	186,023	-	1,098,662	476,960
19,097	-	-	2,316	-	-
<u>1,860,731</u>	<u>-</u>	<u>186,023</u>	<u>2,316</u>	<u>1,098,662</u>	<u>476,960</u>
<u>593,963</u>	<u>17,475</u>	<u>77,241</u>	<u>8,863</u>	<u>(44,391)</u>	<u>(1)</u>
-	-	-	-	-	-
<u>(727,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(727,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(133,237)	17,475	77,241	8,863	(44,391)	(1)
406,596	67	688,324	5,264	7,962	6,055
<u>\$ 273,359</u>	<u>\$ 17,542</u>	<u>\$ 765,565</u>	<u>\$ 14,127</u>	<u>\$ (36,429)</u>	<u>\$ 6,054</u>

(CONTINUED)

**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, 2015**

	Tax Increment	Parks Donations	Teen Court Program	Court Technology	Court Security
<b>REVENUES</b>					
Taxes	\$ 96,851	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	785
Contributions	-	30,485	-	-	-
Charges for services	-	-	-	-	-
Fines	-	-	3,397	73,496	55,225
Miscellaneous	-	-	-	-	-
Total revenues	<u>96,851</u>	<u>30,485</u>	<u>3,397</u>	<u>73,496</u>	<u>56,010</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	2,750	133,617	40,274
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community services	-	9,527	-	-	-
Capital outlay	-	-	-	158,141	-
Total expenditures	<u>-</u>	<u>9,527</u>	<u>2,750</u>	<u>291,758</u>	<u>40,274</u>
Excess (deficiency) of revenues over (under) expenditures	<u>96,851</u>	<u>20,958</u>	<u>647</u>	<u>(218,262)</u>	<u>15,736</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	21,048	6,195	-	2,114
Transfers out	-	-	-	(50,000)	(82,000)
Total other financing sources (uses)	<u>-</u>	<u>21,048</u>	<u>6,195</u>	<u>(50,000)</u>	<u>(79,886)</u>
Net changes in fund balances	96,851	42,006	6,842	(268,262)	(64,150)
Fund balances, October 1	<u>212,851</u>	<u>-</u>	<u>-</u>	<u>477,498</u>	<u>195,328</u>
Fund balances, September 30	<u>\$ 309,702</u>	<u>\$ 42,006</u>	<u>\$ 6,842</u>	<u>\$ 209,236</u>	<u>\$ 131,178</u>

**EXHIBIT C-4 (CONT'D)**

<u>Juvenile Case Manager</u>	<u>Photo Red Light Enforcement</u>	<u>Fire Department</u>	<u>Animal Control Donations</u>	<u>Child Safety</u>	<u>Police Department Donations</u>	<u>Total Nonmajor Special Revenue Funds (See Exhibit C-2)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,135,999
-	-	849	-	152,310	16,757	1,816,501
-	-	-	26,128	-	7,283	93,371
-	-	-	-	-	15,450	690,915
107,800	872,382	-	-	29,855	-	1,142,155
-	-	-	-	-	39,412	125,223
<u>107,800</u>	<u>872,382</u>	<u>849</u>	<u>26,128</u>	<u>182,165</u>	<u>78,902</u>	<u>6,004,164</u>
77,261	-	-	-	-	-	1,822,440
-	481,648	-	1,795	-	54,626	623,945
-	-	-	-	11,007	-	11,007
-	-	-	-	-	-	2,045,698
-	704,302	-	-	186,641	-	1,091,172
<u>77,261</u>	<u>1,185,950</u>	<u>-</u>	<u>1,795</u>	<u>197,648</u>	<u>54,626</u>	<u>5,594,262</u>
<u>30,539</u>	<u>(313,568)</u>	<u>849</u>	<u>24,333</u>	<u>(15,483)</u>	<u>24,276</u>	<u>409,902</u>
-	-	317	-	235,550	19,014	284,570
-	-	-	-	-	-	(859,200)
-	-	<u>317</u>	<u>-</u>	<u>235,550</u>	<u>19,014</u>	<u>(574,630)</u>
30,539	(313,568)	1,166	24,333	220,067	43,290	(164,728)
481,795	488,749	-	4,322	-	-	3,043,204
<u>\$ 512,334</u>	<u>\$ 175,181</u>	<u>\$ 1,166</u>	<u>\$ 28,655</u>	<u>\$ 220,067</u>	<u>\$ 43,290</u>	<u>\$ 2,878,476</u>

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## 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.

**1993 G.O. Bonds:** To account for improving streets, constructing public service and animal control facilities, and improving the library building.

**1995 G.O. Bonds:** To account for constructing and improving streets, and constructing and improving public service buildings.

**2000 Limited Tax Note:** To account for expenditures of funds to be used for street improvements.

**2004 C.O. Bonds:** To account for expenditures for the purchase of fire, emergency medical and public works vehicles and equipment.

**2004 G.O. Bonds:** To account for expenditures of funds for street improvements and improvements to public safety and parks and recreation buildings financed through bond proceeds.

**2005 C.O. Bonds:** To account for expenditures which include the constructing and installation of a communications tower, constructing and improving streets, purchasing streets heavy equipment, ambulances and other projects financed through bond proceeds.

**2006 G.O. Bonds:** To account for expenditures for the construction of the Family Recreation Center and Senior Center Complex.

**2007 G.O. and C.O. Bonds:** To account for expenditures for the construction of various projects.

**2009 G.O. Bonds:** To account for expenditures of funds to be used for street improvements and parks and recreation building and facility improvements.

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

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

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

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

**2012 C.O. Bonds:** To account for expenditures of funds to be used for acquiring public safety equipment and vehicles as well as the upgrading/developing of U.S. Hwy 190.

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

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

**2014 C.O. Bonds:** To account 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:** To account for expenditures of funds to be used for public safety buildings/facilities and parks and recreation projects.

**Governmental Capital Projects:** To account for miscellaneous capital project activity attributable to the governmental funds.

**Golf Capital Projects:** To account for capital improvements to the golf course.

**CITY OF KILLEEN, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 SEPTEMBER 30, 2015**

	1993	1995	2000	2004	2004
	<u>G.O. Bonds</u>	<u>G.O. Bonds</u>	<u>Limited Tax Note</u>	<u>C.O. Bonds</u>	<u>G.O. Bonds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net of allowance for uncollectibles):					
Accrued interest	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Restricted for:					
Capital projects	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EXHIBIT C-5**

<u>2005</u> <u>C.O. Bonds</u>	<u>2006</u> <u>G.O. Bonds</u>	<u>2007</u> <u>G.O. &amp; C.O.</u> <u>Bonds</u>	<u>2009</u> <u>G.O. Bonds</u>	<u>2009</u> <u>C.O. Bonds</u>	<u>2011</u> <u>Pass Thru</u> <u>Financing</u> <u>195/201</u>	<u>2011A</u> <u>Pass Thru</u> <u>Financing</u> <u>190/2410</u>
\$ -	\$ -	\$ 82,657	\$ -	\$ 73,140	\$ 2,567,217	\$ 3,014,976
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,657</u>	<u>\$ -</u>	<u>\$ 73,140</u>	<u>\$ 2,567,217</u>	<u>\$ 3,014,976</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,723	\$ 37,206	\$ 409,107
-	-	-	-	-	-	75,008
-	-	-	-	2,723	37,206	484,115
-	-	82,657	-	70,417	2,530,011	2,530,861
-	-	82,657	-	70,417	2,530,011	2,530,861
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,657</u>	<u>\$ -</u>	<u>\$ 73,140</u>	<u>\$ 2,567,217</u>	<u>\$ 3,014,976</u>

(CONTINUED)

**CITY OF KILLEEN, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)  
SEPTEMBER 30, 2015**

	2011 C.O. Bonds	2012 C.O. Bonds	2012 G.O. Bonds	Downtown Improvements Phase II	2014 C.O. Bonds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,491,158	\$ -	\$ 2,429,435	\$ 78,414	\$ 7,093,531
Investments	-	-	-	-	5,000,000
Receivables (net of allowance for uncollectibles):					
Accrued interest	-	-	-	-	17,606
Intergovernmental receivable	-	-	-	-	204,851
Total assets	<u>\$ 5,491,158</u>	<u>\$ -</u>	<u>\$ 2,429,435</u>	<u>\$ 78,414</u>	<u>\$ 12,315,988</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 771,856	\$ -	\$ 12,670	\$ -	\$ 519,947
Accrued salaries payable	-	-	-	-	-
Total liabilities	<u>771,856</u>	<u>-</u>	<u>12,670</u>	<u>-</u>	<u>519,947</u>
Fund balances:					
Restricted for:					
Capital projects	4,719,302	-	2,416,765	78,414	11,796,041
Total fund balances	<u>4,719,302</u>	<u>-</u>	<u>2,416,765</u>	<u>78,414</u>	<u>11,796,041</u>
Total liabilities and fund balances	<u>\$ 5,491,158</u>	<u>\$ -</u>	<u>\$ 2,429,435</u>	<u>\$ 78,414</u>	<u>\$ 12,315,988</u>

**EXHIBIT C-5 (CONT'D)**

2014 G.O. Bonds	Governmental Capital Projects	Golf Capital Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 2,754,398	\$ 28,753	\$ 9,352	\$ 23,623,031
-	-	-	5,000,000
-	-	-	17,606
-	-	-	204,851
<u>\$ 2,754,398</u>	<u>\$ 28,753</u>	<u>\$ 9,352</u>	<u>\$ 28,845,488</u>
\$ 52,352	\$ -	\$ -	\$ 1,805,861
-	-	-	75,008
<u>52,352</u>	<u>-</u>	<u>-</u>	<u>1,880,869</u>
<u>2,702,046</u>	<u>28,753</u>	<u>9,352</u>	<u>26,964,619</u>
<u>2,702,046</u>	<u>28,753</u>	<u>9,352</u>	<u>26,964,619</u>
<u>\$ 2,754,398</u>	<u>\$ 28,753</u>	<u>\$ 9,352</u>	<u>\$ 28,845,488</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, 2015**

	1993	1995	2000 Limited	2004	2004
	<u>G.O. Bonds</u>	<u>G.O. Bonds</u>	<u>Tax Note</u>	<u>C.O. Bonds</u>	<u>G.O. Bonds</u>
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	-	-	-
Miscellaneous	-	1	20	-	-
Total revenues	<u>-</u>	<u>1</u>	<u>20</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>					
Public works	-	-	443	-	-
Capital outlay	-	-	-	-	-
Costs of issuance	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>443</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1</u>	<u>(423)</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(7,074)	(14,912)	(144,513)	(607)	(19,397)
Total other financing sources (uses)	<u>(7,074)</u>	<u>(14,912)</u>	<u>(144,513)</u>	<u>(607)</u>	<u>(19,397)</u>
Net change in fund balances	(7,074)	(14,911)	(144,936)	(607)	(19,397)
Fund balances, October 1	<u>7,074</u>	<u>14,911</u>	<u>144,936</u>	<u>607</u>	<u>19,397</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT C-6

2005 C.O. Bonds	2006 G.O. Bonds	2007 G.O. & C.O. Bonds	2009 G.O. Bonds	2009 C.O. Bonds	2011 Pass Thru Financing 195/201	2011A Pass Thru Financing 190/2410
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
15	-	38	50	80	1,341	12,498
<u>15</u>	<u>-</u>	<u>38</u>	<u>50</u>	<u>80</u>	<u>1,341</u>	<u>12,498</u>
-	367	2,781	-	106,388	-	36,240
85,190	-	-	335,410	14,191	124,076	8,245,561
-	-	-	-	-	-	-
<u>85,190</u>	<u>367</u>	<u>2,781</u>	<u>335,410</u>	<u>120,579</u>	<u>124,076</u>	<u>8,281,801</u>
<u>(85,175)</u>	<u>(367)</u>	<u>(2,743)</u>	<u>(335,360)</u>	<u>(120,499)</u>	<u>(122,735)</u>	<u>(8,269,303)</u>
-	-	15,387	-	25,992	-	-
(25,992)	-	-	-	-	-	(640,088)
<u>(25,992)</u>	<u>-</u>	<u>15,387</u>	<u>-</u>	<u>25,992</u>	<u>-</u>	<u>(640,088)</u>
(111,167)	(367)	12,644	(335,360)	(94,507)	(122,735)	(8,909,391)
<u>111,167</u>	<u>367</u>	<u>70,013</u>	<u>335,360</u>	<u>164,924</u>	<u>2,652,746</u>	<u>11,440,252</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,657</u>	<u>\$ -</u>	<u>\$ 70,417</u>	<u>\$ 2,530,011</u>	<u>\$ 2,530,861</u>

(CONTINUED)

**CITY OF KILLEEN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	2011 <u>C.O. Bonds</u>	2012 <u>C.O. Bonds</u>	2012 <u>G.O. Bonds</u>	Downtown Improvements Phase II	2014 <u>C.O. Bonds</u>
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 204,851
Contributions	-	-	-	-	-
Miscellaneous	18,666	3	834	-	289,881
Total revenues	<u>18,666</u>	<u>3</u>	<u>834</u>	<u>-</u>	<u>494,732</u>
<b>EXPENDITURES</b>					
Public works	-	-	-	-	300,000
Capital outlay	5,231,467	-	255,031	41,422	2,364,175
Costs of issuance	-	-	-	-	1,267
Total expenditures	<u>5,231,467</u>	<u>-</u>	<u>255,031</u>	<u>41,422</u>	<u>2,665,442</u>
Excess (deficiency) of revenues over expenditures	<u>(5,212,801)</u>	<u>3</u>	<u>(254,197)</u>	<u>(41,422)</u>	<u>(2,170,710)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	486,501	-	1,404,200	-	1,590,000
Transfers out	-	(15,387)	-	-	(556,000)
Total other financing sources (uses)	<u>486,501</u>	<u>(15,387)</u>	<u>1,404,200</u>	<u>-</u>	<u>1,034,000</u>
Net change in fund balances	(4,726,300)	(15,384)	1,150,003	(41,422)	(1,136,710)
Fund balances, October 1	<u>9,445,602</u>	<u>15,384</u>	<u>1,266,762</u>	<u>119,836</u>	<u>12,932,751</u>
Fund balances, September 30	<u>\$ 4,719,302</u>	<u>\$ -</u>	<u>\$ 2,416,765</u>	<u>\$ 78,414</u>	<u>\$ 11,796,041</u>

**EXHIBIT C-6 (CONT'D)**

2014 G.O. Bonds	Governmental Capital Projects	Golf Capital Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ 204,851
50,000	-	-	50,000
12,614	-	-	336,041
<u>62,614</u>	<u>-</u>	<u>-</u>	<u>590,892</u>
1,482	-	-	447,701
665,982	103,247	-	17,465,752
994	-	-	2,261
<u>668,458</u>	<u>103,247</u>	<u>-</u>	<u>17,915,714</u>
<u>(605,844)</u>	<u>(103,247)</u>	<u>-</u>	<u>(17,324,822)</u>
256,000	132,000	9,352	3,919,432
<u>(2,994,200)</u>	<u>-</u>	<u>-</u>	<u>(4,418,170)</u>
<u>(2,738,200)</u>	<u>132,000</u>	<u>9,352</u>	<u>(498,738)</u>
(3,344,044)	28,753	9,352	(17,823,560)
<u>6,046,090</u>	<u>-</u>	<u>-</u>	<u>44,788,179</u>
<u>\$ 2,702,046</u>	<u>\$ 28,753</u>	<u>\$ 9,352</u>	<u>\$ 26,964,619</u>

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**BUDGETARY COMPARISON SCHEDULES**

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**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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 105,970	\$ 56,182	\$ 56,182	\$ 49,788
Total revenues	105,970	56,182	56,182	49,788
<b>EXPENDITURES</b>				
Current:				
Public safety	85,295	-	30,282	(55,013)
Capital outlay	20,675	56,182	25,900	5,225
Total expenditures	105,970	56,182	56,182	(49,788)
Net change in fund balance	-	\$ -	\$ -	\$ -
Fund balance, October 1	2,896			
Fund balance, September 30	\$ 2,896			

**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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 75,011	\$ 57,851	\$ 57,851	\$ 17,160
Miscellaneous	13,914	-	-	13,914
Total revenues	<u>88,925</u>	<u>57,851</u>	<u>57,851</u>	<u>31,074</u>
<b>EXPENDITURES</b>				
Capital outlay	-	106,922	106,922	106,922
Total expenditures	<u>-</u>	<u>106,922</u>	<u>106,922</u>	<u>106,922</u>
Net change in fund balance	88,925	<u>\$ (49,071)</u>	<u>\$ (49,071)</u>	<u>\$ 137,996</u>
Fund balance, October 1	<u>41,074</u>			
Fund balance, September 30	<u>\$ 129,999</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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 2,956	\$ -	\$ -	\$ 2,956
Miscellaneous	6	-	-	6
Total revenues	<u>2,962</u>	<u>-</u>	<u>-</u>	<u>2,962</u>
<b>EXPENDITURES</b>				
Capital outlay	-	5,000	5,000	5,000
Total expenditures	-	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,962</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>7,962</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	332	-	-	332
Total other financing sources	<u>332</u>	<u>-</u>	<u>-</u>	<u>332</u>
Net change in fund balance	3,294	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 8,294</u>
Fund balance, October 1	<u>22,195</u>			
Fund balance, September 30	<u>\$ 25,489</u>			

**CITY OF KILLEEN, TEXAS**  
**EMERGENCY MANAGEMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance -
		Original	Final	Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
General government	1,430	1,616	1,616	186
Total expenditures	1,430	1,616	1,616	186
Net change in fund balance	(1,430)	<u>\$ (1,616)</u>	<u>\$ (1,616)</u>	<u>\$ 186</u>
Fund balance, October 1	<u>1,647</u>			
Fund balance, September 30	<u>\$ 217</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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 1,776,199	\$ 1,732,708	\$ 1,732,708	\$ 43,491
Contributions	916	2,000	2,000	(1,084)
Charges for services	675,465	750,400	750,400	(74,935)
Miscellaneous	2,114	1,600	1,600	514
Total revenues	<u>2,454,694</u>	<u>2,486,708</u>	<u>2,486,708</u>	<u>(32,014)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,567,108	1,648,978	1,684,380	117,272
Community services	274,526	243,800	329,502	54,976
Capital outlay	19,097	5,387	19,162	65
Total expenditures	<u>1,860,731</u>	<u>1,898,165</u>	<u>2,033,044</u>	<u>172,313</u>
Excess of revenues over expenditures	<u>593,963</u>	<u>588,543</u>	<u>453,664</u>	<u>140,299</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(727,200)</u>	<u>(727,200)</u>	<u>(727,200)</u>	-
Total other financing uses	<u>(727,200)</u>	<u>(727,200)</u>	<u>(727,200)</u>	-
Net change in fund balance	(133,237)	<u>\$ (138,657)</u>	<u>\$ (273,536)</u>	<u>\$ 140,299</u>
Fund balance, October 1	<u>406,596</u>			
Fund balance, September 30	<u>\$ 273,359</u>			

**CITY OF KILLEEN, TEXAS**  
**SPECIAL EVENTS CENTER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Contributions	\$ 17,380	\$ -	\$ -	\$ 17,380
Miscellaneous	95	-	-	95
Total revenues	<u>17,475</u>	<u>-</u>	<u>-</u>	<u>17,475</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	17,475	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,475</u>
Fund balance, October 1	<u>67</u>			
Fund balance, September 30	<u>\$ 17,542</u>			

**CITY OF KILLEEN, TEXAS**  
**CABLESYSTEM IMPROVEMENTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 262,949	\$ 220,000	\$ 220,000	\$ 42,949
Miscellaneous	315	350	350	(35)
Total revenues	<u>263,264</u>	<u>220,350</u>	<u>220,350</u>	<u>42,914</u>
<b>EXPENDITURES</b>				
Current:				
Community services	186,023	245,857	245,857	59,834
Capital outlay	-	29,700	29,700	29,700
Total expenditures	<u>186,023</u>	<u>275,557</u>	<u>275,557</u>	<u>89,534</u>
Net change in fund balance	77,241	<u>\$ (55,207)</u>	<u>\$ (55,207)</u>	<u>\$ 132,448</u>
Fund balance, October 1	<u>688,324</u>			
Fund balance, September 30	<u>\$ 765,565</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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Contributions	\$ 11,179	\$ 8,000	\$ 8,000	\$ 3,179
Total revenues	<u>11,179</u>	<u>8,000</u>	<u>8,000</u>	<u>3,179</u>
<b>EXPENDITURES</b>				
Current:				
Community services	-	6,300	6,300	6,300
Capital outlay	2,316	3,000	3,000	684
Total expenditures	<u>2,316</u>	<u>9,300</u>	<u>9,300</u>	<u>6,984</u>
Net change in fund balance	8,863	<u>\$ (1,300)</u>	<u>\$ (1,300)</u>	<u>\$ 10,163</u>
Fund balance, October 1	<u>5,264</u>			
Fund balance, September 30	<u><u>\$ 14,127</u></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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 1,046,913	\$ 1,477,335	\$ 1,479,375	\$ (432,462)
Miscellaneous	7,358	3,000	3,000	4,358
Total revenues	<u>1,054,271</u>	<u>1,480,335</u>	<u>1,482,375</u>	<u>(428,104)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	<u>1,098,662</u>	<u>1,480,335</u>	<u>1,578,198</u>	<u>479,536</u>
Total expenditures	<u>1,098,662</u>	<u>1,480,335</u>	<u>1,578,198</u>	<u>479,536</u>
Net change in fund balance	(44,391)	\$ -	\$ (95,823)	\$ 51,432
Fund balance, October 1	<u>7,962</u>			
Fund balance, September 30	<u>\$ (36,429)</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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 414,950	\$ 823,884	\$ 823,884	\$ (408,934)
Miscellaneous	62,009	51,849	51,849	10,160
Total revenues	<u>476,959</u>	<u>875,733</u>	<u>875,733</u>	<u>(398,774)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	<u>476,960</u>	<u>875,733</u>	<u>1,111,559</u>	<u>634,599</u>
Total expenditures	<u>476,960</u>	<u>875,733</u>	<u>1,111,559</u>	<u>634,599</u>
Net change in fund balance	(1)	<u>\$ -</u>	<u>\$ (235,826)</u>	<u>\$ 235,825</u>
Fund balance, October 1	<u>6,055</u>			
Fund balance, September 30	<u>\$ 6,054</u>			

**CITY OF KILLEEN, TEXAS  
TAX INCREMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 96,851	\$ 92,000	\$ 92,000	\$ 4,851
Total revenues	<u>96,851</u>	<u>92,000</u>	<u>92,000</u>	<u>4,851</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	150,000	150,000	150,000
Total expenditures	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Net change in fund balance	96,851	<u>\$ (58,000)</u>	<u>\$ (58,000)</u>	<u>\$ 154,851</u>
Fund balance, October 1	<u>212,851</u>			
Fund balance, September 30	<u>\$ 309,702</u>			

**CITY OF KILLEEN, TEXAS**  
**PARKS DONATIONS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Contributions	\$ 30,485	\$ -	\$ -	\$ 30,485
Total revenues	30,485	-	-	30,485
<b>EXPENDITURES</b>				
Current:				
Community services	9,527	-	44,617	35,090
Total expenditures	9,527	-	44,617	35,090
Excess (deficiency) of revenues over (under) expenditures	20,958	-	(44,617)	65,575
<b>OTHER FINANCING SOURCES</b>				
Transfers in	21,048	-	-	21,048
Total other financing sources	21,048	-	-	21,048
Net change in fund balance	42,006	\$ -	\$ (44,617)	\$ 86,623
Fund balance, October 1	-			
Fund balance, September 30	\$ 42,006			

**CITY OF KILLEEN, TEXAS  
TEEN COURT PROGRAM  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 3,397	\$ -	\$ 3,080	\$ 317
Total revenues	3,397	-	3,080	317
<b>EXPENDITURES</b>				
Current:				
General government	2,750	-	9,148	6,398
Total expenditures	2,750	-	9,148	6,398
Excess (deficiency) of revenues over (under) expenditures	647	-	(6,068)	6,715
<b>OTHER FINANCING SOURCES</b>				
Transfers in	6,195	-	-	6,195
Total other financing sources	6,195	-	-	6,195
Net change in fund balance	6,842	\$ -	\$ (6,068)	\$ 12,910
Fund balance, October 1	-			
Fund balance, September 30	\$ 6,842			

**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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 73,496	\$ 81,950	\$ 81,950	\$ (8,454)
Total revenues	<u>73,496</u>	<u>81,950</u>	<u>81,950</u>	<u>(8,454)</u>
<b>EXPENDITURES</b>				
Current:				
General government	133,617	96,731	131,696	(1,921)
Capital outlay	158,141	104,694	216,534	58,393
Total expenditures	<u>291,758</u>	<u>201,425</u>	<u>348,230</u>	<u>56,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(218,262)</u>	<u>(119,475)</u>	<u>(266,280)</u>	<u>48,018</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(50,000)	-	(50,000)	-
Total other financing uses	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	(268,262)	<u>\$ (119,475)</u>	<u>\$ (316,280)</u>	<u>\$ 48,018</u>
Fund balance, October 1	<u>477,498</u>			
Fund balance, September 30	<u>\$ 209,236</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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 785	\$ -	\$ -	\$ 785
Fines	55,225	62,117	62,117	(6,892)
Total revenues	<u>56,010</u>	<u>62,117</u>	<u>62,117</u>	<u>(6,107)</u>
<b>EXPENDITURES</b>				
Current:				
General government	40,274	51,764	51,764	11,490
Capital outlay	-	30,900	30,900	30,900
Total expenditures	<u>40,274</u>	<u>82,664</u>	<u>82,664</u>	<u>42,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,736</u>	<u>(20,547)</u>	<u>(20,547)</u>	<u>36,283</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,114	-	-	2,114
Transfers out	(82,000)	-	(82,000)	-
Total other financing sources (uses)	<u>(79,886)</u>	<u>-</u>	<u>(82,000)</u>	<u>2,114</u>
Net change in fund balance	(64,150)	<u>\$ (20,547)</u>	<u>\$ (102,547)</u>	<u>\$ 38,397</u>
Fund balance, October 1	<u>195,328</u>			
Fund balance, September 30	<u>\$ 131,178</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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 107,800	\$ 112,357	\$ 112,357	\$ (4,557)
Total revenues	107,800	112,357	112,357	(4,557)
<b>EXPENDITURES</b>				
Current:				
General government	77,261	52,806	84,230	6,969
Total expenditures	77,261	52,806	84,230	6,969
Net change in fund balance	30,539	\$ 59,551	\$ 28,127	\$ 2,412
Fund balance, October 1	481,795			
Fund balance, September 30	\$ 512,334			

**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, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 872,382	\$ 500,000	\$ 500,000	\$ 372,382
Total revenues	872,382	500,000	500,000	372,382
<b>EXPENDITURES</b>				
Current:				
Public safety	481,648	295,000	295,000	(186,648)
Capital outlay	704,302	220,411	704,302	-
Total expenditures	1,185,950	515,411	999,302	(186,648)
Net change in fund balance	(313,568)	\$ (15,411)	\$ (499,302)	\$ 185,734
Fund balance, October 1	488,749			
Fund balance, September 30	\$ 175,181			

**CITY OF KILLEEN, TEXAS  
FIRE DEPARTMENT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 849	\$ -	\$ 849	\$ -
Total revenues	849	-	849	-
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	1,166	1,166
Total expenditures	-	-	1,166	1,166
Excess (deficiency) of revenues over (under) expenditures	849	-	(317)	1,166
<b>OTHER FINANCING SOURCES</b>				
Transfers in	317	-	-	317
Total other financing sources	317	-	-	317
Net change in fund balance	1,166	\$ -	\$ (317)	\$ 1,483
Fund balance, October 1	-			
Fund balance, September 30	\$ 1,166			

**CITY OF KILLEEN, TEXAS  
ANIMAL CONTROL DONATIONS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Contributions	\$ 26,128	\$ 15,000	\$ 15,000	\$ 11,128
Total revenues	26,128	15,000	15,000	11,128
<b>EXPENDITURES</b>				
Current:				
Public safety	1,795	15,000	15,000	13,205
Total expenditures	1,795	15,000	15,000	13,205
Net change in fund balance	24,333	\$ -	\$ -	\$ 24,333
Fund balance, October 1	4,322			
Fund balance, September 30	\$ 28,655			

**CITY OF KILLEEN, TEXAS**  
**CHILD SAFETY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 152,310	\$ -	\$ 152,310	\$ -
Fines	29,855	-	33,427	(3,572)
Total revenues	182,165	-	185,737	(3,572)
<b>EXPENDITURES</b>				
Current:				
Public works	11,007	-	10,204	(803)
Capital outlay	186,641	-	402,772	216,131
Total expenditures	197,648	-	412,976	215,328
Excess (deficiency) of revenues over (under) expenditures	(15,483)	-	(227,239)	211,756
<b>OTHER FINANCING SOURCES</b>				
Transfers in	235,550	-	-	235,550
Total other financing sources	235,550	-	-	235,550
Net change in fund balance	220,067	\$ -	\$ (227,239)	\$ 447,306
Fund balance, October 1	-			
Fund balance, September 30	\$ 220,067			

**CITY OF KILLEEN, TEXAS  
POLICE DEPARTMENT DONATIONS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 16,757	\$ -	\$ 16,757	\$ -
Contributions	7,283	-	7,100	183
Charges for services	15,450	-	11,000	4,450
Miscellaneous	39,412	-	25,715	13,697
Total revenues	<u>78,902</u>	<u>-</u>	<u>60,572</u>	<u>18,330</u>
<b>EXPENDITURES</b>				
Public safety	54,626	-	82,851	28,225
Total expenditures	<u>54,626</u>	<u>-</u>	<u>82,851</u>	<u>28,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,276</u>	<u>-</u>	<u>(22,279)</u>	<u>46,555</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	19,014	-	-	19,014
Total other financing sources	<u>19,014</u>	<u>-</u>	<u>-</u>	<u>19,014</u>
Net change in fund balance	43,290	\$ -	\$ (22,279)	\$ 65,569
Fund balance, October 1	<u>-</u>			
Fund balance, September 30	<u>\$ 43,290</u>			

**CITY OF KILLEEN, TEXAS**  
**DEBT SERVICE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 10,966,088	\$ 10,960,000	\$ 10,960,000	\$ 6,088
Intergovernmental	-	1,821,270	1,821,270	(1,821,270)
Miscellaneous	3,512	-	-	3,512
Total revenues	<u>10,969,600</u>	<u>12,781,270</u>	<u>12,781,270</u>	<u>(1,811,670)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	5,655,000	6,035,000	6,035,000	380,000
Interest	8,861,024	9,404,074	9,404,074	543,050
Fiscal charges	22,905	63,810	63,810	40,905
Total expenditures	<u>14,538,929</u>	<u>15,502,884</u>	<u>15,502,884</u>	<u>963,955</u>
Deficiency of revenues under expenditures	(3,569,329)	(2,721,614)	(2,721,614)	(847,715)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,367,288	2,303,790	2,303,790	(936,502)
Transfers out	-	(13,456)	(13,456)	13,456
Total other financing sources (uses)	<u>1,367,288</u>	<u>2,290,334</u>	<u>2,290,334</u>	<u>(923,046)</u>
Net change in fund balance	(2,202,041)	<u>\$ (431,280)</u>	<u>\$ (431,280)</u>	<u>\$ (1,770,761)</u>
Fund balance, October 1	<u>4,033,968</u>			
Fund balance, September 30	<u>\$ 1,831,927</u>			

**CITY OF KILLEEN, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>Taxes:</b>				
Ad valorem	\$ 25,300,331	\$ 24,342,499	\$ 24,342,499	\$ 957,832
Penalty and interest	238,569	264,000	264,000	(25,431)
Mixed beverage	233,159	240,000	240,000	(6,841)
Franchise	5,573,093	5,192,800	5,192,800	380,293
Sales and occupancy	21,539,372	20,981,760	20,981,760	557,612
Bingo	203,264	240,000	240,000	(36,736)
Total taxes	<u>53,087,788</u>	<u>51,261,059</u>	<u>51,261,059</u>	<u>1,826,729</u>
<b>Licenses, permits and fees:</b>				
Building permits and inspections	668,979	560,000	560,000	108,979
Electrical permits and inspections	109,948	110,000	110,000	(52)
Plumbing permits and inspections	114,610	110,000	110,000	4,610
Miscellaneous licenses	266,844	274,500	274,500	(7,656)
Taxi operators licenses	4,120	4,500	4,500	(380)
Food handlers permits	24,820	23,500	23,500	1,320
Trailer court licenses	9,664	9,800	9,800	(136)
Building plans review	95,612	105,000	105,000	(9,388)
Mechanical inspections	45,139	48,000	48,000	(2,861)
Code enforcement abatement	249,827	370,000	370,000	(120,173)
Total licenses, permits and fees	<u>1,589,563</u>	<u>1,615,300</u>	<u>1,615,300</u>	<u>(25,737)</u>
<b>Intergovernmental:</b>				
Bell County contribution - ambulance service	13,242	-	-	13,242
Community assistance	246,153	248,000	248,000	(1,847)
Public safety	1,963,032	586,845	1,272,201	690,831
Traffic reimbursement	24,070	50,000	50,000	(25,930)
TXDOT toll reimbursement	690,817	-	-	690,817
Total intergovernmental	<u>2,937,314</u>	<u>884,845</u>	<u>1,570,201</u>	<u>1,367,113</u>
<b>Charges for Services:</b>				
Ambulance service fees	2,923,711	2,945,000	2,945,000	(21,289)
Miscellaneous police receipts	43,430	58,200	58,200	(14,770)
Planning and zoning fees	27,555	40,000	40,000	(12,445)
Cemetery lots	43,585	45,000	45,000	(1,415)
Golf course receipts	1,103,422	1,225,391	1,225,391	(121,969)
Recreation receipts	766,676	958,800	958,800	(192,124)
Family aquatics center	365,069	342,500	342,500	22,569
Library charges and contributions	38,757	40,000	40,000	(1,243)
Swimming pool receipts and lessons	77,803	79,000	79,000	(1,197)
Graffiti removal	-	250	250	(250)
Killeen arts and activities center	105,077	84,700	84,700	20,377
Total charges for services	<u>5,495,085</u>	<u>5,818,841</u>	<u>5,818,841</u>	<u>(323,756)</u>
<b>Fines:</b>				
Municipal court fines	2,296,660	2,749,524	2,749,524	(452,864)
Arrest fines	172,435	360,000	360,000	(187,565)
Parking fines	2,547	15,500	15,500	(12,953)
Court tax service fee	147,628	165,000	165,000	(17,372)
Total fines	<u>2,619,270</u>	<u>3,290,024</u>	<u>3,290,024</u>	<u>(670,754)</u>
<b>Miscellaneous:</b>				
Contributions	177,817	190,000	190,000	(12,183)
Miscellaneous receipts	1,473,637	1,197,712	1,669,742	(196,105)
Total miscellaneous	<u>1,651,454</u>	<u>1,387,712</u>	<u>1,859,742</u>	<u>(208,288)</u>
Totals	<u>\$ 67,380,474</u>	<u>\$ 64,257,781</u>	<u>\$ 65,415,167</u>	<u>\$ 1,965,307</u>

**CITY OF KILLEEN, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>General Government:</b>				
City council	\$ 48,518	\$ 60,015	\$ 60,015	\$ 11,497
City manager	319,788	338,610	338,610	18,822
ACM - external services	235,259	240,971	240,971	5,712
ACM - internal services	230,763	234,943	234,943	4,180
City auditor	112,237	117,599	117,599	5,362
Municipal court	914,416	944,056	944,550	30,134
Public information	202,755	207,860	207,860	5,105
City attorney	811,495	835,829	863,527	52,032
City secretary	86,437	116,999	116,999	30,562
Financial services	902,215	1,007,453	1,037,605	135,390
Support services	1,623,891	1,690,848	1,698,498	74,607
Human resources	900,734	1,038,000	1,038,000	137,266
Information systems	1,205,235	1,158,992	2,486,608	1,281,373
Planning and development	2,402,123	2,544,943	2,594,943	192,820
Lien services	139,675	142,320	142,320	2,645
Non-departmental	6,804,904	6,267,970	7,023,224	218,320
Total general government	16,940,445	16,947,408	19,146,272	2,205,827
<b>Public Safety:</b>				
Police	29,260,615	26,713,992	29,475,560	214,945
Animal control	830,303	878,910	923,049	92,746
Fire	19,205,117	17,676,260	19,278,717	73,600
Total public safety	49,296,035	45,269,162	49,677,326	381,291
<b>Public Works:</b>				
Public works	198,799	235,176	238,176	39,377
Traffic	399,313	421,364	482,112	82,799
Streets	3,353,466	3,470,481	4,064,476	711,010
Total public works	3,951,578	4,127,021	4,784,764	833,186
<b>Community Development/Services:</b>				
Community development	365,975	388,297	390,297	24,322
Library	1,489,455	1,534,384	1,534,384	44,929
Killeen arts and activities center	416,083	450,186	457,074	40,991
Senior citizens	237,415	257,910	257,910	20,495
Parks	2,893,271	3,153,994	3,186,812	293,541
Recreation	226,839	262,164	280,689	53,850
Athletics	347,272	376,537	380,566	33,294
Swimming pools	18,103	28,374	28,374	10,271
Family aquatics center	456,228	508,638	486,084	29,856
Golf course	1,463,930	1,477,142	1,467,790	3,860
Cemetery	307,611	364,118	333,753	26,142
Volunteer services	174,802	181,738	181,738	6,936
Total community development/services	8,396,984	8,983,482	8,985,471	588,487
Totals	\$ 78,585,042	\$ 75,327,073	\$ 82,593,833	\$ 4,008,791

**STATISTICAL SECTION**

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**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 supplementary information says about the City’s overall financial health. This information has not been audited by the independent auditors.

<b>Contents</b>	<b>Page</b>
Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	144
Revenue Capacity	
These schedules contain information to help the reader assess the City’s significant local revenue sources, the property and sales tax.	156
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City’s currently outstanding debt and the City’s ability to issue additional debt in the future.	162
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	172
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information contained in the City’s financial report relates to the services the City provides and the activities it performs.	174

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

**CITY OF KILLEEN, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 64,943,647	\$ 66,407,909	\$ 71,779,033	\$ 70,086,573
Restricted for:				
Debt service	1,834,087	2,358,132	3,440,517	3,359,077
Capital projects	3,375,187	5,336,131	5,073,720	9,269,562
Other purposes	1,753,412	1,976,662	2,976,016	3,944,130
Unrestricted	17,089,942	17,780,708	19,250,157	17,417,463
Total governmental activities net position	<u>\$ 88,996,275</u>	<u>\$ 93,859,542</u>	<u>\$ 102,519,443</u>	<u>\$ 104,076,805</u>
Business-type activities				
Net investment in capital assets	\$ 146,389,308	\$ 153,152,207	\$ 157,885,676	\$ 160,788,607
Restricted for:				
Debt service	8,246,358	6,277,051	6,466,505	9,025,106
Unrestricted	26,884,747	32,582,310	36,562,391	31,232,183
Total business-type activities net position	<u>\$ 181,520,413</u>	<u>\$ 192,011,568</u>	<u>\$ 200,914,572</u>	<u>\$ 201,045,896</u>
Primary government				
Net investment in capital assets	\$ 211,332,955	\$ 219,560,116	\$ 229,664,709	\$ 230,875,180
Restricted for:				
Debt service	10,080,445	8,635,183	9,907,022	12,384,183
Capital projects	3,375,187	5,336,131	5,073,720	9,269,562
Other purposes	1,753,412	1,976,662	2,976,016	3,944,130
Unrestricted	43,974,689	50,363,018	55,812,548	48,649,646
Total primary government activities net position	<u>\$ 270,516,688</u>	<u>\$ 285,871,110</u>	<u>\$ 303,434,015</u>	<u>\$ 305,122,701</u>

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

**TABLE I**

2010	2011	2012	2013	2014	2015
\$ 66,697,447	\$ 67,024,699	\$ 62,566,576	\$ 62,867,902	\$ 54,564,150	\$ 55,015,444
3,008,055	6,033,367	4,893,750	1,730,132	3,131,449	905,327
8,085,411	7,134,634	2,089,363	2,910,571	2,472,582	2,414,025
3,271,170	2,768,621	3,045,444	2,963,110	2,952,565	2,641,546
16,516,531	12,126,100	16,857,071	14,455,124	11,671,245	(51,826,021)
<u>\$ 97,578,614</u>	<u>\$ 95,087,421</u>	<u>\$ 89,452,204</u>	<u>\$ 84,926,839</u>	<u>\$ 74,791,991</u>	<u>\$ 9,150,321</u>
\$ 164,542,836	\$ 171,472,647	\$ 176,347,544	\$ 188,453,458	\$ 192,106,889	\$ 203,053,020
7,987,426	7,963,550	7,999,802	8,724,350	8,437,776	8,436,533
32,495,856	33,318,199	33,556,533	31,760,856	21,921,142	3,450,901
<u>\$ 205,026,118</u>	<u>\$ 212,754,396</u>	<u>\$ 217,903,879</u>	<u>\$ 228,938,664</u>	<u>\$ 222,465,807</u>	<u>\$ 214,940,454</u>
\$ 231,240,283	\$ 238,497,346	\$ 238,914,120	\$ 251,321,360	\$ 246,671,039	\$ 258,068,464
10,995,481	13,996,917	12,893,552	10,454,482	11,569,225	9,341,860
8,085,411	7,134,634	2,089,363	2,910,571	2,472,582	2,414,025
3,271,170	2,768,621	3,045,444	2,963,110	2,952,565	2,641,546
49,012,387	45,444,299	50,413,604	46,215,980	33,592,387	(48,375,120)
<u>\$ 302,604,732</u>	<u>\$ 307,841,817</u>	<u>\$ 307,356,083</u>	<u>\$ 313,865,503</u>	<u>\$ 297,257,798</u>	<u>\$ 224,090,775</u>

**CITY OF KILLEEN, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 8,999,154	\$ 13,059,352	\$ 14,662,853	\$ 13,873,564
Police	16,409,733	18,035,487	20,397,809	21,808,286
Fire	10,237,310	11,732,401	14,337,399	16,272,177
Public works	7,981,922	8,835,018	8,982,754	10,655,648
Parks and recreation	2,343,001	2,602,046	3,016,481	3,472,513
Golf	-	1,470,975	1,671,261	1,879,877
Library	1,251,417	1,324,670	1,454,180	1,683,583
Community services	1,249,783	4,201,866	4,499,962	5,625,155
Community development/services	-	-	-	-
Permits and inspections	831,036	1,402,169	1,116,316	-
Code enforcement	-	-	566,497	-
Miscellaneous	3,613,371	-	-	-
Interest on long-term debt	3,294,913	3,526,706	5,229,662	5,092,447
Total governmental activities expenses	<u>56,211,640</u>	<u>66,190,690</u>	<u>75,935,174</u>	<u>80,363,250</u>
Business-type activities				
Airport operations	5,433,754	6,032,956	6,945,205	6,788,224
Golf	1,300,493	-	-	-
Solid waste	9,235,406	9,923,685	11,119,731	11,811,015
Water and sewer	20,050,177	21,805,817	23,228,947	24,610,252
Drainage utility	526,775	1,354,988	1,792,628	2,405,678
Total business-type activities expenses	<u>36,546,605</u>	<u>39,117,446</u>	<u>43,086,511</u>	<u>45,615,169</u>
Total primary government expenses	<u>\$ 92,758,245</u>	<u>\$ 105,308,136</u>	<u>\$ 119,021,685</u>	<u>\$ 125,978,419</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,449,310	\$ 1,845,447	\$ 2,262,954	\$ 4,501,278
Police	615,623	240,764	466,590	1,442,079
Fire	1,703,377	2,371,608	2,548,848	2,674,030
Parks and recreation	130,891	233,265	244,901	756,496
Golf course	-	1,084,479	1,267,776	1,294,705
Library	51,355	41,944	48,501	39,973
Community services	541,789	-	33,029	272,237
Community development/services	-	-	-	-
Permits and inspections	1,673,018	1,414,929	1,450,396	-
Code enforcement	-	-	67,685	-
Miscellaneous	596,207	-	-	-
Operating grants and contributions	1,743,344	5,088,196	3,402,527	3,079,605
Capital grants and contributions	5,230,912	4,293,671	6,400,992	2,348,835
Total governmental activities program revenues	<u>\$ 13,735,826</u>	<u>\$ 16,614,303</u>	<u>\$ 18,194,199</u>	<u>\$ 16,409,238</u>

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

**TABLE II**

	2010	2011	2012	2013	2014	2015
\$	16,580,327	\$ 18,165,769	\$ 16,841,919	\$ 18,130,388	\$ 18,280,688	\$ 19,738,067
	24,495,756	26,236,271	27,239,221	28,386,944	29,622,532	34,124,282
	16,345,268	18,226,647	17,869,191	19,085,563	19,811,934	22,907,741
	11,062,840	10,395,353	11,038,454	10,041,012	11,861,694	10,859,949
	2,684,980	3,865,604	3,769,409	4,429,935	4,780,138	2,409,288
	1,714,427	1,879,011	1,504,793	1,521,620	1,598,226	3,685,471
	1,481,728	1,607,797	1,494,038	1,563,247	1,605,680	1,841,425
	5,711,591	5,327,023	4,250,488	3,731,108	-	-
	-	-	-	-	3,857,355	5,111,549
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	5,280,410	5,418,468	7,632,519	8,547,412	8,263,132	8,598,463
	<u>85,357,327</u>	<u>91,121,943</u>	<u>91,640,032</u>	<u>95,437,229</u>	<u>99,681,379</u>	<u>109,276,235</u>
	6,843,195	7,266,448	7,244,913	7,287,062	7,572,452	7,439,685
	-	-	-	-	-	-
	12,239,129	12,522,011	13,019,791	12,871,668	12,953,683	13,025,124
	25,586,685	26,689,831	27,525,085	28,455,634	34,975,124	32,611,994
	2,336,704	2,926,201	2,778,690	2,949,262	3,400,443	3,092,520
	<u>47,005,713</u>	<u>49,404,491</u>	<u>50,568,479</u>	<u>51,563,626</u>	<u>58,901,702</u>	<u>56,169,323</u>
\$	<u>132,363,040</u>	<u>140,526,434</u>	<u>142,208,511</u>	<u>147,000,855</u>	<u>158,583,081</u>	<u>165,445,558</u>
\$	4,185,056	\$ 4,613,298	\$ 5,340,754	\$ 5,894,028	\$ 5,750,455	\$ 3,755,430
	877,344	898,164	893,428	684,624	736,603	1,020,866
	2,724,017	2,886,744	2,884,153	2,406,709	2,876,388	2,346,526
	1,049,252	1,097,994	1,185,028	1,315,141	1,252,935	1,170,480
	1,210,900	1,303,724	1,220,856	1,093,153	1,078,735	1,103,422
	42,879	40,032	40,430	38,892	40,365	38,757
	741,400	696,981	787,522	802,355	-	-
	-	-	-	-	756,278	847,315
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	2,816,838	3,398,318	2,143,652	2,726,431	3,326,406	4,220,705
	1,842,757	5,300,013	954,919	5,489,297	2,113,813	6,385,540
\$	<u>15,490,443</u>	<u>20,235,268</u>	<u>15,450,742</u>	<u>20,450,630</u>	<u>17,931,978</u>	<u>20,889,041</u>

(CONTINUED)

**CITY OF KILLEEN, TEXAS  
CHANGES IN NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2006	2007	2008	2009
Business-type activities:				
Charges for services:				
Airport operations	\$ 3,621,665	\$ 4,182,662	\$ 4,349,157	\$ 4,165,638
Golf	981,774	-	-	-
Solid waste	11,076,247	11,541,857	11,669,439	11,688,896
Water and sewer	27,036,300	26,898,319	30,195,389	30,603,258
Drainage utility	1,608,920	2,124,081	2,807,992	2,909,004
Operating grants and contributions	11,857	25,304	49,885	-
Capital grants and contributions	19,447,587	8,981,423	6,263,495	4,590,343
Total business-type activities				
program revenues	63,784,350	53,753,646	55,335,357	53,957,139
Total primary government				
program revenues	\$ 77,520,176	\$ 70,367,949	\$ 73,529,556	\$ 70,366,377
Net (expense)/revenue:				
Governmental activities	\$ (42,475,814)	\$ (49,576,387)	\$ (57,740,975)	\$ (63,954,012)
Business-type activities	27,237,745	14,636,200	12,248,846	8,341,970
Total primary government net expense	\$ (15,238,069)	\$ (34,940,187)	\$ (45,492,129)	\$ (55,612,042)
General revenues and other changes in net position				
Governmental activities:				
Ad valorem taxes	\$ 20,427,442	\$ 23,692,133	\$ 26,916,750	\$ 29,735,458
Penalties and interest	172,446	205,665	222,122	238,617
Mixed beverage taxes	188,977	240,268	310,536	268,902
Franchise taxes	4,739,736	4,960,867	5,078,001	5,203,332
Sales and occupancy taxes	18,452,935	20,009,130	21,220,074	19,850,152
Bingo taxes	199,000	199,589	222,237	221,231
Investment income	3,354,917	3,722,650	3,380,735	1,013,032
Gain on sale of capital assets	18,668	-	-	-
Lease revenue	-	-	-	-
Transfers	2,541,985	4,013,454	5,877,838	7,697,188
Total governmental activities	50,096,106	57,043,756	63,228,293	64,227,912
Business-type activities:				
Investment income	2,568,478	2,920,129	2,500,202	747,651
Gain on sale of capital assets	48,222	-	31,794	22,353
Lease revenue	-	-	-	-
Transfers	(2,541,985)	(4,013,454)	(5,877,838)	(7,697,188)
Total business-type activities	74,715	(1,093,325)	(3,345,842)	(6,927,184)
Total primary government	\$ 50,170,821	\$ 55,950,431	\$ 59,882,451	\$ 57,300,728
Changes in net position:				
Governmental activities	\$ 7,620,293	\$ 7,467,369	\$ 5,487,318	\$ 273,900
Business-type activities	27,312,460	13,542,875	8,903,004	1,414,786
Total primary government	\$ 34,932,753	\$ 21,010,244	\$ 14,390,322	\$ 1,688,686

**TABLE II (CONT'D)**

2010	2011	2012	2013	2014	2015
\$ 4,632,837	\$ 4,699,432	\$ 4,470,443	\$ 4,573,403	\$ 4,234,301	\$ 4,071,067
-	-	-	-	-	-
13,530,501	14,405,513	15,366,604	15,053,351	15,535,858	16,074,277
30,001,656	35,659,361	37,571,221	36,532,116	35,391,913	37,487,713
3,016,767	3,597,206	3,732,993	3,779,799	3,828,757	3,888,581
-	-	21,759	6,418	6,900	-
5,125,074	6,195,071	2,322,768	9,643,994	2,424,583	5,096,651
56,306,835	64,556,583	63,485,788	69,589,081	61,422,312	66,618,289
\$ 71,797,278	\$ 84,791,851	\$ 78,936,530	\$ 90,039,711	\$ 79,354,290	\$ 87,507,330
\$ (69,866,884)	\$ (70,886,675)	\$ (76,189,290)	\$ (74,986,599)	\$ (81,749,401)	\$ (88,387,194)
9,301,122	15,152,092	12,917,309	18,025,455	2,520,610	10,448,966
\$ (60,565,762)	\$ (55,734,583)	\$ (63,271,981)	\$ (56,961,144)	\$ (79,228,791)	\$ (77,938,228)
\$ 30,779,266	\$ 33,109,001	\$ 34,033,003	\$ 34,611,293	\$ 35,730,858	\$ 36,270,783
250,000	256,765	254,874	236,548	271,326	238,569
293,119	254,405	202,262	179,856	293,502	233,159
5,406,007	6,277,179	5,621,923	5,269,332	5,428,953	5,836,042
20,648,682	20,306,910	21,557,147	22,058,498	22,118,887	23,315,571
220,694	213,972	218,269	218,595	258,546	203,264
211,699	353,738	502,041	314,478	140,560	135,958
-	-	27,600	-	24,192	262,934
-	-	166,113	153,092	165,351	309,270
5,559,226	7,623,512	7,970,841	7,419,542	8,394,420	9,294,363
63,368,693	68,395,482	70,554,073	70,461,234	72,826,595	76,099,913
203,576	128,751	144,151	168,372	140,175	120,247
34,750	21,334	31,364	212,404	14,853	193,875
-	49,613	27,500	48,096	66,000	27,500
(5,559,226)	(7,623,512)	(7,970,841)	(7,419,542)	(8,394,420)	(9,294,363)
(5,320,900)	(7,423,814)	(7,767,826)	(6,990,670)	(8,173,392)	(8,952,741)
\$ 58,047,793	\$ 60,971,668	\$ 62,786,247	\$ 63,470,564	\$ 64,653,203	\$ 67,147,172
\$ (6,498,191)	\$ (2,491,193)	\$ (5,635,217)	\$ (4,525,365)	\$ (8,922,806)	\$ (12,287,281)
3,980,222	7,728,278	5,149,483	11,034,785	(5,652,782)	1,496,225
\$ (2,517,969)	\$ 5,237,085	\$ (485,734)	\$ 6,509,420	\$ (14,575,588)	\$ (10,791,056)

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**TABLE III**

**CITY OF KILLEEN, TEXAS  
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

Fiscal Year	Ad Valorem Taxes*	Penalty and Interest	Mixed Beverage Tax	Franchise Tax	Sales and Occupancy Tax	Bingo	Total
2006	\$ 14,750,670	\$ 172,446	\$ 188,977	\$ 4,739,736	\$ 18,452,935	\$ 199,000	\$ 38,503,764
2007	23,692,133	205,665	240,268	4,960,867	20,009,130	199,589	49,307,652
2008	26,916,750	222,122	310,536	5,078,001	21,220,074	222,237	53,969,720
2009	29,735,458	238,617	268,902	5,203,332	19,850,152	221,231	55,517,692
2010	30,779,266	250,000	293,119	5,406,007	20,648,682	220,694	57,597,768
2011	33,109,001	256,765	254,405	6,277,179	20,306,910	213,972	60,418,232
2012	34,033,003	254,874	202,262	5,621,923	21,557,147	218,269	61,887,478
2013	34,611,293	236,548	179,856	5,269,332	22,058,498	218,595	62,574,122
2014	35,730,858	271,326	293,502	5,428,953	22,118,887	258,546	64,102,072
2015	36,270,783	238,569	233,159	5,836,042	23,315,571	203,264	66,097,388

\*Includes General Fund tax revenues only for 2006.

**CITY OF KILLEEN, TEXAS  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved				
Encumbrances	\$ 930,956	\$ 1,716,100	\$ 754,278	\$ 692,172
Non-current portion of notes receivable	-	-	-	-
Inventories	282,285	361,620	414,624	368,180
Prepaid expenditures	-	-	-	-
Debt service	-	-	240,170	240,170
Unreserved				
Designated	1,525,000	1,525,000	1,525,000	1,837,688
Undesignated	17,896,691	18,186,697	21,177,858	19,825,761
Nonspendable:				
Inventories	-	-	-	-
Prepaid assets	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Other purposes	-	-	-	-
Committed to:				
Vehicle replacement	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 20,634,932</u>	<u>\$ 21,789,417</u>	<u>\$ 24,111,930</u>	<u>\$ 22,963,971</u>
All other governmental funds:				
Reserved for:				
Encumbrances	\$ 133,860	\$ 328,900	\$ 101,922	\$ 116,078
Inventories	-	-	-	4,861
Debt service	2,294,404	2,806,680	4,019,172	4,042,477
Capital projects	39,978,725	24,355,131	45,197,523	34,946,977
Unreserved:				
Other governmental funds	1,753,412	-	-	1,972
Undesignated - special revenue	-	1,976,662	2,976,016	3,944,130
Nonspendable:				
Inventories	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Committed to:				
Killeen Arts and Activities Center	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 44,160,401</u>	<u>\$ 29,467,373</u>	<u>\$ 52,294,633</u>	<u>\$ 43,056,495</u>

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 previous years' activity.

**TABLE IV**

2010	2011	2012	2013	2014	2015
\$ 635,783	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
404,478	-	-	-	-	-
-	-	-	-	-	-
240,170	-	-	-	-	-
1,891,405	-	-	-	-	-
19,029,602	-	-	-	-	-
-	417,664	449,156	509,387	441,742	442,190
-	170,891	105,188	106,615	108,402	110,157
-	240,171	-	68,313	68,313	68,313
-	380,641	492,440	468,064	315,957	-
-	63,383	-	-	-	-
-	17,977,741	22,517,086	21,182,627	19,398,607	17,508,236
<u>\$ 22,201,438</u>	<u>\$ 19,250,491</u>	<u>\$ 23,563,870</u>	<u>\$ 22,335,006</u>	<u>\$ 20,333,021</u>	<u>\$ 18,128,896</u>
\$ 244,044	\$ -	\$ -	\$ -	\$ -	\$ -
6,864	-	-	-	-	-
3,630,277	-	-	-	-	-
18,801,542	-	-	-	-	-
-	-	-	-	-	-
3,271,170	-	-	-	-	-
-	6,196	7,493	4,905	5,850	7,173
-	7,055,118	6,315,862	2,900,309	4,434,714	2,098,113
-	56,991,885	73,687,602	47,546,673	44,788,179	26,964,619
-	2,387,980	2,553,004	2,495,046	2,636,608	2,641,546
-	38,232	34,311	101,169	-	-
-	-	-	-	-	(36,429)
<u>\$ 25,953,897</u>	<u>\$ 66,479,411</u>	<u>\$ 82,598,272</u>	<u>\$ 53,048,102</u>	<u>\$ 51,865,351</u>	<u>\$ 31,675,022</u>

**CITY OF KILLEEN, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

TABLE V

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
Taxes	\$ 44,209,826	\$ 49,259,941	\$ 53,937,806	\$ 55,435,770
Licenses and permits	1,673,018	1,292,332	1,438,989	1,100,819
Intergovernmental	1,808,426	5,088,196	3,023,159	2,416,723
Contributions	-	-	-	465,885
Charges for services	2,896,794	4,034,110	4,857,966	5,474,140
Fines	1,346,557	1,845,447	2,644,196	3,993,509
Developer contributions	5,152,753	3,305,484	5,888,521	1,984,083
Miscellaneous	4,573,737	4,711,079	3,755,908	2,021,935
Total revenues	<u>61,661,111</u>	<u>69,536,589</u>	<u>75,546,545</u>	<u>72,892,864</u>
Expenditures:				
General government	7,568,283	6,656,910	7,096,970	8,709,995
Public safety	25,346,243	28,487,534	33,188,694	35,666,780
Public works	4,303,518	4,881,644	5,100,406	4,672,140
Community services	4,704,721	9,822,757	10,566,828	10,863,401
Community development/services	-	-	-	-
Miscellaneous	4,851,202	4,652,358	5,468,436	4,247,495
Capital outlay	13,664,044	19,518,661	30,278,105	37,746,644
Debt service:				
Principal	3,066,407	4,528,400	5,120,434	5,005,274
Interest	3,167,191	3,507,615	4,795,150	4,938,132
Fiscal charges	19,089	6,227	259,376	18,924
Costs of issuance	-	-	-	-
Deferred amount on refunding	-	-	-	-
Total expenditures	<u>66,690,698</u>	<u>82,062,106</u>	<u>101,874,399</u>	<u>111,868,785</u>
Deficiency of revenues under expenditures	<u>(5,029,587)</u>	<u>(12,525,517)</u>	<u>(26,327,854)</u>	<u>(38,975,921)</u>
Other financing sources (uses):				
Capital-related bonds issued	21,623,647	-	42,868,775	19,675,000
Refunding bonds issued	-	-	-	744,600
Capital lease	-	-	-	-
Premium/discount on issuance of debt	(427,862)	-	(441,569)	(82,825)
Sale of capital assets	18,668	-	-	-
Payment to refunded bond escrow agent	-	-	-	(727,601)
Transfers in	6,711,505	6,056,081	7,294,703	13,392,203
Transfers out	(4,169,520)	(2,042,627)	(1,416,865)	(5,695,015)
Total other financing sources (uses)	<u>23,756,438</u>	<u>4,013,454</u>	<u>48,305,044</u>	<u>27,306,362</u>
Net change in fund balances	<u>\$ 18,726,851</u>	<u>\$ (8,512,063)</u>	<u>\$ 21,977,190</u>	<u>\$ (11,669,559)</u>
Debt service as a percentage of noncapital expenditures	12.1%	13.1%	14.1%	13.3%

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

TABLE V

	2010	2011	2012	2013	2014	2015
\$	57,594,108	\$ 60,328,145	\$ 61,993,688	\$ 62,585,863	\$ 64,115,782	\$ 66,189,875
	1,365,200	1,284,569	1,396,708	1,290,444	1,898,797	1,589,563
	3,302,656	4,714,540	2,067,471	4,761,906	3,043,666	4,958,666
	446,996	549,145	450,532	513,433	766,886	321,188
	5,581,992	5,896,989	5,952,211	5,487,183	5,944,876	6,186,000
	3,246,230	3,503,274	3,308,807	3,893,338	3,488,335	3,761,425
	850,165	3,375,908	-	-	-	-
	905,216	1,220,296	1,931,194	1,711,522	1,424,859	1,938,413
	<u>73,292,563</u>	<u>80,872,866</u>	<u>77,100,611</u>	<u>80,243,689</u>	<u>80,683,201</u>	<u>84,945,130</u>
	10,465,499	10,794,299	10,704,020	11,193,546	11,297,186	11,890,861
	36,873,391	40,841,867	41,517,877	42,733,351	44,735,530	48,458,020
	4,047,734	4,340,764	5,097,995	4,249,519	4,769,726	4,144,229
	9,305,228	10,701,424	8,858,814	9,056,971	-	-
	-	-	-	-	9,636,330	10,395,629
	5,531,595	6,412,904	5,451,968	6,181,920	6,256,371	6,495,235
	20,243,349	19,187,531	19,626,046	30,380,527	22,861,208	20,640,470
	4,985,911	5,366,470	5,575,102	5,915,391	4,421,871	5,718,681
	5,195,100	5,123,184	7,583,116	8,973,642	8,081,587	8,865,656
	25,732	13,395	14,245	17,540	22,235	22,905
	109,000	335,000	336,101	170,215	196,863	2,261
	546,097	140,981	-	-	-	-
	<u>97,328,636</u>	<u>103,257,819</u>	<u>104,765,284</u>	<u>118,872,622</u>	<u>112,278,907</u>	<u>116,633,947</u>
	<u>(24,036,073)</u>	<u>(22,384,953)</u>	<u>(27,664,673)</u>	<u>(38,628,933)</u>	<u>(31,595,706)</u>	<u>(31,688,817)</u>
	-	50,100,000	39,320,000	-	18,730,000	-
	13,330,000	6,875,000	18,345,000	37,290,000	4,940,000	-
	-	-	-	258,936	-	-
	365,808	2,451,008	3,391,957	5,716,664	1,739,296	-
	-	-	-	-	-	-
	(13,084,092)	(7,090,000)	(20,930,885)	(42,835,243)	(5,392,746)	-
	20,103,714	18,075,712	10,257,467	11,216,236	10,629,638	14,865,656
	<u>(14,544,488)</u>	<u>(10,452,200)</u>	<u>(2,286,626)</u>	<u>(3,796,694)</u>	<u>(2,235,218)</u>	<u>(5,571,293)</u>
	<u>6,170,942</u>	<u>59,959,520</u>	<u>48,096,913</u>	<u>7,849,899</u>	<u>28,410,970</u>	<u>9,294,363</u>
\$	<u>(17,865,131)</u>	<u>\$ 37,574,567</u>	<u>\$ 20,432,240</u>	<u>\$ (30,779,034)</u>	<u>\$ (3,184,736)</u>	<u>\$ (22,394,454)</u>
	12.8%	12.4%	15.5%	16.8%	14.0%	15.2%

TABLE VI

**CITY OF KILLEEN, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended	Taxable Assessed Value		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property					
2006	\$ 2,998,256,599	\$ 360,965,321	\$ 335,207,423	\$ 3,024,014,497	0.6950	\$ 3,395,819,417	89.05%
2007	3,492,613,445	362,828,152	350,942,363	3,504,499,234	0.6950	3,904,819,744	89.75%
2008	3,977,228,893	370,077,827	371,725,172	3,975,581,548	0.6950	4,375,136,071	90.87%
2009	4,399,405,101	388,992,264	390,286,994	4,398,110,371	0.6950	4,810,217,058	91.43%
2010	4,697,341,556	381,864,985	513,563,290	4,565,643,251	0.6950	5,097,637,799	89.56%
2011	4,757,431,670	379,688,426	538,872,784	4,598,247,312	0.7428	5,153,883,639	89.22%
2012	4,910,126,647	372,499,175	555,982,344	4,726,643,478	0.7428	5,301,412,785	89.16%
2013	5,056,322,730	367,818,504	612,203,199	4,811,938,035	0.7428	5,439,453,166	88.46%
2014	5,260,588,761	414,547,783	670,960,505	5,004,176,039	0.7428	5,677,195,525	88.15%
2015	5,378,345,788	405,312,087	764,110,031	5,019,547,844	0.7498	5,784,580,161	86.77%

Source: Bell County Tax Appraisal District

**TABLE VII**

**CITY OF KILLEEN, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>City of Killeen General Fund</u>	<u>City of Killeen Debt Service</u>	<u>Total City of Killeen</u>	<u>Bell County</u>	<u>Killeen ISD</u>	<u>Central Texas College</u>	<u>Total</u>
2006	2005	0.50020	0.19480	0.6950	0.3760	1.5583	0.1460	2.7753
2007	2006	0.47625	0.21875	0.6950	0.3815	1.4191	0.1420	2.6376
2008	2007	0.46256	0.23244	0.6950	0.3795	1.1412	0.1420	2.3577
2009	2008	0.49281	0.20219	0.6950	0.3779	1.1412	0.1410	2.3551
2010	2009	0.49057	0.20443	0.6950	0.3759	1.1412	0.1409	2.3530
2011	2010	0.50872	0.23408	0.7428	0.3820	1.1412	0.1409	2.4069
2012	2011	0.54734	0.19546	0.7428	0.4096	1.1412	0.1409	2.4345
2013	2012	0.50563	0.23717	0.7428	0.4212	1.1310	0.1400	2.4350
2014	2013	0.50410	0.23870	0.7428	0.4212	1.1280	0.1370	2.4290
2015	2014	0.52290	0.22690	0.7498	0.4212	1.1280	0.1366	2.4356

Source: Bell County Tax Appraisal District

TABLE VIII

**CITY OF KILLEEN, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Name of Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery Co. LLC	\$ 59,675,640	1	1.19%			
Wal-Mart Real Estate Business Trust	18,777,538	2	0.37%	\$ 9,369,886	8	0.27%
Killeen Mall LLC	16,388,819	3	0.33%			
Central Telephone Co. of Texas	14,354,534	4	0.29%	25,151,420	2	0.72%
Stone Creek Investment LLC	13,620,400	5	0.27%			
Stewart & Stevenson	12,618,994	6	0.25%			
Watercrest Place LP	11,825,894	7	0.24%			
HEB Grocery Company LP	11,822,788	8	0.24%			
Feiga/Sierra Creek LP	10,232,231	9	0.20%	9,534,929	7	0.27%
Bentina LTD	9,575,531	10	0.19%			
TXU Electrical Delivery				37,535,377	1	1.06%
GG&A Killeen Mall				16,977,085	3	0.48%
Texas Cable Partners				12,977,550	4	0.37%
Sallie Mae Inc.				12,809,117	5	0.37%
Wal-Mart Stores #0407				10,150,023	6	0.29%
Arbors 2003 LP				8,751,560	9	0.25%
SPRM Killeen LP				8,590,000	10	0.25%
Subtotal	178,892,369		3.57%	151,846,947		4.33%
All other taxpayers	4,840,655,475		96.43%	3,352,652,287		95.67%
	<u>\$ 5,019,547,844</u>		<u>100.00%</u>	<u>\$ 3,504,499,234</u>		<u>100.00%</u>

**TABLE IX**

**CITY OF KILLEEN, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year September 30	Total Tax Levy for Fiscal Year	Tax Levy	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years (1)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	2005	\$ 21,016,898	\$ 20,179,257	96.01%	\$ 461,613	\$ 20,640,870	98.21%
2007	2006	24,348,127	23,386,242	96.05%	490,899	23,877,141	98.07%
2008	2007	27,630,290	26,697,567	96.62%	339,246	27,036,813	97.85%
2009	2008	30,566,865	29,523,348	96.59%	354,100	29,877,448	97.74%
2010	2009	31,715,948	30,605,848	96.50%	370,681	30,976,529	97.67%
2011	2010	34,067,649	32,916,498	96.62%	295,346	33,211,844	97.49%
2012	2011	35,011,924	33,901,259	96.83%	432,065	34,333,324	98.06%
2013	2012	35,654,174	34,501,855	96.77%	248,085	34,749,940	97.46%
2014	2013	37,098,327	35,407,969	95.44%	252,866	35,660,835	96.13%
2015	2014	37,567,615	36,064,932	96.00%	228,450	36,293,382	96.61%

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

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**TABLE X****CITY OF KILLEEN, TEXAS  
ADOPTED TAX RATE  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Assessed Valuation</u>	<u>Assessments Rate</u>	<u>Gross Tax Rate</u>
2006	2005	\$ 3,359,221,920	100%	0.6950
2007	2006	3,855,441,597	100%	0.6950
2008	2007	4,347,306,720	100%	0.6950
2009	2008	4,788,397,365	100%	0.6950
2010	2009	5,079,206,541	100%	0.6950
2011	2010	5,137,120,096	100%	0.7428
2012	2011	5,282,625,822	100%	0.7428
2013	2012	5,424,141,234	100%	0.7428
2014	2013	5,675,136,544	100%	0.7428
2015	2014	5,783,657,875	100%	0.7498

Source: Bell County Tax Appraisal District

**CITY OF KILLEEN, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					General Obligation Bonds (1)
	General Obligation Bonds (1)	Certificates of Obligation (1)	Limited Tax Notes	Capital Lease Payable	Total Governmental Activities (1)	
2006	\$ 34,659,101	\$ 39,797,243	\$ 545,000	\$ -	\$ 75,001,344	\$ 6,415,899
2007	31,963,701	41,421,743	-	-	73,385,444	5,486,299
2008	46,576,501	63,697,743	-	859,541	111,133,785	4,523,499
2009	56,829,600	68,331,973	-	658,937	125,820,510	3,635,400
2010	67,810,500	52,865,000	-	449,099	121,124,599	2,614,500
2011	72,163,200	93,250,000	-	229,602	165,642,802	1,626,800
2012	79,662,700	118,365,000	-	-	198,027,700	6,887,300
2013	92,135,000	98,420,000	-	191,245	190,746,245	10,095,000
2014	97,255,000	107,520,000	-	129,374	204,904,374	11,105,000
2015	93,770,000	105,350,000	-	65,693	199,185,693	10,805,000

- (1) Presented net of original issuance discounts and premiums
- (2) Personal income is disclosed on page 172
- (3) Greater Killeen Chamber of Commerce

**TABLE XI**

Business-Type Activities					
Revenue Bonds (1)	Certificates of Obligation (1)	Total Business-Type Activities (1)	Total Primary Government (1)	Percentage of Personal Income (2)	Per Capita (3)
\$ 45,320,000	\$ 19,702,757	\$ 71,438,656	\$ 146,440,000	1.26%	\$ 1,418.85
43,670,000	16,203,257	65,359,556	138,745,000	1.08%	1,344.30
63,105,000	15,602,257	83,230,756	194,364,541	1.43%	1,728.70
60,390,000	17,073,027	81,098,427	206,918,937	1.41%	1,769.54
56,640,000	16,320,000	75,574,500	196,699,099	1.30%	1,645.88
53,570,000	15,710,000	70,906,800	236,549,602	1.51%	1,849.19
50,945,000	8,570,000	66,402,300	264,430,000	1.60%	2,014.15
65,430,000	3,725,000	79,250,000	269,996,245	1.61%	1,999.75
60,775,000	2,010,000	73,890,000	278,794,374	1.67%	2,032.81
55,820,000	1,590,000	68,215,000	267,400,693	1.61%	1,850.05

**CITY OF KILLEEN, TEXAS**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2006	\$ 41,075,000	\$ 3,625,000	\$ 37,450,000	1.10%	\$ 363
2007	37,450,000	3,775,000	33,675,000	0.86%	326
2008	51,100,000	3,910,000	47,190,000	1.08%	420
2009	60,465,000	3,100,000	57,365,000	1.19%	491
2010	70,425,000	3,565,000	66,860,000	1.31%	559
2011	73,790,000	3,780,000	70,010,000	1.36%	547
2012	86,550,000	4,115,000	82,435,000	1.55%	628
2013	102,230,000	2,840,000	99,390,000	1.83%	736
2014	108,360,000	3,785,000	104,575,000	1.84%	763
2015	104,575,000	4,900,000	99,675,000	1.76%	690

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

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments.
- (3) See the Schedule of Assessed and Estimated Actual Value of Property on page 156 for property value data.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 172.

**TABLE XIII**

**CITY OF KILLEEN, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
SEPTEMBER 30, 2015**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Bell County	\$ 136,375,000	32.63%	\$ 44,499,163
Killeen Independent School District	69,295,000	73.02%	<u>50,599,209</u>
Subtotal, overlapping debt			95,098,372
City of Killeen			<u>199,185,693</u>
Total direct and overlapping debt			<u><u>\$ 294,284,065</u></u>

Sources: Outstanding debt provided by each governmental unit.

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

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

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TABLE XIV

**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	
2006	\$ 27,036,300	\$ 15,531,689	\$ 11,504,611	\$ 1,490,000	\$ 2,349,391	\$ 3,839,391	3.00
2007	26,898,319	16,935,527	9,962,792	1,730,000	2,035,991	3,765,991	2.65
2008	30,195,389	17,735,554	12,459,835	2,715,000	2,881,361	5,596,361	2.23
2009	30,603,258	19,476,310	11,126,948	3,870,000	2,776,886	6,646,886	1.67
2010	30,001,656	20,290,881	9,710,775	3,050,000	2,298,482	5,348,482	1.82
2011	35,659,361	21,360,822	14,298,539	3,280,000	2,383,260	5,663,260	2.52
2012	37,571,221	21,373,966	16,197,255	3,765,000	2,259,114	6,024,114	2.69
2013	36,532,116	21,749,379	14,782,737	4,655,000	2,780,579	7,435,579	1.99
2014	35,391,913	23,329,781	12,062,132	4,955,000	2,204,430	7,159,430	1.68
2015	37,487,713	24,850,101	12,637,612	5,075,000	2,088,175	7,163,175	1.76

Source: Finance Department, City of Killeen

\* Total operating expenses less depreciation

**CITY OF KILLEEN, TEXAS  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
LAST TEN FISCAL YEARS**

Fiscal Year	City of Killeen			Overlapping Bell County		
	Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen	Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen
2006	\$ 146,440,000	100.00%	\$ 146,440,000	\$ 98,050,000	28.24%	\$ 27,689,320
2007	138,745,000	100.00%	138,745,000	99,855,000	28.24%	28,199,052
2008	194,364,541	100.00%	194,364,541	131,625,000	28.24%	37,170,900
2009	206,918,937	100.00%	206,918,937	126,620,000	28.24%	35,757,488
2010	196,699,099	100.00%	196,699,099	130,835,000	28.24%	36,947,804
2011	236,549,602	100.00%	236,549,602	125,045,000	34.47%	43,103,012
2012	264,430,000	100.00%	264,430,000	118,200,000	32.98%	38,982,360
2013	269,996,245	100.00%	269,996,245	122,035,000	32.96%	40,222,736
2014	278,794,374	100.00%	278,794,374	113,865,000	34.13%	38,862,128
2015	267,400,693	100.00%	267,400,693	136,375,000	32.63%	44,499,163

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

**TABLE XV**

Debt						
Killeen Independent School District			Central Texas College			Total Amount Applicable to Killeen
Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen	Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen	
\$ 158,793,665	77.93%	\$ 123,747,903	\$ 6,530,000	67.16%	\$ 4,385,548	\$ 302,262,771
144,650,000	77.93%	112,725,745	4,445,000	67.16%	2,985,262	282,655,059
135,050,000	77.93%	105,244,465	-	N/A	-	336,779,906
127,110,000	77.93%	99,056,823	-	N/A	-	341,733,248
115,830,000	77.93%	90,266,319	-	N/A	-	323,913,222
107,105,000	74.87%	80,189,514	-	N/A	-	359,842,127
94,535,000	74.93%	70,835,076	-	N/A	-	374,247,436
86,685,000	74.89%	64,918,397	-	N/A	-	375,137,378
78,505,000	74.11%	58,180,056	-	N/A	-	375,836,554
69,295,000	73.02%	50,599,209	-	N/A	-	362,499,065

**CITY OF KILLEEN, TEXAS  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2006	2007	2008	2009
Assessed Value, Tax Roll	\$ 3,024,014,497	\$ 3,504,499,234	\$ 3,975,581,548	\$ 4,398,110,371
	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>
Legal Debt Limit	<u>\$ 75,600,362</u>	<u>\$ 87,612,481</u>	<u>\$ 99,389,539</u>	<u>\$ 109,952,759</u>
Actual amount expended for general obligation debt service during the year	\$ 4,075,825	\$ 5,470,766	\$ 5,449,036	\$ 6,162,242

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

**TABLE XVI**

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 4,565,643,251	\$ 4,598,247,312	\$ 4,726,643,478	\$ 4,811,938,035	\$ 5,004,176,039	\$ 5,019,547,844
<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>
<u>\$ 114,141,081</u>	<u>\$ 114,956,183</u>	<u>\$ 118,166,087</u>	<u>\$ 120,298,451</u>	<u>\$ 125,104,401</u>	<u>\$ 125,488,696</u>
\$ 6,100,636	\$ 6,407,155	\$ 6,834,172	\$ 8,202,360	\$ 7,184,594	\$ 8,457,092

TABLE XVII

**CITY OF KILLEEN, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	City of Killeen Population (a)	Killeen-Temple Fort Hood Metropolitan Statistical Area Population (b)	Killeen-Temple Fort Hood Metropolitan Personal Income (amounts expressed in thousands) (b)	Killeen-Temple Fort Hood Metropolitan Per Capita Personal Income	Killeen-Temple Fort Hood Metropolitan Unemployment Rates (c)
2006	103,210	357,580	\$ 11,648,344	\$ 32,575	5.1
2007	103,210	370,755	12,845,443	34,647	4.7
2008	112,434	378,935	13,601,991	35,895	5.4
2009	116,934	379,231	14,697,693	38,757	7.1
2010	119,510	408,366	15,167,523	37,142	7.8
2011	127,921	405,300	15,620,330	38,260	8.5
2012	131,286	412,804	16,500,090	39,971	7.2
2013	135,015	420,532	16,809,925	39,973	7.2
2014	137,147	423,257	16,727,204	39,520	5.9
2015	144,537	424,858	16,576,889	39,017	4.7

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

**TABLE XVIII**

**CITY OF KILLEEN, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Name of Employer	2015			2006		
	Employees	Rank	% of Total	Employees	Rank	% of Total
Fort Hood (includes soldiers and civilians)	61,434	1	83.05%			
Killeen ISD	6,000	2	8.11%	5,145	3	8.12%
Central Texas College	1,487	3	2.01%	1,100	6	1.74%
City of Killeen	1,286	4	1.74%	891	8	1.41%
Metroplex Hospital	1,200	5	1.62%	935	7	1.47%
Aegis Communications	1,200	6	1.62%			
ESP, Inc.	420	7	0.57%			
Scott & White Clinic	361	8	0.49%	7,100	2	11.20%
Seton Medical Center Harker Heights	350	9	0.47%			
Blackboard Student Services	238	10	0.32%			
III Corp & Fort Hood				42,322	1	66.75%
Civilian Personnel Office				3,187	4	5.03%
Fort Hood Exchange				1,218	5	1.92%
Killeen Mall				800	9	1.26%
Wal-Mart				700	10	1.10%
Subtotal	<u>73,976</u>		<u>100.00%</u>	<u>63,398</u>		<u>100.00%</u>

Source: Greater Killeen Chamber of Commerce

**CITY OF KILLEEN, TEXAS**  
**FULL TIME AND REGULAR PART-TIME EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
City Manager	3	4	4	4	4	4	3	4	2	2
Assistant City Manager - External	0	0	3	3	3	3	2	2	2	2
Assistant City Manager - Internal	0	0	0	0	0	0	0	0	2	2
Downtown Revitalization	0	1	1	0	0	0	1	0	0	0
City Auditor	0	1	1	1	1	1	1	1	1	1
Grant Administration	0	0	0	0	1	1	0	0	0	0
Municipal Court	19	23	23	24	24	24	24	25	25	23
Public Information	2	1.5	1.5	2.5	1.95	1.95	2.5	2.5	2.5	2.5
Killeen Volunteer Services	3	3	3	3	3	3	3	3	3	3
City Attorney	7	7	7	7	7	8	8	7	7	7
City Secretary	1	1	1	1	1	1	1	1	1	1
Finance	13	13	13	13	12	13	13	13	14	13
Purchasing	4	4	4	4	4	5	2	5	5	5
Building Services	3	3	3	3.5	3.5	3.5	3.5	6	6	7
Custodial Services	8	9	10	10	13	13	12	18	18	18
Printing Services	2	2	2	2.5	2.5	2.5	2.5	3	3	3
Purchasing - General Administratio	0	0	0	0	0	0	3	0	0	0
Support Services	0	0	0	0	0	0	0	2	1	1
Human Resources	10	10	11	12	12	12	12	12	13	14
Information Technology	12	12	14	15	15	15	14	19	19	19
Library Services	30	31	32	32	32	32	32	29	29	26
Golf Course	17	17	18	18	19	19	19	20	20	18.5
Golf Course Food & Beverage	0	5	5	5	5	5	0	0	0	0
Community Center Operations	0	0	6	6	6	6	6	3	5	3
Parks	31	37	33	33	33	33	33	33	35	37
Lions Club Park	0	0	14	14	14	14	14	13	14	16
Family Aquatics Center	0	0	0	2	2	2	2	2	2	1
Killeen Arts and Activities Center	0	0	0	0	0	0	4	4	5	5
Recreation	3	3	6	6	2	2	2	2	2	2
Athletics	3	3	3	3	3	3	3	3	3	3
Cemetery	6	6	6	6	6	6	6	6	6	5
Senior Citizens	3	5	6	6	6	6	6	4	4	4
Community Development	4	3	3	3	3	3	3	4	5	4
Home Program	2	1	1	1	1	1	1	1	1	1
Lien Services	0	0	0	0	0	0	0	0	0	2
Public Works	2	2	2	2	2	2	2	2	2	2
Traffic	10	9	10	10	10	10	10	5	5	5
Streets	39	39	43	47	47	47	48	52	52	52
Engineering	2	2	2	2	2	2	0	0	0	0
Planning & Development	8	9	9	9	10	10	10	7	7	7
Building Inspections	14	16	14	14	15	15	15	15	14	14
Code Enforcement	8	8	8	9	9	11	11	13	15	15
Police	249	267	287	305	314	316	327	319	333	355
Animal Control	8	8	11	11	11	11	11	12	13	17
Fire	143	194	194	200	200	200	200	200	200	200
Emergency Management & Homeland Security	0	1	1	1	1	1	1	1	1	1
EMS Billing & Collections	5	5	5	5	5	0	6	6	6	6
<b>Total General Fund</b>	<b>674</b>	<b>765.5</b>	<b>820.5</b>	<b>855.5</b>	<b>865.95</b>	<b>867.95</b>	<b>879.5</b>	<b>879.5</b>	<b>903.5</b>	<b>925</b>

Source: Finance Department, City of Killeen

**TABLE XIX**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Killeen-Fort Hood Regional Airport</b>										
Killeen-Fort Hood										
Regional Airport	<u>37.5</u>	<u>40</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>39</u>
Total Killeen-Fort Hood										
Regional Airport Fund	<u>37.5</u>	<u>40</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>39</u>
<b>Skylark Field</b>										
Skylark Field	<u>5.5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total Skylark Field Fund	<u>5.5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
<b>Solid Waste</b>										
Custodial	0	1	1	1	1	1	1	0	0	0
Accounting	0	0	0	4	4	4	4	4	4	4
Residential Services	38	38	40	41.2	41.2	42.2	44	44	46	44.5
Commercial Services	19	20	21	20	20	20	20	20	20	21
Recycle Center	7	7	7	7	7	7	7	7	7	6
Transfer Station	11	13	13	15	15	16	16	16	16	15.5
Mowing Operations	<u>11</u>	<u>11</u>	<u>19</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>17.5</u>	<u>23</u>	<u>21</u>	<u>22.5</u>
Total Solid Waste Fund	<u>86</u>	<u>90</u>	<u>101</u>	<u>110.2</u>	<u>110.2</u>	<u>112.2</u>	<u>109.5</u>	<u>114</u>	<u>114</u>	<u>113.5</u>
<b>Water and Sewer</b>										
Fleet Services	19	22	23	23	23	23	26	26	26	26
Utility Collections	32	34	35	38	38	38	40	39.5	40.5	40.5
Information Technology	0	0	0	0	0	0	0	5	5	5.0
GIS	0	0	0	5	5	5	5	0	0	0
Water Distribution	15	15	19	19	19	19	19	19	19	19
Sanitary Sewer	13	13	13	15	15	15	15	15	15	15
Water and Sewer Operations	24	20	24	24	24	26	27	27	28	28
Engineering	<u>0</u>	<u>8</u>	<u>9</u>	<u>9.6</u>	<u>9.6</u>	<u>10.6</u>	<u>11.8</u>	<u>11.8</u>	<u>10.8</u>	<u>13.8</u>
Total Water and Sewer Fund	<u>103</u>	<u>112</u>	<u>123</u>	<u>133.6</u>	<u>133.6</u>	<u>136.6</u>	<u>143.8</u>	<u>143.3</u>	<u>144.3</u>	<u>147.3</u>
<b>Drainage Utility Fund</b>										
Engineering	9	3	3	3.2	3.2	4.2	4.2	3	4	4
Drainage Maintenance	0	12	21	30	30	31	32.5	33.5	34	33.5
Environmental Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>
Total Drainage Utility Fund	<u>9</u>	<u>15</u>	<u>24</u>	<u>33.2</u>	<u>33.2</u>	<u>35.2</u>	<u>36.7</u>	<u>37.7</u>	<u>39.2</u>	<u>38.7</u>
<b>Special Revenue Fund</b>										
Civic and Conference Center	15	14	14	14	14	14	14	11.5	11.5	11.5
Convention Visitors Bureau	0	0	0	0	0	0	0	0	2.5	2.5
Community Development	4	4	4	5	5	2	2	2	2	1
Cablesystem PEG	0	1.5	1.5	1.5	1.5	3.05	3.5	3.5	3.5	3.5
Home Program	1	1	1	1	1	1	1	1	1	1
Court Security Fund	0	0	0	0	0	0	0	0	0	1
Juvenile Case Manager	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Total Special Revenue Fund	<u>20.0</u>	<u>20.5</u>	<u>20.5</u>	<u>21.5</u>	<u>21.5</u>	<u>20.1</u>	<u>20.5</u>	<u>18.0</u>	<u>20.5</u>	<u>22.5</u>
<b>Capital Improvement</b>										
Bond Construction	0	0	0	1	1	1	1	0	0	0
Water and Sewer Improvements	0	0	0	0	0	0	0	5	5	5
Pass Thru Finance Construction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>8</u>	<u>8</u>	<u>8</u>
Total Capital Improvement Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>13</u>	<u>13</u>	<u>13</u>
Total all funds	<u>935</u>	<u>1047</u>	<u>1134</u>	<u>1200</u>	<u>1210.5</u>	<u>1223</u>	<u>1241</u>	<u>1251</u>	<u>1279.5</u>	<u>1303</u>

**CITY OF KILLEEN, TEXAS  
WATERWORKS SYSTEM  
SEPTEMBER 30, 2015**

**WATER USAGE OF THE LAST TEN YEARS (IN MILLIONS OF GALLONS)**

Fiscal Year	Peak Day Usage	Average Day Usage	Total Usage
2006	22.31	12.99	4747
2007	18.72	11.99	4378
2008	23.37	14.47	5299
2009	26.28	14.93	5460
2010	25.74	14.64	5350
2011	24.96	15.25	5566
2012	25.82	15.16	5553
2013	25.12	15.06	5497
2014	22.33	14.72	5371
2015	23.04	15.30	5585

**TEN LARGEST WATER CUSTOMERS (IN THOUSANDS OF GALLONS)**

Customer	Annual Water Usage	Annual Amount Billed	% of Total Water Usage
CITY OF KILLEEN - GOLF IRR	130,289,400	\$ 80,613.61	2.99808%
METROPLEX HOSPITAL	22,495,800	62,650.67	0.51765%
PREMIER CEMETERY SERVICE INC	20,743,000	65,317.27	0.47732%
INDEPENDENCE PLACE AT FT HOOD	20,041,900	63,184.21	0.46118%
KISD - ELLISON HIGH SCHOOL	13,166,000	48,555.77	0.30296%
STONE HILL APARTMENTS	12,534,300	38,836.32	0.28843%
CITY OF KILLEEN - PARKS	11,994,600	39,572.40	0.27601%
CITY OF KILLEEN - PARKS	11,644,900	37,704.73	0.26796%
TGFT ENTERPRISE INC DBA ZIP	11,612,900	37,465.56	0.26722%
BRIDGEMOOR APARTMENTS	9,642,500	31,451.37	0.22188%

Note: Percent of total consumption based on 4,345,766,120 gallons annual consumption.

**MONTHLY WATER RATES (EFFECTIVE 10/01/2014)**

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

0 to 2,000 gallons based on meter size:

	Residential and Multi-Family	Commercial
5/8" and 3/4"	\$12.39	\$12.83
1"	13.72	14.24
1-1/2"	17.04	17.69
2"	21.02	21.83
3"	30.33	31.51
4"	43.65	45.36
6"	77.88	80.96
8"	116.76	121.52
10"	163.32	169.81
<b>Residential</b>		<b>Commercial</b>
2,001 - 25,000 gals	\$3.09/1,000	All over 2,000 gals \$3.20/1,000
Over 25,000 gals	\$3.69/1,000	All over 2,000 gals \$3.20/1,000 Multi-Family & MHP

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

**TEN LARGEST WASTEWATER CUSTOMERS (MGD)**

Customer	Annual Water Usage	Annual Amount Billed
CTC	40,522,069	\$ 154,065.40
METROPLEX HOSPITAL	18,986,670	72,023.98
INDEPENDENCE PLACE AT FT HOOD	13,466,029	51,072.50
STONE HILL APARTMENTS	11,284,459	42,894.22
TGFT ENTERPRISE INC DBA ZIP	10,455,199	39,750.60
BRIDGEMOOR APARTMENTS	8,681,839	33,015.82
BLESSING STONEGATE MHP	8,093,800	45,291.30
SOUTHERN HILLS MHP	7,723,600	41,259.21
SUMMERFIELD COMMUNITY	7,501,700	42,020.78
KEYSTONE APARTMENTS	6,737,779	25,674.54

**CITY OF KILLEEN, TEXAS  
MISCELLANEOUS STATISTICS  
SEPTEMBER 30, 2015**

Date of Incorporation	1882	<b>Public Works</b>	
Date of Charter	1949	Paved Streets	558 miles
Legal Form of Government: Home Rule Municipal Corp.		Unpaved Streets	1 mile
Management Form of Government: Council - Manager		Arterial Streets (State)	41 miles
Area in Square Miles	55.56	Storm Water Mains	93,099 linear ft
		Inlets and Outfalls	3,173 structures
<b>Airport</b>		Curb and Gutter	884 miles
Number of Airports	2	Open Channels	197 miles
Number of Acres	289	Signalized Intersections	92
Number of Airlines	3		
Passengers Enplaning	149,008	<b>Wastewater Systems</b>	
Passengers Deplaning	154,124	Sanitary Sewer Mains	535 miles
		Sewer Connections	52,636
<b>Fire Protection</b>		Number of Manholes	7,230
Number of Fire Stations	8		
Fire Apparatus	32	Bell Co. WCID #1 Wastewater Treatment Plants:	
Number of Fire Hydrants	4,611		
Number of Firefighters	194		
Number of Fire Runs	9,386		
Number of Paramedic Runs	16,352		
EMS Units	14		
<b>Libraries</b>			
Number of Libraries	2		
Number of Visitors	26,468		
Number of Volumes	138,331		
Circulation of Volumes	291,638		
Library Cards in Force	76,989		
Children's Program Attendance	8,933		
Public Computer Sessions	81,897		
<b>Parks and Recreation</b>			
Number of Parks	21		
Playgrounds	22		
Municipal Golf Courses	1		
Disc Golf Course	1		
Swimming Pools	2		
Tennis Courts	5		
Recreation Centers	1		
Baseball/Softball Fields	15		
Soccer Fields	6		
Jogging/Walking Trails	3		
Senior Center	2		
Aquatics Center	1		
<b>Police Protection</b>			
Number of Facilities	5		
Commissioned Police Officers	281		
Number of Employees-Other	105		
		<b>Water System</b>	
		Average Daily Consumption	14.7 mgd
		Rated Daily Capacity	32 mgd
		Water Mains	651 miles
		Water Connections	57,040
		Storage Capacity	41 mg
		Facilities not included in the Reporting Entity:	
		<b>Education*</b>	
		Number of Elementary Schools	33
		Number of Middle Schools	14
		Number of High Schools	12
		Number of Universities/Colleges	2
		* Schools include all campuses in the Killeen Independent School District.	

**CONTINUING FINANCIAL DISCLOSURE TABLES  
(UNAUDITED)**

The Continuing Disclosure 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.

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**CITY OF KILLEEN, TEXAS  
CONTINUING FINANCIAL DISCLOSURE TABLES  
YEAR ENDED SEPTEMBER 30, 2015**

**I. GENERAL OBLIGATION BOND TABLES**

**TABLE 1 – VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT**

2015 Market Valuation Established by Bell County Appraisal District (excluding totally exempt property)		\$ 5,783,657,875
Less Exemptions/Deductions		764,110,031
		\$ 5,019,547,844
2015 Net Taxable Assessed Valuation		\$ 5,019,547,844
Debt Payable from Ad Valorem Taxes (as of 9-30-15)		
General Obligation Bonds	\$ 104,575,000	
Certificates of Obligation	58,060,000	
Pass Through Toll Revenue Bonds	48,880,000	
Debt Payable from Ad Valorem Taxes		\$ 211,515,000
Less Self-Supporting Debt <sup>(1)</sup>		19,155,000
Net Debt Payable from Ad Valorem Taxes		\$ 192,360,000
Interest and Sinking Fund (as of 9-30-15)		\$ 1,831,927
Ratio Tax Supported Debt to Taxable Assessed Valuation		4.21%
Net Tax Supported Debt to Taxable Assessed Valuation		3.83%

2015 Estimated Population - 144,537  
Per Capita Taxable Assessed Valuation - \$34,728  
Per Capita Net Debt Payable from Ad Valorem Taxes - \$1,331

(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  
CONTINUING FINANCIAL DISCLOSURE TABLES  
YEAR ENDED SEPTEMBER 30, 2015**

**TABLE 2 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9-30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Year <sup>(2)(3)</sup>	Ratio Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2011	127,921	\$ 4,598,247,312	\$ 35,946	\$ 182,979,601	3.98%	\$ 1,430
2012	130,018	4,726,643,478	36,354	213,485,000	4.52%	1,642
2013	134,654	4,811,938,035	35,736	204,375,000	4.25%	1,518
2014	137,147	5,004,176,039	36,488	217,890,000	4.35%	1,589
2015	144,537	5,019,547,844	34,728	211,515,000	4.21%	1,463

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

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

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

**TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9-30	Tax Rate	Distribution			Tax Levy	% Current Collections	% Total Collections
		General Fund	Interest and Sinking Fund				
2011	0.7428	0.5087	0.2341	\$ 34,067,649	96.62%	97.49%	
2012	0.7428	0.5473	0.1955	35,011,924	96.83%	98.06%	
2013	0.7428	0.5056	0.2372	35,654,174	96.77%	97.46%	
2014	0.7428	0.5041	0.2387	37,098,327	95.44%	96.13%	
2015	0.7498	0.5229	0.2269	36,064,932	96.00%	96.61%	

**TABLE 4 – TEN LARGEST TAXPAYERS**

NAME OF TAXPAYER	2015 Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
Oncor Electric Delivery Co. LLC	\$ 59,675,640	1.19%
Wal-Mart Real Estate Business Trust	18,777,538	0.37%
Killeen Mall, LLC	16,388,819	0.33%
Central Telephone Company	14,354,534	0.29%
Stone Creek Investment LLC	13,620,400	0.27%
Stewart and Stevenson	12,618,994	0.25%
Watercrest Place LP	11,825,894	0.24%
HEB Grocery Company LP	11,822,788	0.24%
Feiga/Sierra Creek, LP	10,232,231	0.20%
Bentina LTD	9,575,531	0.19%
	<u>178,892,369</u>	<u>3.57%</u>

**CITY OF KILLEEN, TEXAS  
CONTINUING FINANCIAL DISCLOSURE TABLES  
YEAR ENDED SEPTEMBER 30, 2015**

**TABLE 5 – ESTIMATED OVERLAPPING DEBT**

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information received from these various taxing entities. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional obligations since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional obligations, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

<u>Taxing Jurisdiction</u>	<u>Total G.O. Tax Debt</u>	<u>Estimated % Applicable</u>	<u>City's Overlapping G.O. Tax Debt as of 9/30/2013</u>
Bell County	\$ 136,375,000	32.63%	\$ 44,499,163
Killeen ISD	69,295,000	73.02%	50,599,209
City of Killeen	192,360,000 <sup>(1)</sup>	100.00%	<u>192,360,000</u> <sup>(1)</sup>
Total Direct and Overlapping Net Funded Debt			\$ 287,458,372
Ratio of Direct and Overlapping Net Funded Debt to Taxable Assessed Valuation			5.73% <sup>(1)</sup>
Per Capita Direct and Overlapping Net Funded Debt			\$ 1,989 <sup>(1)</sup>

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

**CITY OF KILLEEN, TEXAS  
CONTINUING FINANCIAL DISCLOSURE TABLES  
YEAR ENDED SEPTEMBER 30, 2015**

**TABLE 6 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 9/30	Outstanding Debt <sup>(1)</sup>			LESS: System- Supported Debt Service <sup>(2)</sup>	Total Tax- Supported Debt Service
	Principal	Interest	Total		
2016	\$ 8,255,000	\$ 9,175,507	\$ 17,430,507	\$ 1,883,758	\$ 15,546,749
2017	8,770,000	8,933,007	17,703,007	1,877,958	15,825,049
2018	9,325,000	8,629,370	17,954,370	1,869,196	16,085,174
2019	9,935,000	8,276,933	18,211,933	1,877,721	16,334,212
2020	10,360,000	7,877,438	18,237,438	1,873,986	16,363,452
2021	10,810,000	7,458,163	18,268,163	1,870,486	16,397,677
2022	11,330,000	6,960,328	18,290,328	1,876,886	16,413,442
2023	11,860,000	6,456,658	18,316,658	1,875,146	16,441,512
2024	11,565,000	5,925,645	17,490,645	1,875,496	15,615,149
2025	12,105,000	5,406,075	17,511,075	1,877,736	15,633,339
2026	12,670,000	4,834,973	17,504,973	1,876,598	15,628,375
2027	11,705,000	4,236,123	15,941,123	1,342,073	14,599,050
2028	12,275,000	3,682,235	15,957,235	1,340,823	14,616,412
2029	12,845,000	3,117,895	15,962,895	1,337,238	14,625,657
2030	11,355,000	2,558,214	13,913,214	1,181,438	12,731,776
2031	9,940,000	2,098,545	12,038,545	-	12,038,545
2032	10,415,000	1,633,333	12,048,333	-	12,048,333
2033	7,410,000	1,193,020	8,603,020	-	8,603,020
2034	7,700,000	847,390	8,547,390	-	8,547,390
2035	5,210,000	488,325	5,698,325	-	5,698,325
2036	3,095,000	255,338	3,350,338	-	3,350,338
2037	825,000	111,700	936,700	-	936,700
2038	860,000	76,000	936,000	-	936,000
2039	895,000	38,750	933,750	-	933,750
	<u>\$ 211,515,000</u>	<u>\$ 100,270,965</u>	<u>\$ 311,785,965</u>	<u>\$ 25,836,539</u>	<u>\$ 285,949,426</u>

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

(2) Self-supporting general obligation debt. - See Table 1, footnote 1 for more information.

**TABLE 7 – AUTHORIZED BUT UNISSUED DEBT**

Purpose	Date	Amount	Amount	Amount	Unissued Balance
	Authorized or Issued	Authorized	Heretofore Issued	Being Issued	
Public Safety	11/5/2002	\$23,255,000	\$21,665,000	\$1,590,000	\$0
Parks and Recreation	11/5/2002	18,040,000	13,440,000	4,600,000	0
Total		<u>\$41,295,000</u>	<u>\$35,105,000</u>	<u>\$6,190,000</u>	<u>\$0</u>

**CITY OF KILLEEN, TEXAS  
CONTINUING FINANCIAL DISCLOSURE TABLES  
YEAR ENDED SEPTEMBER 30, 2015**

**TABLE 8 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	Fiscal Years Ended September 30,				
	2015	2014	2013	2012	2011
<b>Revenues:</b>					
Taxes	\$ 53,087,788	\$ 50,650,046	\$ 49,575,864	\$ 51,269,833	\$ 48,290,563
Licenses and Permits	1,589,563	1,898,797	1,290,444	1,396,708	1,284,569
Intergovernmental	2,937,314	754,572	961,131	708,341	638,832
Contributions	177,817	440,296	513,433	423,348	444,024
Charges for Services	5,495,085	5,330,262	5,022,021	5,486,497	5,422,747
Fines	2,619,270	2,629,747	3,035,507	2,390,901	2,550,388
Developer Contributions	-	-	-	-	3,375,908
Miscellaneous	1,473,637	1,283,669	1,003,786	1,037,278	650,178
<b>Total Revenues</b>	<b>67,380,474</b>	<b>62,987,389</b>	<b>61,402,186</b>	<b>62,712,906</b>	<b>62,657,209</b>
<b>Expenditures:</b>					
General Government	10,068,421	9,712,302	9,552,639	9,013,405	9,114,615
Public Safety	47,834,075	44,258,487	42,167,379	40,775,286	40,314,176
Public Works	3,685,521	4,133,163	3,743,936	3,696,299	4,117,983
Community Development/Services	8,349,931	7,990,472	7,114,645	7,320,501	7,904,779
Miscellaneous	6,495,235	6,256,371	6,181,920	5,451,968	6,412,904
Capital Outlay	2,083,546	1,247,656	1,638,211	758,245	4,968,038
Debt Service	68,313	68,313	67,691	241,187	240,170
<b>Total Expenditures</b>	<b>78,585,042</b>	<b>73,666,764</b>	<b>70,466,421</b>	<b>67,256,891</b>	<b>73,072,665</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,204,568)	(10,679,375)	(9,064,235)	(4,543,985)	(10,415,456)
<b>Other financing sources (uses)</b>					
Transfers In	9,294,366	8,694,145	7,588,166	8,857,364	7,571,598
Transfers Out	(293,923)	(16,755)	(11,731)	-	(107,089)
Capital Lease	-	-	258,936	-	-
<b>Total other financing sources (uses)</b>	<b>9,000,443</b>	<b>8,677,390</b>	<b>7,835,371</b>	<b>8,857,364</b>	<b>7,464,509</b>
Net Increase (Decrease)	(2,204,125)	(2,001,985)	(1,228,864)	4,313,379	(2,950,947)
Beginning Fund Balance	20,333,021	22,335,006	23,563,870	19,250,491	22,201,438
Ending Fund Balance	<b>\$ 18,128,896</b>	<b>\$ 20,333,021</b>	<b>\$ 22,335,006</b>	<b>\$ 23,563,870</b>	<b>\$ 19,250,491</b>

**TABLE 9 – MUNICIPAL SALES TAX HISTORY**

Fiscal Year Ended 9-30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2011	\$ 20,306,910	59.61%	0.4416	159
2012	21,557,147	61.57%	0.4573	166
2013	22,058,498	61.87%	0.4596	164
2014	22,118,887	59.62%	0.4429	161
2015	23,315,571	64.65%	0.4847	161

**CITY OF KILLEEN, TEXAS  
CONTINUING FINANCIAL DISCLOSURE TABLES  
YEAR ENDED SEPTEMBER 30, 2015**

**TABLE 10 – CURRENT INVESTMENTS**

As of September 30, 2015 the City's investible funds were invested in the following categories:

Description	Percent	Book Value	Market Value
TexPool (Investment Pool)	21.457%	\$ 17,552,734	\$ 17,552,734
TexStar (Investment Pool)	4.458%	3,646,462	3,646,462
TexasTerm (Investment Pool)	0.482%	394,336	394,336
Money Market Accounts	45.978%	37,611,534	37,611,534
Certificates of Deposit	27.625%	22,598,192	22,598,192
Total	100.000%	\$ 81,803,258	\$ 81,803,258

As of such date, 91.99 % of the City's investment portfolio will mature within one year. The market value of the investment portfolio was approximately 100.00 % of its purchase price.

**TABLE 11 – HOTEL OCCUPANCY TAX REVENUES AND EXPENDITURE HISTORY**

	Fiscal Years Ended September 30,				
	2015	2014	2013	2012	2011
<u>Revenues:</u>					
Taxes	\$ 1,776,199	\$ 1,722,623	\$ 1,696,609	\$ 1,652,409	\$ 1,636,001
Miscellaneous	678,495	616,840	637,271	702,994	579,242
Total Revenues	2,454,694	2,339,463	2,333,880	2,355,403	2,215,243
<u>Expenditures:</u>					
General Government	1,567,108	1,506,634	1,540,785	1,582,371	1,606,911
Community Services	274,526	175,652	252,097	213,883	264,559
Capital Outlay	19,097	5,136	-	14,001	87,959
Total Expenditures	1,860,731	1,687,422	1,792,882	1,810,255	1,959,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	593,963	652,041	540,998	545,148	255,814
<u>Other Financing Uses:</u>					
Transfers Out	(727,200)	(727,900)	(725,200)	(607,200)	(695,300)
Total Other Financing Uses	(727,200)	(727,900)	(725,200)	(607,200)	(695,300)
Net Decrease	(133,237)	(75,859)	(184,202)	(62,052)	(439,486)
Beginning Fund Balance	406,596	482,455	666,657	728,709	1,168,195
Ending Fund Balance	\$ 273,359	\$ 406,596	\$ 482,455	\$ 666,657	\$ 728,709

**CITY OF KILLEEN, TEXAS  
CONTINUING FINANCIAL DISCLOSURE TABLES  
YEAR ENDED SEPTEMBER 30, 2015**

**TABLE 12 – SPECIAL EVENTS CENTER REVENUES AND EXPENDITURE HISTORY**

	Fiscal Years Ended September 30,				
	2015	2014	2013	2012	2011
<u>Revenues:</u>					
Miscellaneous	\$ 17,475	\$ 27	\$ 90	\$ 150	\$ 244
Total Revenues	<u>17,475</u>	<u>27</u>	<u>90</u>	<u>150</u>	<u>244</u>
<u>Expenditures:</u>					
Community Services	-	-	-	-	6,839
Capital Outlay	-	71,959	-	-	-
Total Expenditures	<u>-</u>	<u>71,959</u>	<u>-</u>	<u>-</u>	<u>6,839</u>
Net Increase (Decrease)	17,475	(71,932)	90	150	(6,595)
Beginning Fund Balance	<u>67</u>	<u>71,999</u>	<u>71,909</u>	<u>71,759</u>	<u>78,354</u>
Ending Fund Balance	<u>\$ 17,542</u>	<u>\$ 67</u>	<u>\$ 71,999</u>	<u>\$ 71,909</u>	<u>\$ 71,759</u>

**CITY OF KILLEEN, TEXAS  
CONTINUING FINANCIAL DISCLOSURE TABLES  
YEAR ENDED SEPTEMBER 30, 2015**

**II. WATERWORKS AND SEWER SYSTEM REVENUE BOND TABLES**

**TABLE 1 – WATER USAGE (MGD)**

FISCAL YEAR ENDED 9-30	PEAK DAY USAGE	AVERAGE DAY USAGE	TOTAL USAGE
2011	24.96	15.25	5,566
2012	25.82	15.16	5,553
2013	25.12	15.06	5,497
2014	22.33	14.72	5,371
2015	23.04	15.30	5,585

**TABLE 2 – TEN LARGEST WATER CUSTOMERS (IN THOUSANDS OF GALLONS)**

CUSTOMER	ANNUAL WATER USAGE	ANNUAL AMOUNT BILLED	% OF TOTAL WATER USAGE
CITY OF KILLEEN - GOLF IRR	130,289,400	\$ 80,613.61	2.99808%
METROPLEX HOSPITAL	22,495,800	62,650.67	0.51765%
PREMIER CEMETERY SERVICE INC	20,743,000	65,317.27	0.47732%
INDEPENDENCE PLACE AT FT HOOD	20,041,900	63,184.21	0.46118%
KISD - ELLISON HIGH SCHOOL	13,166,000	48,555.77	0.30296%
STONE HILL APARTMENTS	12,534,300	38,836.32	0.28843%
CITY OF KILLEEN - PARKS	11,994,600	39,572.40	0.27601%
CITY OF KILLEEN - PARKS	11,644,900	37,704.73	0.26796%
TGFT ENTERPRISE INC DBA ZIP	11,612,900	37,465.56	0.26722%
BRIDGEMOOR APARTMENTS	9,642,500	31,451.37	0.22188%

Note: Percent of total consumption based on 4,345,766,120 gallons annual consumption.

**TABLE 3 – MONTHLY WATER RATES (EFFECTIVE 10/1/2014)**

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

	<u>0 to 2,000 gallons based on meter size:</u>	
	<u>Residential</u>	<u>Commercial</u>
5/8" and 3/4"	\$12.39	\$12.83
1"	13.72	14.24
1-1/2"	17.04	17.69
2"	21.02	21.83
3"	30.33	31.51
4"	43.65	45.36
6"	77.88	80.96
8"	116.76	121.52
10"	163.32	169.81
2,001-25,000 gallons per 1,000	3.09	3.20
Over 25,000 gallons per 1,000	3.69	3.20

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

**CITY OF KILLEEN, TEXAS  
CONTINUING FINANCIAL DISCLOSURE TABLES  
YEAR ENDED SEPTEMBER 30, 2015**

**TABLE 4 – TEN LARGEST WASTEWATER CUSTOMERS (MGD)**

<u>CUSTOMER</u>	<u>ANNUAL WATER USAGE</u>	<u>ANNUAL AMOUNT BILLED</u>
CTC	40,522,069	\$ 154,065.40
METROPLEX HOSPITAL	18,986,670	72,023.98
INDEPENDENCE PLACE AT FT HOOD	13,466,029	51,072.50
STONE HILL APARTMENTS	11,284,459	42,894.22
TGFT ENTERPRISE INC DBA ZIP	10,455,199	39,750.60
BRIDGEMOOR APARTMENTS	8,681,839	33,015.82
BLESSING STONEGATE MHP	8,093,800	45,291.30
SOUTHERN HILLS MHP	7,723,600	41,259.21
SUMMERFIELD COMMUNITY	7,501,700	42,020.78
KEYSTONE APARTMENTS	6,737,779	25,674.54

**TABLE 5 – MONTHLY WASTEWATER RATES (EFFECTIVE 10/1/2014)**

<u>Water Consumption</u>	<u>Residential</u>	<u>Commercial</u>
First 3,000 Gallons of Water Consumption	\$18.76 Minimum	\$19.15 Minimum
All Over 3,000 Gallons at \$3.80 per 1,000 Gallons	Not to Exceed 10,000 Gallons	No Maximum

**TABLE 6 – WATERWORKS AND SEWER SYSTEM REVENUE DEBT SERVICE REQUIREMENTS**

<b>Fiscal Year Ending</b>	<b>Outstanding Debt</b>			<b>Total Revenue Supported</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Debt Service</b>
9/30				
2016	\$ 5,075,000	\$ 2,088,175	\$ 7,163,175	\$ 7,163,175
2017	5,205,000	1,956,301	7,161,301	7,161,301
2018	4,335,000	1,830,871	6,165,871	6,165,871
2019	4,480,000	1,690,688	6,170,688	6,170,688
2020	3,935,000	1,528,158	5,463,158	5,463,158
2021	4,125,000	1,371,421	5,496,421	5,496,421
2022	3,675,000	1,191,934	4,866,934	4,866,934
2023	3,880,000	1,019,298	4,899,298	4,899,298
2024	4,085,000	872,970	4,957,970	4,957,970
2025	2,785,000	740,629	3,525,629	3,525,629
2026	2,880,000	629,229	3,509,229	3,509,229
2027	3,070,000	485,229	3,555,229	3,555,229
2028	1,245,000	369,806	1,614,806	1,614,806
2029	1,305,000	307,556	1,612,556	1,612,556
2030	1,345,000	265,144	1,610,144	1,610,144
2031	1,395,000	219,750	1,614,750	1,614,750
2032	1,465,000	150,000	1,615,000	1,615,000
2033	1,535,000	76,750	1,611,750	1,611,750
	<u>\$ 55,820,000</u>	<u>\$ 16,793,909</u>	<u>\$ 72,613,909</u>	<u>\$ 72,613,909</u>

**CITY OF KILLEEN, TEXAS  
CONTINUING FINANCIAL DISCLOSURE TABLES  
YEAR ENDED SEPTEMBER 30, 2015**

**TABLE 7 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	Fiscal Years Ended September 30,				
	2015	2014	2013	2012	2011
<b>Revenues: (1)</b>					
Charges for Services	\$ 37,007,157	\$ 35,243,516	\$ 36,532,116	\$ 37,571,221	\$ 35,659,361
Miscellaneous	480,556	148,397	132,662	103,721	104,123
Total Revenues	<u>37,487,713</u>	<u>35,391,913</u>	<u>36,664,778</u>	<u>37,674,942</u>	<u>35,763,484</u>
<b>Expenditures: (2)</b>					
Water Purchases	7,637,005	7,467,995	6,897,853	6,692,095	6,925,331
Sewer Service Contract	6,594,789	6,297,470	5,553,338	5,452,759	5,230,533
Operating Costs	10,618,307	9,564,316	9,298,188	9,229,112	9,204,958
Total Expenditures	<u>24,850,101</u>	<u>23,329,781</u>	<u>21,749,379</u>	<u>21,373,966</u>	<u>21,360,822</u>
Net Available for Debt Service	<u>\$ 12,637,612</u>	<u>\$ 12,062,132</u>	<u>\$ 14,915,399</u>	<u>\$ 16,300,976</u>	<u>\$ 14,402,662</u>
<b>Customer Count:</b>					
Water	46,765	46,073	44,510	45,068	41,765
Sewer	45,006	44,256	42,636	43,141	39,945

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

(2) Expenditures do not include depreciation.

**TABLE 8 – COVERAGE AND FUND BALANCES**

Average Annual Principal and Interest Requirements, 2016-2033	\$ 4,034,106
Coverage of Average Requirements by 2015 Net Income	3.13 Times
Maximum Principal and Interest Requirements, 2016-2033	\$ 7,163,175
Coverage of Maximum Requirements by 2015 Net Income	1.76 Times
Water and Sewer System Revenue Bonds Outstanding , 9-30-15	\$ 55,820,000
Interest and Sinking Fund, 9-30-15	\$ 1,240,479
Reserve Fund, 9-30-15	\$ - (1)

(1) Reserve fund satisfied with surety bond policies.

**TABLE 9 – CURRENT INVESTMENTS**

As of September 30, 2015 the City's investible funds were invested in the following categories:

Description	Percent	Book Value	Market Value
TexPool (Investment Pool)	21.457%	\$ 17,552,734	\$ 17,552,734
TexStar (Investment Pool)	4.458%	3,646,462	3,646,462
TexasTerm (Investment Pool)	0.482%	394,336	394,336
Money Market Accounts	45.978%	37,611,534	37,611,534
Certificates of Deposit	27.625%	22,598,192	22,598,192
Total	<u>100.000%</u>	<u>\$ 81,803,258</u>	<u>\$ 81,803,258</u>

As of such date, 91.99 % of the City's investment portfolio will mature within one year. The market value of the investment portfolio was approximately 100.00 % of its purchase price.



*Fiscal Year Ended September 30, 2015  
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