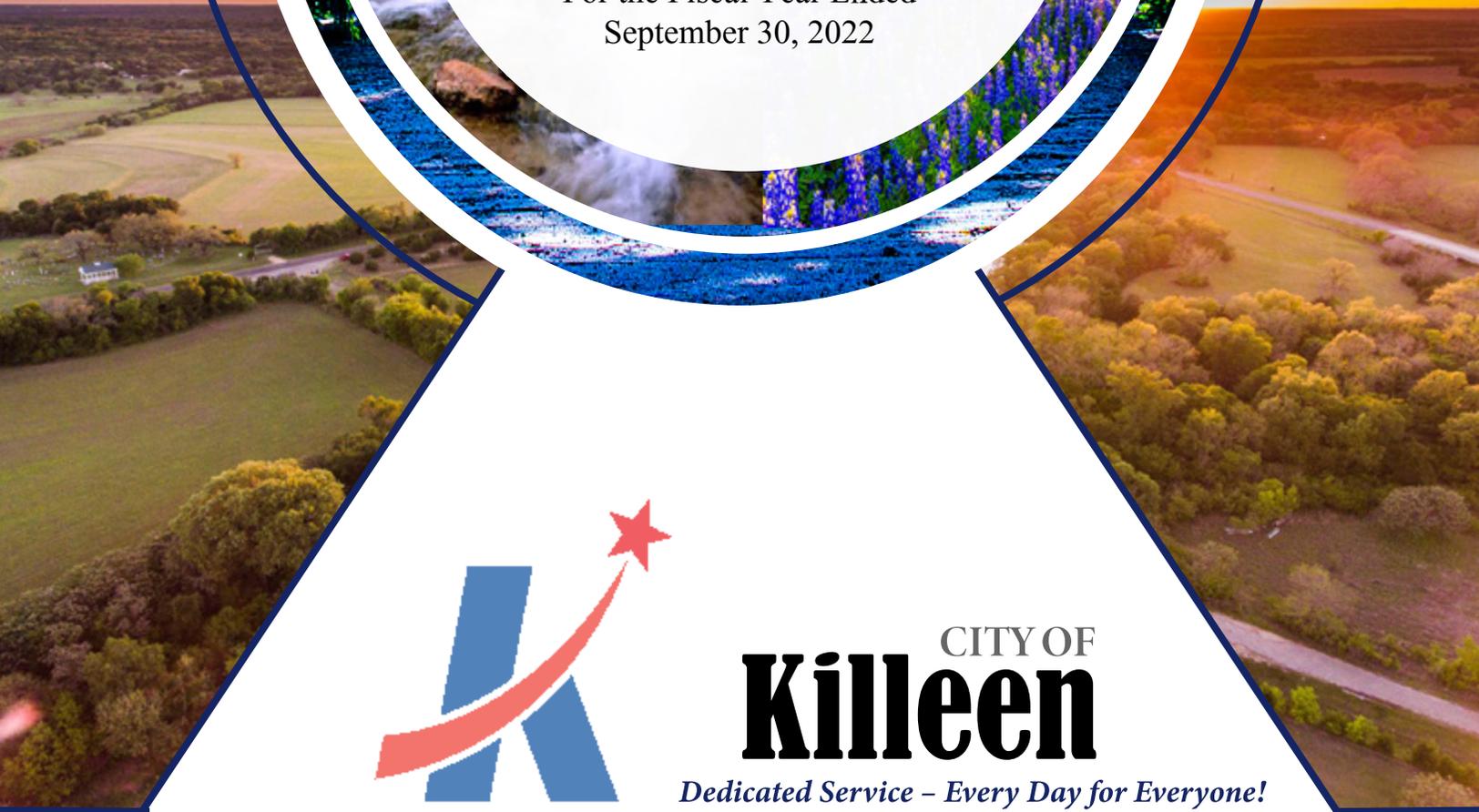


# City of Killeen, Texas Annual Comprehensive Financial Report



For the Fiscal Year Ended  
September 30, 2022



CITY OF  
**Killeen**

*Dedicated Service – Every Day for Everyone!*



**CITY OF KILLEEN**



**City of Killeen, Texas**

**Annual Comprehensive Financial Report**

**For the Fiscal Year Ended  
September 30, 2022**

Prepared by:

Finance Department

Judith Tangalin, CPA, CGFO  
Executive Director of Finance

Miranda Drake  
Assistant Director of Finance

Latashia Cherry  
Controller



**CITY OF KILLEEN**



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**CITY OF KILLEEN**



# INTRODUCTORY SECTION





**CITY OF KILLEEN**





March 28, 2023

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

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2022.

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

Pattillo, Brown, and Hill LLP, a firm of licensed independent certified public accountants, has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2022. The independent auditor’s report is located at the front of the financial section of this report.

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

Management’s Discussion and Analysis (MD&A) immediately follows the independent 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.

The City was founded on May 15, 1882 by the Santa Fe Railroad and named in honor of a civil employee of the railroad, Frank P. Killeen. In 1884, the City had a population of 350 and consisted of a post office, a cotton gin, and two grain mills. The 1941 population of 1,265 rose to 7,100 in 1950, due primarily to the activation of Fort Hood, a military base on the City’s northern border, which began functioning in 1943 and was designated a permanent military installation in 1950. The City was incorporated as a municipality on March 3, 1949. The City continues to grow with an estimated population of 160,328 as of September 30, 2022, after adjusting for the U.S. Census Bureau – 2020 Profile Data and forecasting forward.

Killeen is situated along Interstate 14 which intersects Interstate 35 approximately 17 miles east and U.S. Highways 281 and 183 approximately 30 miles to the west. Waco is located 65 miles to the north and Austin is 70 miles to the south. The City encompasses an area of approximately 56.005 square miles. Two large lakes, Lake Belton and Lake Stillhouse Hollow, are located near the City. These lakes offer excellent fishing, camping, and water sports with 168 miles of shoreline.

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

Killeen has been a member of Tree City USA by the Arbor Day Foundation for 15 years. This year, the Parks Department planted 100 new trees. The Tree City USA program is sponsored by the Arbor Day Foundation, in partnership with the U.S. Forest Service and the National Association of State Foresters.

In addition to its 23 parks, the City has a water park, spray-park, two skate parks, golf and disc golf courses, a fitness center, one public swimming pool, a family aquatics center, four hike and bike trails, and a variety of athletic fields. Parks and Recreation programming includes athletic leagues, camps, recreation classes, and specialty events throughout the year.



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

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

The Council is required to adopt an initial budget for the fiscal year no later than September 20 preceding the beginning of the fiscal year on October 1. This annual budget serves as the foundation for the City of Killeen's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The legal level of control (the level at which expenditures may not legally exceed appropriations) is the fund. Department heads may transfer resources within a department as they see fit, the City Manager is authorized to transfer appropriations at the department levels within any fund. Any revisions that alter the total appropriations of any fund must be approved by the City Council.

The City of Killeen is situated within the geographic center of Texas and is positioned within 180 miles of every major population center located in the State. Being strategically located along Interstate 14 near the junction of Interstate 35 is an economic advantage and continues to attract growth and development into the area. Key activities and indicators within and/or adjacent to the City are:

- **Military**

Adjacent to the City, Fort Hood was originally created to train tank destroyer battalions in World War II and has become the Army's largest active-duty armored post. Fort Hood is home to III Corps Command Group and subordinate units including the much-decorated 1<sup>st</sup> Cavalry Division, "America's First Team."

Fort Hood is centered around the City of Killeen and covers 218,823 acres in southwestern Bell and southeastern Coryell counties. In 2021, Fort Hood reported full-time employment of 55,374, of which more than 37,000 were active-duty military personnel. These military service members account for roughly 49,000 dependents, including about 29,000 children attending local schools, as stated in the Fiscal Notes from the State Comptroller for September 2022.

As reported by the State Comptroller's Office in the September 2022 Fiscal Notes, in 2021, Fort Hood's employment and base-related spending contributed to 160,933 direct and indirect jobs statewide and generated more than \$11.2 billion in disposable personal income and more than \$28.8 billion in economic activity.

According to the Texas Military Preparedness Commission Biennial Report for 2021-2022, Fort Hood has several Intergovernmental Support Agreements (IGSAs) with local governments to enhance mission effectiveness, create efficiencies, and provide job creation and growth in the local community including water delivery and wastewater treatment, Fort Hood Career Skills Program, Fort Hood Recycle Center, and the 15-Megawatt Solar Array among many others. A new lend lease program will develop over 500 homes, renovate and maintain another 3,500 as an investment for military families.

- **Education**

Texas A&M University – Central Texas (the "University") was established on September 1, 1999 as Tarleton-Central Texas. It became a stand-alone university on May 27, 2009 as a member of the Texas A&M University System. The University offers upper-level, state-supported educational opportunities. Overall campus development will include 19 academic buildings totaling 1,600,000 square feet, four general-use buildings totaling 325,000 square feet, a student union recreation/wellness center, a conference center, a dining hall, 1,800 beds of student housing in five phases, athletic and recreation facilities, a 30,000 person capacity football stadium, a 10,000 person capacity baseball field, an 8,000 person capacity indoor arena, 22 acres of outdoor recreation space (soccer, track, tennis, softball, etc.), and parking for 6,000 cars. The University has been dubbed the second-largest economic development to occur in the region only behind the establishment of Fort Hood.

Central Texas College (CTC) is a two-year community college with the main campus in the City and with special campuses at military bases scattered over the United States and the world. CTC also has special classrooms aboard ships in the U.S. Navy. CTC was established in 1967 and offers the following degrees: Associate of the



Arts, Associate of Science, Associate of Applied Science, and Associate in General Studies. Affordable quality education is provided in more than 40 areas of study and CTC offers wide educational and training opportunities for those students who do not select a degree or certificate program.

- **Hospitals and Health Centers**

Advent Health is a full service, nonprofit hospital with more than 300 physicians in 43 specialties. The facility offers an expanded 24-hour emergency center; general and same-day surgery suites, including laser and endoscopy; advanced diagnostic imaging capabilities, including Magnetic Resonance Imaging (MRI), CT scan, nuclear medicine techniques, cardiac-cath lab for diagnosing heart blockage and other heart-related problems, x-ray imaging and ultrasound; a nationally ranked mammography center, and more.

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

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

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

- **Housing Starts and Construction Permits**

There were 567 housing starts this year compared to 630 in the prior year. Most of the dwellings in the Killeen area (45%) are owner-occupied and the majority (63.2%) are single-family homes.

- **COVID-19**

On March 18, 2020, the Mayor and the Bell County Judge made local disaster declarations that moved both jurisdictions into Stage 3 of their emergency response plans placing certain restrictions on activities and businesses. On March 19, 2020, the Governor issued four executive orders statewide that went into effect from March 20, 2020 through April 3, 2020. The Governor's orders made further restrictions which the City officials responded to immediately. Killeen's and Bell County's restrictions already in place were: restaurants may not offer dine-in services but may provide carry out, drive through, and delivery services; bars and clubs may not operate; recreational facilities, including movie theaters, pool halls, bowling alleys, gyms, and health clubs, may not operate. On March 19, 2020, Killeen City officials took further steps by implementing additional cleaning of public facilities, social distancing, cancellation of City-sponsored events, and cancellation of public/private events at City properties where attendance of 10 or more were expected. Killeen officials also limited public access to Public Safety offices, closed administration offices and asked to be called for services, suspended services and closed recreational facilities.

On March 23, 2020, the Mayor and the Bell County Judge ordered shelter in place. The primary orders were: individuals living in the City are to shelter at their residences, leaving only for essential activities or essential business operations; businesses not defined as essential are to cease operations; public and private gatherings of 10 or more are to cease activities; religious and worship services to be provided by video or teleconference and all elective medical and dental procedures are prohibited. The City conveyed that obeying directives and taking precautions to minimize unnecessary contact with those outside individual households was paramount to protecting the most vulnerable members of our community.

The City of Killeen continues to actively monitor the COVID-19 situation and remains engaged with federal, state, and local emergency agencies to evaluate risks, obtain resources, and plan response. The situation continues to change, and the City is adjusting internal and external protocols for employee and public safety.

- **Rankings**

In 2021, Killeen ranked 4<sup>th</sup> in Most Recession-Recovered Midsize City (Population between 125,000 to 300,000 residents) and 20<sup>th</sup> overall, per internet website WALLETHUB. The metrics analyzed the change between pre- and post-recession levels in a number of different factors such as home price appreciation and unemployment rates.



In 2021 and 2023, U.S. News and World Report again ranked Killeen 5<sup>th</sup> in “Best Place to Live in Texas”. The report stated “*Located in the heart of central Texas, Killeen is a family-friendly city with a thriving economy fueled by Fort Hood, one of the largest military bases in the country. Killeen residents have access to down-home barbecue, an abundance of outdoor and recreational activities, and fun music joints.*”

In 2023, Niche ranked Killeen 25<sup>th</sup> “Most Diverse City in America”. “Killeen is a very family friendly city to live in.”

- **Public Safety**

The City of Killeen has a four-pronged approach to communicating with the community. This system consists of the CodeRED Emergency Notification System, the City News Alert System, the Outdoor Siren System, and the social media channels.

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

- **Debt Administration**

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

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

- **Financial Governance Policies**

The Killeen City Council adopted comprehensive financial governance policies on February 22, 2022 and revised them again on July 26, 2022. These policies establish guidelines for budget development and administration, fiscal monitoring, auditing and financial reporting, inter-fund loans, inter-fund transfers, capital equipment and projects, cash management, internal controls, grants, debt, and fund balance.

The debt policy establishes guidelines for the planning, implementation, and evaluation of the debt program and the City’s ability to service such debt. The debt policy is designed to provide guidance to all participants in the capital improvement process. As project requests are evaluated and funding decisions are considered, the acceptable level of debt issuance and tax and fee increases should be clearly indicated.

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

City Council raised the street maintenance fee in FY 2022 from \$1.70 to \$10.00 per month in order to pay for annual debt service on a \$24 million bond issue for street reconstruction, to provide adequate funding for ongoing annual street maintenance and future reconstruction funding. Since the release of the street condition assessment, Winter Storm Uri further eroded the condition of the streets intensifying the need for street maintenance and created an additional \$40 million in street reconstruction needs. One-time funding was identified, and City Council approved increasing annual street maintenance from \$1.6 million to \$5.9 million to combat the impact of the storm.

In November 2020, City Council hired a consultant to develop a Comprehensive Plan. After twenty-one (21) months of conducting public meetings, gathering data, and eliciting feedback from city representatives, citizens, the Comprehensive Plan Advisory Committee and the Planning and Zoning Commission, a final Comprehensive Plan was delivered and accepted by the City Council on August 23, 2022. The Comprehensive Plan is the first step in establishing guidelines for the future growth of the community and allows the City to anticipate and manage growth in a way that improves the quality of life of its residents.

In the FY 2022 Budget, the City Council appropriated the \$29.12 million of Coronavirus State and Local Fiscal Recovery Funds (also known as American Rescue Plan Act - ARPA Funding) received from the federal government to pay for several major qualifying initiatives. This includes personnel, grants to the arts and deferred maintenance for the Hotel Occupancy Tax Fund; Emergency Operations Center; Public Safety Premium Pay; Boys and Girls Club; Business Assistance; Police Range and Training Facility; quarterly Downtown Events; Hill Country Community Action (Meals-On-Wheels); Mental Health Programs for both Police and Fire; Conder Park; Long Branch Park; Phyllis Park; Long Branch Pool; Stewart Pool; Gap Sidewalks; Backup Generators for Water and Sewer Pump and Lift Stations;



Hill County Transit District (HOP) - Route Options; Non-Profit Organization Assistance; and some additional funds withheld to be appropriated at a later date.

As part of the Comprehensive Plan, there is an initiative to revitalize Downtown Killeen. This includes the hiring of a Downtown Revitalization Director. At the new Director's request, several items have been implemented to make improvements to the downtown area such as a Vacant Structure Registration ordinance, forming a Downtown Advisory Committee, and setting up a Downtown Killeen web-page with valuable information. In addition, some of the ARPA funding is being used to host quarterly downtown events to bring in vendors and attract citizens to the downtown area. ARPA funding also provided business assistance grants to help start or re-open businesses in the downtown area.

### **Awards and Acknowledgements**

The City of Killeen also received the GFOA's Distinguished Budget Presentation Award for the fiscal year ended September 30, 2022. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The Certificate of Achievement for Excellence in Financial Reporting to the City of Killeen for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2021 is under review by the Government Finance Officers Association (GFOA) of the United States and Canada. We have received this prestigious award for the past 30 consecutive years and we anticipate receiving it for fiscal year 2021 and fiscal year 2022. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

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

Respectfully submitted,

Judith Tangalin, CPA  
Executive Director of Finance

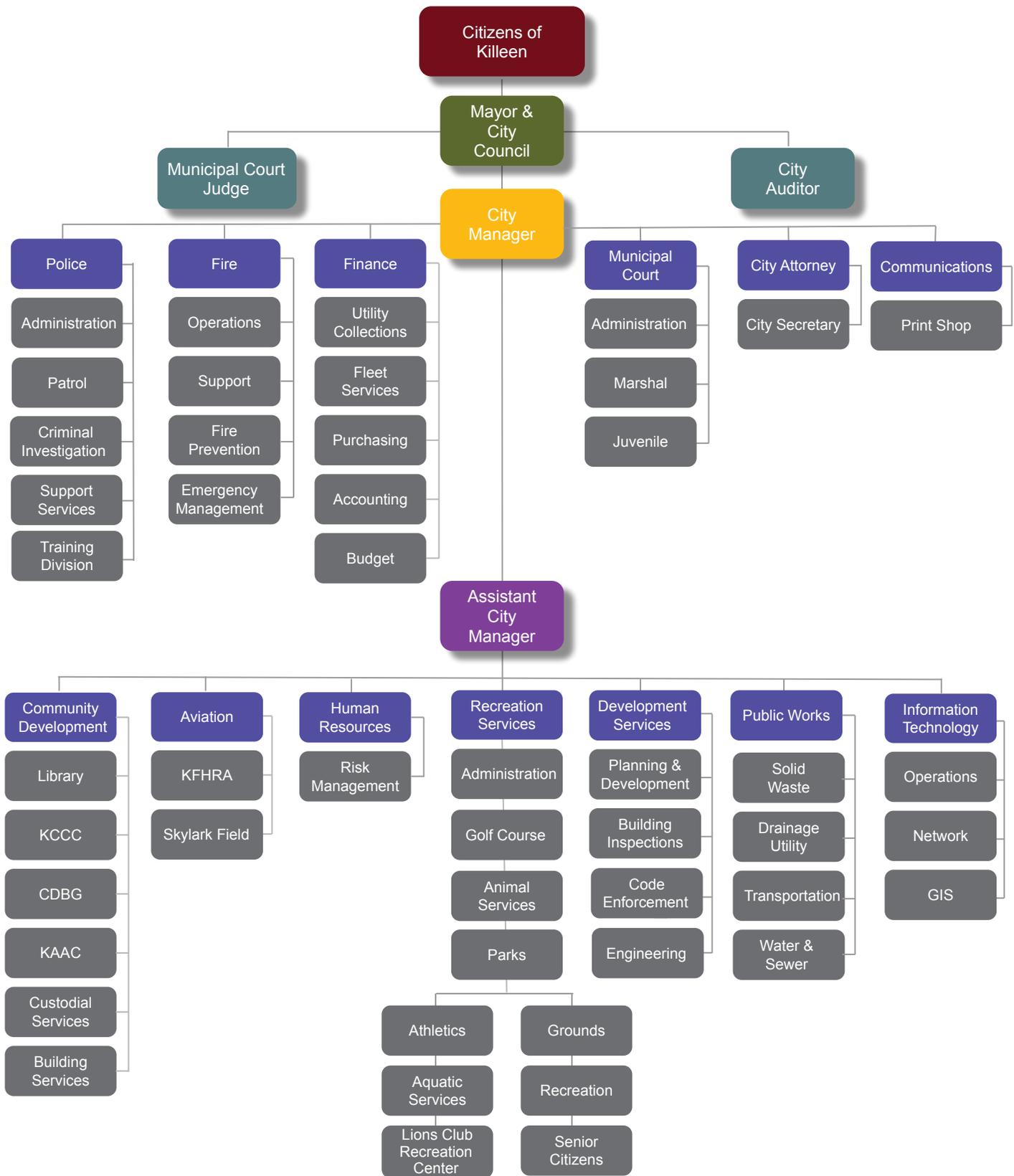
Miranda Drake  
Assistant Director of Finance

Latashia Cherry  
Controller



**CITY OF KILLEEN**





**City of Killeen, Texas**  
**List of Elected and Appointed Officials**  
**September 30, 2022**

**Elected Officials**

Mayor  
Mayor Pro Tem  
Councilmember – District 1  
Councilmember – District 2  
Councilmember – District 3  
Councilmember – District 4  
Councilmember – At Large  
Councilmember – At Large

Debbie Nash-King  
Ken Wilkerson  
Jessica Gonzalez  
Raikos Adams  
Nina Cobb  
Michael Boyd  
Jose L. Segarra  
Ramon Alvarez

**Appointed Officials**

City Manager  
Assistant City Manager  
City Attorney  
City Auditor  
Chief of Police  
Fire Chief  
Presiding Municipal Judge  
Executive Director of Aviation  
Executive Director of Communications  
Executive Director of Community Development  
Executive Director of Recreation Services  
Executive Director of Finance  
Executive Director of Human Resources  
Executive Director of Information Technology  
Executive Director of Planning  
Executive Director of Public Works

Kent Cagle  
Danielle Singh, P.E.  
Holli Clements  
Matthew Grady, CPA  
Charles Kimble  
James Kubinski  
Kris Krishna  
Michael Wilson  
Janell Lewis Ford  
Leslie Hinkle  
Heather Buller, Interim  
Judith Tangalin, CPA Interim  
Eva Bark  
Wilfred Resto  
Edwin Revell  
Jeff Reynolds

# FINANCIAL SECTION





## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the City Council  
City of Killeen, Texas

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Killeen Economic Development Corporation, whose assets were \$9,505,741 and revenues were \$1,343,814. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Killeen Economic Development Corporation, is based solely on the report of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

#### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque



## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 23-34, pension and OPEB information on pages 84-88, and budgetary comparison information on pages 89-90 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.

### **Supplementary 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 combining and individual fund financial statements and schedules on pages 93-134 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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.

### **Other Information**

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023, 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.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 21, 2023

# MANAGEMENT'S DISCUSSION AND ANALYSIS





**CITY OF KILLEEN**



As management of the City of Killeen (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 11-15 of this report.

### Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$364.3 million (*net position*). Of this amount, the unrestricted net position, which may be used to meet the City’s ongoing obligations to citizens and creditors, was \$39.4 million.
- The City’s total net position increased by \$84.4 million. This increase is mainly due to a change of net pension liability and other postemployment benefits decreasing the expenses by \$49.2 million, \$14.6 million increase in charges for services, \$5.2 million increase in taxes, and \$3.5 million increase in capital grants and contributions from prior year.
- At the close of the current fiscal year, the City’s governmental funds reported combined fund balances of \$101.3 million, an increase of \$32.6 million in comparison with the prior year.
- At the end of the current fiscal year the unassigned fund balance for the general fund was \$33.7 million, or 34.1 percent of total general fund expenditures.
- The City’s total outstanding long-term debt increased by \$3.9 million during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

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

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

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

The government-wide financial statements can be found on pages 35-36 of this report.

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

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of*

*spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the capital improvements project fund, and the debt service fund because they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column labeled as "Other Governmental Funds." Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund and special revenue funds, except for the KPFC Fund. Budgetary Comparison Schedules have been provided for the general fund and budgeted special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 37-40 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the operations of the airport, solid waste, water and sewer, and drainage utility activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for activities that provide services to other funds on a cost reimbursement basis. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

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

The basic enterprise fund financial statements can be found on pages 41-45 of this report.

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

The basic fiduciary fund financial statements can be found on pages 46-47 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49-81 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits to qualifying employees and general fund budget and actual schedule of revenues, expenditures and changes in fund balance. Required supplementary information can be found on pages 84-90 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and budgetary comparison schedules can be found on pages 93-134 of this report.

### Government-Wide Overall Financial Analysis

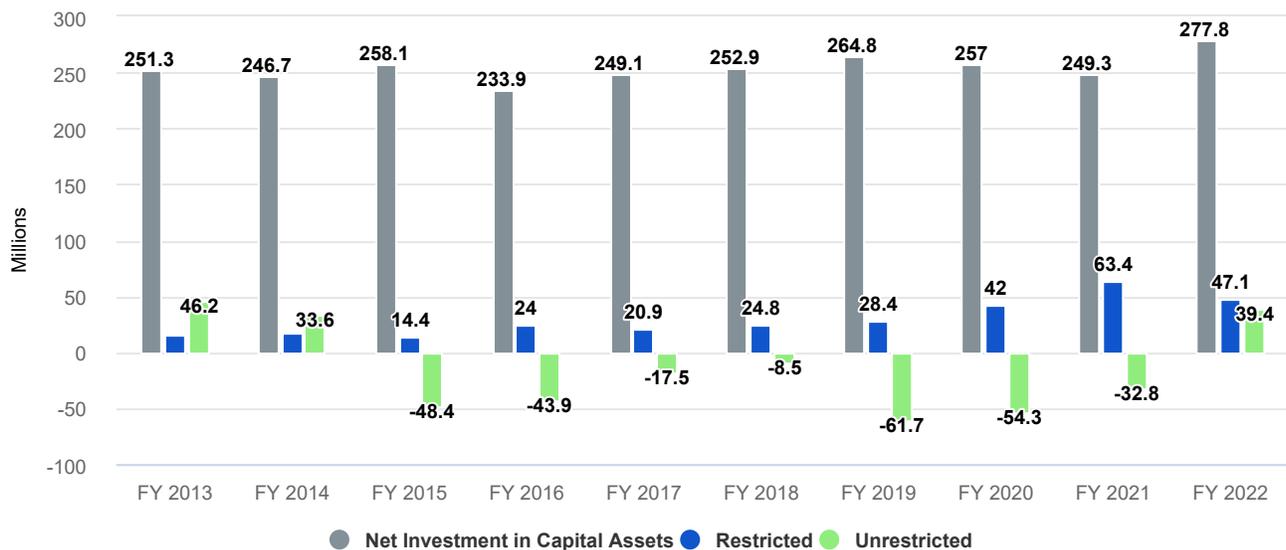
As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$364.3 million at the close of the most recent fiscal year.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2021	2022	2021	2022	2021
<b>ASSETS</b>						
Current and other assets	\$ 137.2	\$ 97.7	\$ 81.6	\$ 74.3	\$ 218.8	\$ 172.0
Capital assets	216.9	218.3	256.5	253.7	473.4	472.0
Total assets	354.1	316.0	338.1	328.0	692.2	644.0
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	8.0	8.8	0.5	0.6	8.5	9.4
Deferred outflows - pensions	11.8	11.1	1.9	1.6	13.7	12.7
Deferred outflows - OPEB	2.1	2.0	0.6	0.6	2.7	2.6
Total deferred outflows of resources	21.9	21.9	3.0	2.8	24.9	24.7
<b>LIABILITIES</b>						
Current liabilities	30.8	23.9	7.9	8.8	38.7	32.7
Noncurrent liabilities	224.6	266.8	63.8	78.4	288.4	345.2
Total liabilities	255.4	290.7	71.7	87.2	327.1	377.9
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows - leases	-	-	2.4	-	2.4	-
Deferred inflows - pensions	16.9	7.6	3.4	1.8	20.3	9.4
Deferred inflows - OPEB	2.3	1.2	0.7	0.3	3.0	1.5
Total deferred inflows of resources	19.2	8.8	6.5	2.1	25.7	10.9
<b>NET POSITION</b>						
Net investment in capital assets	76.0	60.3	201.8	189.0	277.8	249.3
Restricted	41.7	31.0	5.4	32.4	47.1	63.4
Unrestricted	(16.3)	(52.8)	55.7	20.0	39.4	(32.8)
Total net position	\$ 101.4	\$ 38.5	\$ 262.9	\$ 241.4	\$ 364.3	\$ 279.9

By far the largest portion of the City's net position, \$277.8 million, reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, equipment, and systems), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Position Government-Wide**



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

An additional portion of the City's net position, \$47.1 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$39.3 million, may be used to meet the City's ongoing obligations to citizens and creditors.

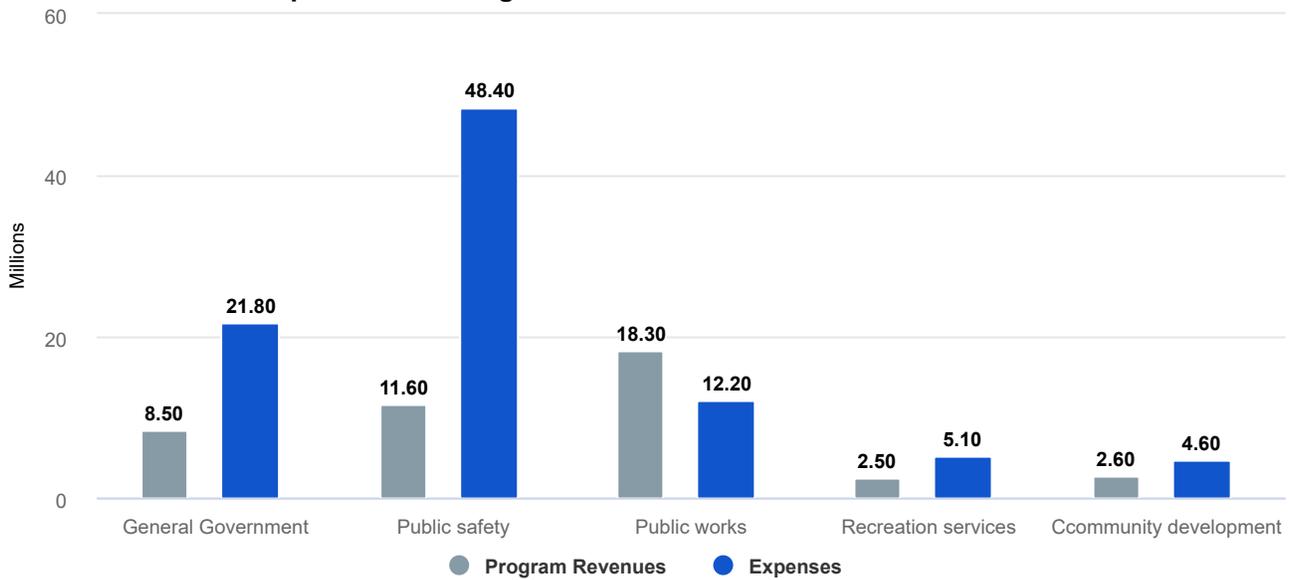
The City's overall net position increased by \$84.4 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased by 63 million from the prior fiscal year for an ending balance of \$101.4 million. This increase is largely attributable to a change of net pension liability and other postemployment benefits decreasing the expenses by \$40.6 million, \$9 million increase in charges for services, \$5.2 million increase in taxes from prior year.

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

	Governmental Activities		Business-Type Activities		Total Total Activities	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 24.0	\$ 15.0	\$ 76.4	\$ 70.8	\$ 100.4	\$ 85.8
Operating grants and contributions	10.5	10.1	0.3	2.9	10.8	13.0
Capital grants and contributions	9.0	4.7	11.2	9.5	20.2	14.2
General revenues:						
Property taxes	53.3	50.7	-	-	53.3	50.7
Franchise fees	5.8	5.6	-	-	5.8	5.6
Sales taxes	36.9	34.6	-	-	36.9	34.6
Interest and investment income	(0.1)	0.5	(0.0)	0.4	(0.1)	0.9
Gain on sale of capital assets	0.3	0.2	0.4	0.4	0.7	0.6
Lease revenue	0.2	0.2	0.1	0.1	0.3	0.3
Total revenues	<u>139.9</u>	<u>121.6</u>	<u>88.4</u>	<u>84.1</u>	<u>228.3</u>	<u>205.6</u>
Expenses						
General	21.8	17.1	-	-	21.8	17.1
Public safety	48.4	62.3	-	-	48.4	62.3
Public works	12.2	13.2	-	-	12.2	13.2
Recreation services	5.1	8.1	-	-	5.1	8.1
Community development	4.6	7.9	-	-	4.6	7.9
Interest on long-term debt	(6.8)	4.8	-	-	(6.8)	4.8
Airport operations	-	-	6.6	7.4	6.6	7.4
Solid waste	-	-	15.1	16.2	15.1	16.2
Water and sewer	-	-	34.0	36.2	34.0	36.2
Drainage utility	-	-	2.9	3.6	2.9	3.6
Total expenses	<u>85.3</u>	<u>113.4</u>	<u>58.6</u>	<u>63.4</u>	<u>143.9</u>	<u>176.8</u>
Change in net position before transfers	54.6	8.1	29.8	20.7	84.4	28.8
Transfers	8.3	9.7	(8.3)	(9.7)	-	-
Change in net position	<u>62.9</u>	<u>17.9</u>	<u>21.5</u>	<u>11.0</u>	<u>84.4</u>	<u>28.9</u>
Net position at beginning of year	38.5	14.3	241.4	230.4	279.9	244.7
Net position at end of year	<u>\$ 101.4</u>	<u>\$ 32.2</u>	<u>\$ 262.9</u>	<u>\$ 241.4</u>	<u>\$ 364.3</u>	<u>\$ 273.6</u>

### Expenses and Program Revenues Governmental Activities



**Business-type activities.** Business-type activities increased the City’s net position by \$21.5 million. This increase is largely attributable to a change of net pension liability and other postemployment benefits decreasing the expenses by \$8.6 million, an increase in charges for services of \$5.7 from prior year.

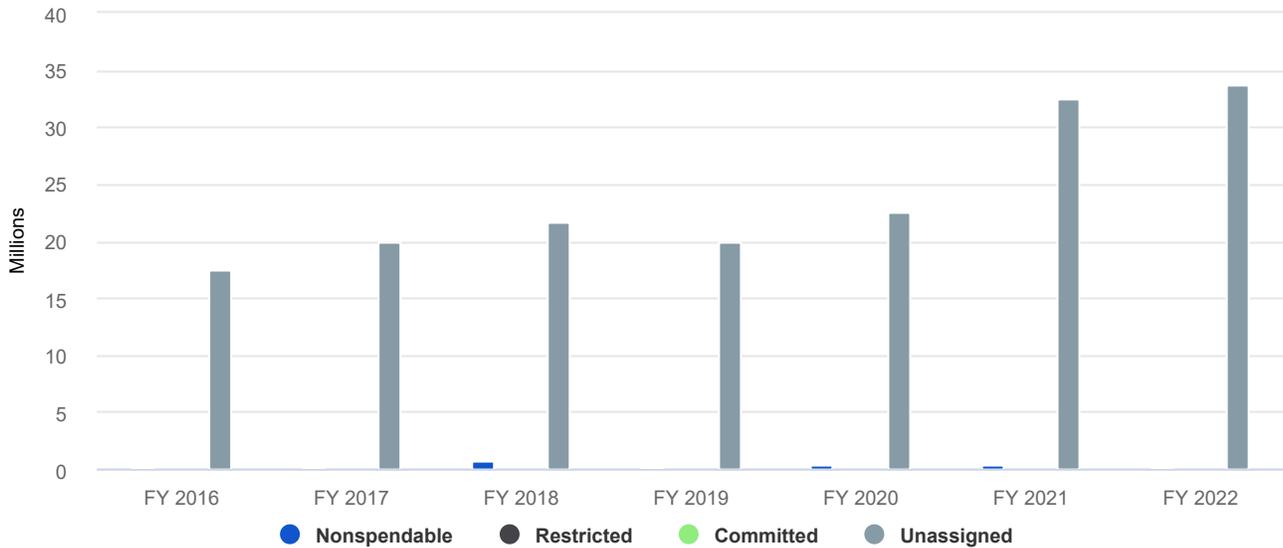
#### Financial Analysis of the City’s Funds

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

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

As of the end of the current fiscal year, the City’s governmental funds reported combined fund balances of \$101.3 million, an increase of \$32.6 million in comparison with the prior year. Approximately \$33.72 million is unassigned *fund balance*, which is available for spending at the City’s discretion. The remainder of fund balance is either *nonspendable* or *restricted* to indicate that it is 1) not in spendable form (\$0.2 million) or 2) restricted for particular purposes (\$67.3 million).

### Components of Fund Balance General Fund



The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$33.7 million, while the total fund balance increased to \$33.9 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 34.1 percent of total general fund expenditures, while total fund balance represents 34.3 percent of that same amount.

The fund balance of the City’s general fund increased by \$1.2 million during the current fiscal year. General fund transfers out total \$11.1 million and transfers in total \$9.7 million in the current fiscal year. The major transfers were:

- Transfer of \$10.8 million to the governmental capital improvements fund;
- Transfer of \$0.06 million to the water and sewer fund to account for the general fund’s portion of engineering operations and \$0.25 million to solid waste for transition mowing to the general fund. .
- Indirect cost allocations transferred from the solid waste fund, water and sewer fund, and drainage fund in the amounts of \$2.7 million, \$6.1 million, and \$0.7 million, respectively.

The capital improvement fund had an increase in fund balance during the current year of \$3.1 million. For the current fiscal year the transfers from general fund to the capital improvement fund were \$10.8 million, and the capital outlay expenditures were \$7.7 million.

The debt service fund, the remaining major governmental fund, had an decrease in fund balance during the current year of \$0.3 million to bring the year end fund balance to \$4.7 million.

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

Unrestricted net position of the airport, solid waste, water and sewer, and drainage funds at the end of the year amounted to \$2.8 million, \$7.2 million, \$22.2 million, and \$7.0 million, respectively. The combined growth in net position for all funds was \$21.4 million. Other factors concerning the finances of these funds have been addressed in the discussion of the City’s business-type activities.

#### General Fund Budgetary Highlights

**Original Budget Compared to Final Budget.** Differences between the original budget and the final amended budget amounted to a \$8.6 million increase in net appropriations, and can be briefly summarized as follows:

- Transfers out to the governmental capital improvements projects fund budget increased by \$8.3 million.
- General government expenditures budget increased by \$0.9 million.
- Public safety expenditures budget increased by \$1.4 million.
- Intergovernmental revenues budget increased by \$1.1 million.
- Total taxes and fees revenues budget increased by \$0.5 million.

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

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Taxes	\$ 76,799,271	\$ 79,791,453	\$ 2,992,182
Licenses, permits, and fees	1,671,010	2,535,111	864,101
Intergovernmental	10,652,308	8,122,156	(2,530,152)
Charges for services	6,723,995	7,425,435	701,440
Fines and fees	2,326,166	3,009,977	683,811

The shortfall in intergovernmental revenue was primarily caused by the American Rescue Plan Act (ARPA) funds budgeted but not spent therefore revenue was not recognized in the current year.

A review of actual expenditures compared to appropriations in the final budget yields no significant variances with a couple of exceptions. Actual expenditures for the police department within the public safety function (\$35.7 million) were lower than the related appropriation of \$37.2 million by approximately \$1.5 million. This savings was a result of personnel vacancies throughout the year. Also, the non-departmental department variance of \$2.9 million due to the unspent ARPA funds.

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022 amounts to \$473.4 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. The total increase in capital assets for the current fiscal year was \$1.4 million.

### Capital Assets

(net of depreciation, in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2021	2022	2021	2022	2021
Land	\$ 7.6	\$ 7.6	\$ 1.8	\$ 1.8	\$ 9.4	\$ 9.4
Construction in progress	39.0	36.8	27.8	21.3	66.8	58.1
Buildings	50.9	54.1	55.9	58.0	106.8	112.1
Improvements other than buildings	-	-	120.3	127.3	120.3	127.3
Furniture and equipment	2.8	2.3	3.1	3.4	5.9	5.7
Vehicles	10.6	8.0	5.6	6.6	16.2	14.6
Infrastructure assets	106.1	109.5	41.9	35.3	148.0	144.8
Total	\$ 217.0	\$ 218.3	\$ 256.4	\$ 253.7	\$ 473.4	\$ 472.0

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

- \$5.6 million of water, sewer, drainage, and street infrastructure was contributed to the City by developers.
- Various projects in progress related to streets and sidewalks at a cost of \$8.2 million.
- The purchase of various vehicles at a cost of \$5.6 million.

Additional information on the City's capital assets can be found in Note III.E on pages 59-61 of this report.

### Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$227.4 million. Of this amount, \$145.0 million of general obligation bonds and \$22.9 million of certificates of obligations is debt backed by the full faith and credit of the City and \$44.4 million in revenue bonds of the City's business enterprises.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2021	2022	2021	2022	2021
Revenue bonds	\$ -	\$ -	\$ 44.4	\$ 48.6	\$ 44.4	\$ 48.6
General obligation bonds	138.1	149.3	6.9	7.9	145.0	157.2
Certificates of obligation	22.9	2.6	-	-	22.9	2.6
Plus unamortized bond premiums/ discounts	11.5	10.1	3.6	4.0	15.1	14.1
Total outstanding debt	<u>\$ 172.5</u>	<u>\$ 162.0</u>	<u>\$ 54.9</u>	<u>\$ 60.5</u>	<u>\$ 227.4</u>	<u>\$ 222.5</u>

The City's total debt increased by \$4.9 million during the current fiscal year (including premium/discount amortization balances). The increase is the result of the scheduled debt service payments plus issuance of revenue bonds.

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

**City of Killeen Bonded Debt Ratings**  
September 30, 2022

Bond Type	Rating	
	S&P	Fitch
General Obligation Bonds	AA-	AA
Certificates of Obligation	AA-	AA
Utility Revenue Bonds	AA	AA-

All taxable property within the City of Killeen is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities such as the City of Killeen to \$2.50 per \$100 taxable assessed valuation for all purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum rate for all general obligation debt service calculated at the time of issuance based on 90% tax collections. The current debt limitation for the City is \$117.2 million, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note III.K on pages 76-79 of this report.

**Economic Factors and Next Year's Budget and Rates**

The following economic factors and priorities were considered in developing the 2023 fiscal year budget:

- The property tax rate was reduced \$0.0771 from \$0.7004 to \$0.6233. This was largely due to a 19.79% increase in net taxable value. This is the third consecutive year the City has reduced the tax rate.
- In fiscal year 2023, the total exempted value attributable to the disabled veteran's exemption is \$1.4 billion, which will equate to a loss of \$9.1 million of revenue. We estimate the City will receive an estimated total state reimbursement of \$3.4 million, which is a net loss in revenue of \$5.7 million. The State increasing reimbursement of the disabled veteran exemption continues to be one of the primary focus points for the City's legislative agenda. The City is disproportionately impacted by the exemption and the State needs to increase funding for reimbursement. State reimbursement decreased by \$1.0 million in the 2022-2023 Biennium Budget due to mandatory COVID-19 cuts. Disabled veteran's exemption five-year average growth in value is 20.16%.
- The annual budget establishes the foundation for the delivery of services to the citizens of Killeen. The budget was prepared with emphasis on the goals and priorities established by the City Council: 1) public safety initiatives, 2) employee compensation and benefits, and 3) city infrastructure.

- An important priority established by the City Council for the upcoming budget is to increase public safety presence downtown. A downtown engagement unit was added for a total cost of \$759,773, which includes one-time costs of \$244,925 for vehicles, radios and other related equipment and ongoing costs estimated at \$514,848. The downtown engagement unit includes one sergeant and four police officers that will focus on citizen engagement in the downtown area, provide staffing at community events in the downtown area, communicate with business owners, and patrol City parks. The unit will build a stronger partnership with our community and enhance safety in the downtown area.

In addition, budget includes funding for the City's ninth fire station. In May 2022, City Council received a presentation advising that the audited FY 2021 ending fund balance in the General Fund finished \$7.6 million over the 22% maximum. The City's Financial Governance Policy requires fund balance excess of 22% be used for capital projects. City Council provided direction to use \$5.7 million of the excess fund balance to build the new fire station. The new station will be known as Fire Station #4. The old Fire Station #4 was decommissioned after the Federal Aviation Administration removed the requirement for a fire unit to be located on Skylark Field. Building a new fire station with cash is a big accomplishment and should be celebrated. The Fire Department has submitted multiple grant requests to assist with the cost of the new station. The first, a grant request that would provide funding for the three captains and eighteen firefighters that will be located at the fire station for a three-year period. If the grant is approved, there will be \$429,447 of one-time equipment related costs not covered by the grant. Funding for these one-time costs has been identified. The second, a grant request to purchase a fire engine that will be located at the new station. If the grant is approved, there will be approximately \$332,038 in costs to purchase the equipment needed for the fire engine. Funding for the needed equipment has also been identified.

The budget includes funding for the replacement of public safety vehicles. A total of 23 police vehicles will be replaced, including 18 patrol units, two K9 units, and three administrative vehicles. The cost of replacing the 23 police vehicles is estimated to be \$1.6 million. A total of nine fire vehicles will be replaced. Four of the units are being replaced with cash and include three ambulance chassis replacements and a brush booster truck for a combined cost of \$1.1 million. The remaining five vehicles include four fire apparatus and a new ambulance for Fire Station #4. The four-fire apparatus to be replaced are three pumper/engines and a ladder unit. These five units will be replaced with proceeds from a planned issuance of limited tax notes. The total cost of all five units is estimated to be around \$5 million. The tax notes will be repaid using accumulated fund balance and taking advantage of available debt capacity in future years. This means repayment of the tax notes will not require an increase in the tax rate.

Finally, on May 24, 2022, City Council approved an Intergovernmental Support Agreement with Fort Hood for animal care that will become effective October 1, 2022. The agreement will have a significant impact on the City's ability to provide animal services throughout the City and on Ft. Hood. The budget includes funding in the amount of \$1.3 million for 12 new employees for animal services, four trucks with animal cabs, and other equipment and supplies needed to provide services under the agreement. All costs associated with the agreement will be paid by Fort Hood.

- Over the past few years, Killeen has made great progress in providing employees a fair and competitive wage. The budget continues this endeavor in several ways that includes providing employee cost of living adjustments, public safety premium pay, adjusting classified positions that were below market according to a recent salary market survey, addressing equity issues in pay grade 19 and above, and enhancing the City's longevity plan for non-civil service employees. In addition, health insurance improvements approved by the City Council are included in the budget.

The budget includes a 3% cost of living increase for non-civil service employees and public safety civil service employees. Public safety civil service employees will also receive step increases according to the pay plan. In FY 2022, certain public safety employees received \$2 per hour in premium pay through the American Rescue Plan Act. For FY 2023, public safety employees will receive \$1 per hour in premium pay and \$1 per hour in premium pay will be absorbed into their hourly rate. Each year an increasing portion of the premium pay will be moved to the employee's hourly rate and funded by the General Fund prior to the expiration of the fiscal recovery funds.

In preparation for the FY 2023 Budget, Human Resources contracted with a consultant to perform a market survey of classified and civil service positions. The results of the study showed several classified positions were below market. The budget includes \$1.1 million to bring these positions to market. In FY 2022, the City was able to give the lower end of the pay plan a significant boost, by increasing the minimum hourly wage earned by a classified employee from \$10.86 to \$13.47. This minimum and maximum wage for the first nine pay grades, pay grades through 18, were increased on a declining scale from 24% to 4%. While the increase had a positive impact

on employees at the lower end of the pay scale, it also created equity issues with the remaining pay grades. To address this, the minimum and maximum wage for pay grades 19 and above will increase by 2%.

The service and dedication of the City's most loyal employees will be rewarded by receiving a modest boost in longevity pay. Under the current longevity plan, employees receive \$4 per month for every year of service through 20 years, at which point longevity increases to \$6 per month for every year of service. The new longevity plan for classified employees introduces additional tiers to reward employees who stay with the City. Under the new longevity plan, classified employees will receive longevity pay; therefore, it is important to note that there are some current employees whose longevity amount is higher than the new longevity plan. These employees will continue to receive their current longevity amount and will switch to the new longevity plan when it is advantageous for them to do so. The cost of implementing the new longevity plan is \$47,083.

The cost to provide health insurance benefits to City employees is estimated to increase by \$752,690. This is the net impact after removing the gate keeper requirement and making changes to the City's health plan to mitigate cost increases. The City will absorb most of the cost increase. The only increase to employees is for employees who choose the more costly co-pay plan. Employees who choose the co-pay plan will pay \$5 more per month for health insurance. This increase in premium is designed to slowly create separation between the more costly co-pay plan and the less costly high deductible plan. Removing the gate keeper requirement has been one of the most requested changes by employees and the change will be well received.

- One of Council's priorities from the strategic planning meeting held on March 5, 2022, was to address new and aging infrastructure. With limited funding available, a \$20 million bond issue is proposed for late Fiscal Year 2023. Several projects totaling \$16.9 million have already been identified, including \$7.2 million for the renovation of the Police Department North location, \$3.5 million to expand evidence storage and increase parking at the Police Department Headquarters, \$2.6 million for the reconstruction of the Grounds Maintenance Facility at Conder Park, \$2.5 million to make needed structural improvements to City Hall and make necessary HVAC upgrades, and \$1.1 million to cover the City's portion of the new animal quarantine facility. The remainder of the proceeds and the projects to be included in the bond issue will be discussed with the City Council during the budget process. The City's debt capacity will increase over the next couple years due to a large portion of debt maturing. The timing of the proposed bond issue for FY 2023 will prevent the need to increase the City's tax rate.
- There are 1,319.56 full-time equivalent employee positions in the budget. Full-time positions increased by 29.12 compared to the current year. Of the new positions added, 17 are to support new and enhanced public safety programs, 1 is in support of a City Council request for a City Auditor Intern, 1 is in response to a City Council request for a Communications Coordinator, 1 is a Facilities Maintenance Specialist for Building Services Division, 1 is a Project Engineer to assist with the management of capital projects, 1 is the reclassification of a part-time to full-time position at the Transfer Station, 1 is for the OneStar Foundation Grant for Emergency Management, and 6.12 are in response to a City Council request for a Youth Employment Program.

### Requests for Information

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

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

City of Killeen, Texas  
Statement of Net Position  
September 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Killeen Economic Development Corp.
<b>ASSETS</b>				
Cash and equity in pooled cash and investments	\$ 122,395,683	\$ 47,271,384	\$ 169,667,067	\$ 5,329,079
Receivables (net of allowances for uncollectibles):				
Taxes	8,621,569	-	8,621,569	-
Accounts	2,457,872	8,649,320	11,107,192	23,642
Accrued Interest	156,053	96,384	252,437	-
Intergovernmental receivable	3,032,136	204,643	3,236,779	-
Lease receivable	-	2,381,390	2,381,390	-
Inventories	397,766	361,703	759,469	-
Prepaid assets	140,114	75,471	215,585	-
Restricted assets:				
Cash and cash equivalents	-	22,630,122	22,630,122	-
Capital assets:				
Nondepreciable	46,562,177	29,646,223	76,208,400	1,839,308
Depreciable (net)	170,377,283	226,805,438	397,182,721	2,313,712
Total assets	354,140,653	338,122,078	692,262,731	9,505,741
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	8,048,496	464,374	8,512,870	-
Deferred outflows - pensions	11,826,732	1,867,780	13,694,512	-
Deferred outflows - OPEB	2,112,289	666,147	2,778,436	-
Total deferred outflows of resources	21,987,517	2,998,301	24,985,818	-
<b>LIABILITIES</b>				
Accounts payable	5,005,761	4,165,770	9,171,531	4,620
Deposits payable	35,397	2,908,375	2,943,772	-
Unearned revenue	23,345,327	348,792	23,694,119	-
Accrued salaries payable	1,564,752	315,548	1,880,300	-
Accrued interest payable	846,110	177,572	1,023,682	-
Noncurrent liabilities:				
Due within one year	15,134,970	5,669,756	20,804,726	-
Due in more than one year	209,461,540	58,196,955	267,658,495	1,032,022
Total liabilities	255,393,857	71,782,768	327,176,625	1,036,642
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - Leases	-	2,381,390	2,381,390	-
Deferred inflows - pensions	16,943,585	3,353,822	20,297,407	-
Deferred inflows - OPEB	2,342,192	745,254	3,087,446	-
Total deferred inflows of resources	19,285,777	6,480,466	25,766,243	-
<b>NET POSITION</b>				
Net investment in capital assets	76,080,193	201,782,468	277,862,661	3,120,998
Restricted for:				
Debt service	5,271,524	-	5,271,524	-
Capital projects	-	5,405,285	5,405,285	-
Other purposes	36,423,119	-	36,423,119	-
Economic development	-	-	-	5,348,101
Unrestricted	(16,326,300)	55,669,392	39,343,092	-
Total net position	\$ 101,448,536	\$ 262,857,145	\$ 364,305,681	\$ 8,469,099

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



City of Killeen, Texas  
Balance Sheet  
Governmental Funds  
September 30, 2022

	General	Debt Service	Capital Improvements Project	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and equity in pooled cash and investments	\$ 51,992,093	\$ 2,424,744	\$ 26,469,962	\$ 37,107,019	\$ 117,993,818
Receivables (net of allowances for uncollectibles):					
Taxes	8,192,353	215,135	-	214,081	8,621,569
Accounts	1,681,093	-	-	767,180	2,448,273
Accrued Interest	116,125	3,435	36,493	-	156,053
Intergovernmental receivable	529,451	2,319,558	-	165,500	3,014,509
Due from other funds	117,210	-	-	-	117,210
Inventories	74,830	-	-	21,288	96,118
Prepaid assets	140,114	-	-	-	140,114
Total assets	<u>62,843,269</u>	<u>4,962,872</u>	<u>26,506,455</u>	<u>38,275,068</u>	<u>132,587,664</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	2,890,976	1,214	896,692	1,063,978	4,852,860
Due to other funds	-	-	-	117,210	117,210
Other liabilities	35,397	-	-	-	35,397
Accrued salaries payable	1,421,116	-	-	77,818	1,498,934
Unearned revenue	23,297,829	-	-	46,655	23,344,484
Total liabilities	<u>27,645,318</u>	<u>1,214</u>	<u>896,692</u>	<u>1,305,661</u>	<u>29,848,885</u>
Deferred inflows of resources:					
Unavailable revenue	1,261,079	215,134	-	-	1,476,213
Total deferred inflows of resources	<u>1,261,079</u>	<u>215,134</u>	<u>-</u>	<u>-</u>	<u>1,476,213</u>
Fund Balances:					
Nonspendable:					
Inventories	74,830	-	-	21,288	96,118
Prepaid assets	140,114	-	-	-	140,114
Restricted for:					
Debt service	-	4,746,524	-	525,000	5,271,524
Capital projects	-	-	25,609,763	-	25,609,763
Other purposes	-	-	-	36,423,119	36,423,119
Unassigned	33,721,928	-	-	-	33,721,928
Total fund balances	<u>33,936,872</u>	<u>4,746,524</u>	<u>25,609,763</u>	<u>36,969,407</u>	<u>101,262,566</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 62,843,269</u>	<u>\$ 4,962,872</u>	<u>\$ 26,506,455</u>	<u>\$ 38,275,068</u>	<u>\$ 132,587,664</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, 2022**

<b>Total fund balances - governmental funds balance sheet</b>		\$ 101,262,566
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.		215,878,860
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(173,566,185)
Vacation, sick leave, and compensatory time payable are not due and payable in the current period and, therefore, is not reported in the funds.		(12,117,980)
The other postemployment benefit obligation (OPEB) is not due and payable in the current period and, therefore, are not reported in the funds.		(10,745,913)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.		(27,423,456)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflows – pensions	(16,275,651)	
Deferred inflows – OPEB	<u>(2,225,175)</u>	(18,500,826)
Deferred outflows of resources are not reported in the governmental funds:		
Deferred charges on debt refundings	8,048,496	
Deferred outflows – pensions	11,454,752	
Deferred outflows – OPEB	<u>2,003,507</u>	21,506,755
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,476,213
Internal service funds are used by management to account for any activity that provide good or services to other funds. The assets and liabilities of the internal service fund are included in governmental activities in the government-wide statement of net position.		<u>3,678,502</u>
<b>Net position of governmental activities - statement of net position</b>		<b><u>\$ 101,448,536</u></b>

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

**City of Killeen, Texas**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Year Ended September 30, 2022**

	General	Debt Service	Capital Improvements Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 79,791,453	\$ 13,603,175	\$ -	\$ 2,644,886	\$ 96,039,514
Licenses and permits	2,535,111	-	-	-	2,535,111
Intergovernmental	8,122,156	2,319,558	1,382,735	2,050,625	13,875,074
Charges for services	7,425,435	-	-	10,224,148	17,649,583
Fines	3,009,977	-	-	223,558	3,233,535
Investment earnings	(48,003)	(20,267)	(8,393)	(51,649)	(128,312)
Contributions	-	-	-	175,710	175,710
Miscellaneous	100,438	-	-	437,713	538,151
Total revenues	<u>100,936,567</u>	<u>15,902,466</u>	<u>1,374,342</u>	<u>15,704,991</u>	<u>133,918,366</u>
<b>EXPENDITURES</b>					
Current:					
General government	14,927,964	-	113,642	28,203	15,069,809
Public safety	68,474,229	-	-	597,324	69,071,553
Public works	4,180,271	-	1,078,014	3,917,349	9,175,634
Recreation services	6,269,754	-	-	50,993	6,320,747
Community development	3,998,672	-	297,725	2,962,810	7,259,207
Capital outlay	864,673	-	7,709,152	1,823,067	10,396,892
Debt service:					
Principal	243,853	11,540,000	-	940,000	12,723,853
Interest and fiscal charges	48,399	4,624,471	-	558,891	5,231,761
Total expenditures	<u>99,007,815</u>	<u>16,164,471</u>	<u>9,198,533</u>	<u>10,878,637</u>	<u>135,249,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,928,752</u>	<u>(262,005)</u>	<u>(7,824,191)</u>	<u>4,826,354</u>	<u>(1,331,090)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital-related bonds issued	-	-	-	21,630,000	21,630,000
Premium on issuance of debt	-	-	-	2,551,706	2,551,706
Insurance recoveries	211,981	-	-	-	211,981
Sale of capital assets	257,049	-	-	43,375	300,424
Leases issued	142,970	-	-	5,601	148,571
Transfers in	9,728,506	-	10,887,431	-	20,615,937
Transfers out	(11,115,094)	-	(11,787)	(432,343)	(11,559,224)
Total other financing sources (uses)	<u>(774,588)</u>	<u>-</u>	<u>10,875,644</u>	<u>23,798,339</u>	<u>33,899,395</u>
Net change in fund balances	1,154,164	(262,005)	3,051,453	28,624,693	32,568,305
Fund balance - beginning	32,782,708	5,008,529	22,558,310	8,344,714	68,694,261
Fund balance - ending	<u>\$ 33,936,872</u>	<u>\$ 4,746,524</u>	<u>\$ 25,609,763</u>	<u>\$ 36,969,407</u>	<u>\$ 101,262,566</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, 2022**

**Net change in fund balances - total governmental funds** \$ 32,568,305

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

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

Capital outlay	10,396,892	
Depreciation expense	<u>(13,981,767)</u>	(3,584,875)

The issuance of long-term debt (e.g, bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt principal repayments	12,480,000	
Capital-related bonds issued	(21,630,000)	
Premium on issuance debt	(2,551,706)	
Lease principal payment	409,386	
Lease issued	(148,571)	
Interest expense on bonds	207,139	
Amortization premium on bonds	1,174,848	
Amortization of deferred charge on refunding	<u>(783,749)</u>	(10,842,653)

Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(322,735)	
Change in deferred outflows - pensions	660,212	
Change in deferred outflows - OPEB	105,041	
Change in net pension liability	48,784,512	
Change in total OPEB liability	1,263,491	
Change in deferred inflows - pensions	(8,847,292)	
Change in deferred inflows - OPEB	<u>(1,032,790)</u>	40,610,439

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. 2,694,791

Internal service funds are used by management to account for any activity that provide good or services to other funds. The net operating income of the internal service funds is reported with governmental activities. 1,518,580

**Change in net position of governmental activities - statement of activities** \$ 62,964,587

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

City of Killeen, Texas  
Statement of Net Position  
Proprietary Funds  
September 30, 2022

	Business-Type Activities					Governmental Activities
	Airport Enterprise	Solid Waste Enterprise	Water and Sewer Enterprise	Drainage Utility Enterprise	Total Enterprise Funds	Internal Service
<b>ASSETS</b>						
Current assets:						
Cash and equity in pooled cash and investments	\$ 4,922,362	\$ 9,495,281	\$ 25,541,022	\$ 7,312,719	\$ 47,271,384	\$ 4,401,865
Receivables (net of allowances for uncollectibles):						
Accounts	203,804	2,543,675	5,359,905	541,936	8,649,320	9,600
Accrued Interest	13,823	13,105	58,930	10,526	96,384	-
Intergovernmental receivable	204,643	-	-	-	204,643	17,627
Lease receivable	1,410,413	970,977	-	-	2,381,390	-
Inventories	111,930	-	249,773	-	361,703	301,648
Prepaid expenses	-	-	75,471	-	75,471	-
Restricted assets:						
Cash and cash equivalents	5,098,472	-	17,224,837	306,813	22,630,122	-
Total current assets	<u>11,965,447</u>	<u>13,023,038</u>	<u>48,509,938</u>	<u>8,171,994</u>	<u>81,670,417</u>	<u>4,730,740</u>
Noncurrent assets:						
Property and equipment:						
Land	1,319,003	72,165	243,332	172,190	1,806,690	-
Buildings	2,029,182	12,331,977	91,922,338	-	106,283,497	-
Improvements other than buildings	102,126,020	-	109,604,326	8,382,438	220,112,784	-
Furniture and equipment	1,840,441	3,177,802	1,586,492	594,858	7,199,593	1,159,450
Vehicles	1,045,569	12,178,578	5,345,252	2,889,324	21,458,723	4,276,727
Infrastructure	5,101,417	1,764,850	34,151,351	8,810,184	49,827,802	-
Construction in progress	15,535,945	-	11,814,025	489,563	27,839,533	-
Less accumulated depreciation	(57,028,455)	(16,324,424)	(95,819,147)	(8,904,935)	(178,076,961)	(4,375,577)
Net property and equipment	<u>71,969,122</u>	<u>13,200,948</u>	<u>158,847,969</u>	<u>12,433,622</u>	<u>256,451,661</u>	<u>1,060,600</u>
Total assets	<u>83,934,569</u>	<u>26,223,986</u>	<u>207,357,907</u>	<u>20,605,616</u>	<u>338,122,078</u>	<u>5,791,340</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charges on refunding	-	178,293	221,918	64,163	464,374	-
Deferred outflows - Pensions	235,327	615,587	801,869	214,997	1,867,780	371,980
Deferred outflows - OPEB	121,791	271,273	236,382	36,701	666,147	108,782
Total deferred outflows of resources	<u>357,118</u>	<u>1,065,153</u>	<u>1,260,169</u>	<u>315,861</u>	<u>2,998,301</u>	<u>480,762</u>

**City of Killeen, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2022**

	Business-type Activities					Governmental Activities
	Airport Enterprise	Solid Waste Enterprise	Water and Sewer Enterprise	Drainage Utility Enterprise	Total Enterprise Funds	Internal Service
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 1,026,863	\$ 1,008,176	\$ 2,019,804	\$ 110,927	\$ 4,165,770	\$ 152,901
Deposits payable	18,100	4,000	2,886,275	-	2,908,375	-
Unearned revenue	37,674	9,758	300,747	613	348,792	843
Accrued salaries payable	38,872	109,671	132,268	34,737	315,548	65,818
Accrued interest payable	-	17,239	154,112	6,221	177,572	-
Compensated absences	17,758	40,203	42,533	14,193	114,687	25,438
Lease payable	705	33,205	25,539	25,620	85,069	1,035
Current portion of bonds payable	-	575,000	4,415,000	480,000	5,470,000	-
Total current liabilities	<u>1,139,972</u>	<u>1,797,252</u>	<u>9,976,278</u>	<u>672,311</u>	<u>13,585,813</u>	<u>246,035</u>
Noncurrent liabilities:						
Compensated absences	100,631	227,816	241,022	80,428	649,897	144,151
Net pension liability	558,025	1,459,725	1,901,444	509,817	4,429,011	882,064
Total OPEB liability	661,988	1,445,855	1,243,804	187,902	3,539,549	533,399
Lease payable	1,415	41,106	10,413	71,291	124,225	3,000
Bonds payable net of unamortized premium (discount)	-	4,443,911	43,452,644	1,557,718	49,454,273	-
Total noncurrent liabilities	<u>1,322,059</u>	<u>7,618,413</u>	<u>46,849,327</u>	<u>2,407,156</u>	<u>58,196,955</u>	<u>1,562,614</u>
Total liabilities	<u>2,462,031</u>	<u>9,415,665</u>	<u>56,825,605</u>	<u>3,079,467</u>	<u>71,782,768</u>	<u>1,808,649</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows - Leases	1,410,413	970,977	-	-	2,381,390	-
Deferred inflows - pension	422,558	1,105,362	1,439,849	386,053	3,353,822	667,934
Deferred inflows - OPEB	148,939	319,987	251,929	24,399	745,254	117,017
Total deferred inflows of resources	<u>1,981,910</u>	<u>2,396,326</u>	<u>1,691,778</u>	<u>410,452</u>	<u>6,480,466</u>	<u>784,951</u>
<b>NET POSITION</b>						
Net investment in capital assets	71,967,145	8,286,019	127,925,842	10,099,272	201,782,468	1,056,565
Restricted for capital projects	5,098,472	-	-	306,813	5,405,285	-
Unrestricted	2,782,129	7,191,129	22,174,851	7,025,473	55,669,392	2,621,937
Total net position	<u>79,847,746</u>	<u>15,477,148</u>	<u>150,100,693</u>	<u>17,431,558</u>	<u>262,857,145</u>	<u>3,678,502</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 84,291,687</u>	<u>\$ 27,289,139</u>	<u>\$ 208,618,076</u>	<u>\$ 20,921,477</u>	<u>\$ 341,120,379</u>	<u>\$ 6,272,102</u>

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

**City of Killeen, Texas**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position - Proprietary Funds**  
**For the Year Ended September 30, 2022**

	<b>Business-Type Activities</b>					<b>Governmental</b>
	Airport Enterprise	Solid Waste Enterprise	Water and Sewer Enterprise	Drainage Utility Enterprise	Total Enterprise Funds	Internal Service
<b>OPERATING REVENUES</b>						
Charges for services	\$ 3,998,428	\$ 21,621,146	\$ 45,707,912	\$ 4,994,972	\$ 76,322,458	\$ 14,516,275
Miscellaneous	36,025	941	2,213	1,040	40,219	32,853
Total operating revenues	<u>4,034,453</u>	<u>21,622,087</u>	<u>45,710,125</u>	<u>4,996,012</u>	<u>76,362,677</u>	<u>14,549,128</u>
<b>OPERATING EXPENSES</b>						
Purchase of water	-	-	9,021,446	-	9,021,446	-
Sewage treatment	-	-	6,477,289	-	6,477,289	-
Salaries and employee benefits	1,042,532	3,261,679	4,322,943	1,076,474	9,703,628	2,057,228
Repairs and maintenance	327,418	1,031,716	811,325	210,188	2,380,647	1,624,923
Supplies	86,235	1,130,726	649,010	159,391	2,025,362	95,693
Miscellaneous services and charges	1,236,494	2,132,633	4,429,858	363,663	8,162,648	8,054,837
Refuse disposal costs	-	5,732,011	-	78	5,732,089	10,741
Depreciation	3,946,775	1,716,406	6,717,805	1,048,989	13,429,975	485,309
Total operating expenses	<u>6,639,454</u>	<u>15,005,171</u>	<u>32,429,676</u>	<u>2,858,783</u>	<u>56,933,084</u>	<u>12,328,731</u>
Operating income (loss)	<u>(2,605,001)</u>	<u>6,616,916</u>	<u>13,280,449</u>	<u>2,137,229</u>	<u>19,429,593</u>	<u>2,220,397</u>
<b>NONOPERATING REVENUES</b>						
<b>(EXPENSES)</b>						
Insurance recoveries	-	288,849	15,518	940	305,307	60,733
Gain on disposition of capital assets	-	239,300	139,200	24,610	403,110	8,155
Lease revenue	-	110,618	-	-	110,618	-
Intergovernmental	2,958,662	-	-	-	2,958,662	17,627
Investment earnings	(6,977)	(7,893)	(21,098)	(8,565)	(44,533)	(5,794)
Industrial development	-	-	(362,527)	-	(362,527)	-
Interest and fiscal charges	-	(126,582)	(1,179,295)	(58,271)	(1,364,148)	-
Total nonoperating revenues						
(expenses)	<u>2,951,685</u>	<u>504,292</u>	<u>(1,408,202)</u>	<u>(41,286)</u>	<u>2,006,489</u>	<u>80,721</u>
Income (loss) before contributions and transfers	<u>346,684</u>	<u>7,121,208</u>	<u>11,872,247</u>	<u>2,095,943</u>	<u>21,436,082</u>	<u>2,301,118</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>						
Capital contributions	5,290,873	-	1,839,014	1,147,280	8,277,167	-
Transfers in	-	445,720	837,599	-	1,283,319	343
Transfers out	-	(2,738,436)	(6,054,683)	(764,375)	(9,557,494)	(782,881)
Total contributions and transfers	<u>5,290,873</u>	<u>(2,292,716)</u>	<u>(3,378,070)</u>	<u>382,905</u>	<u>2,992</u>	<u>(782,538)</u>
Change in net position	5,637,557	4,828,492	8,494,177	2,478,848	21,439,074	1,518,580
Net position - beginning	74,210,189	10,648,656	141,606,516	14,952,710	241,418,071	2,159,922
Net position - ending	<u>\$ 79,847,746</u>	<u>\$ 15,477,148</u>	<u>\$ 150,100,693</u>	<u>\$ 17,431,558</u>	<u>\$ 262,857,145</u>	<u>\$ 3,678,502</u>

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

**City of Killeen, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2022**

	Business-Type Activities					Governmental Activities
	Airport Enterprise	Solid Waste Enterprise	Water and Sewer Enterprise	Drainage Utility Enterprise	Total Enterprise Funds	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 4,105,629	\$ 21,826,644	\$ 46,486,572	\$ 5,133,384	\$ 77,552,229	\$ 24,096
Payments to suppliers	(1,686,288)	(9,713,893)	(22,179,533)	(650,725)	(34,230,439)	(9,731,019)
Payments to employees	(2,288,143)	(5,917,556)	(7,233,419)	(2,070,599)	(17,509,717)	(3,741,759)
Payments for interfund services used	-	-	-	-	-	14,516,275
Net cash provided (used) by operating activities	<u>131,198</u>	<u>6,195,195</u>	<u>17,073,620</u>	<u>2,412,060</u>	<u>25,812,073</u>	<u>1,067,593</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Contributions/grants	2,958,662	-	-	-	2,958,662	-
Transfers in from other funds	-	445,720	837,599	-	1,283,319	343
Transfers out to other funds	-	(2,738,436)	(6,054,683)	(764,375)	(9,557,494)	(782,881)
Industrial development	-	-	(362,527)	-	(362,527)	-
Net cash provided (used) by noncapital financing activities	<u>2,958,662</u>	<u>(2,292,716)</u>	<u>(5,579,611)</u>	<u>(764,375)</u>	<u>(5,678,040)</u>	<u>(782,538)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital contributions/grants	6,177,396	-	-	-	6,177,396	62,158
Purchase and construction of capital assets	(6,609,769)	(150,744)	(5,625,593)	(779,973)	(13,166,079)	(390,599)
Proceeds from sale of assets	-	239,300	139,200	24,610	403,110	8,155
Insurance recoveries	-	288,849	15,518	940	305,307	60,733
Lease revenue	-	110,618	-	-	110,618	-
Principal paid on long-term debt	-	(545,000)	(4,030,000)	(460,000)	(5,035,000)	-
Interest and fees paid on long-term debt	-	(167,973)	(1,698,639)	(67,575)	(1,934,187)	-
Net cash provided (used) by capital and related financing activities	<u>(432,373)</u>	<u>(224,950)</u>	<u>(11,199,514)</u>	<u>(1,281,998)</u>	<u>(13,138,835)</u>	<u>(259,553)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest and dividends on investments	(6,977)	(7,893)	(21,098)	(8,565)	(44,533)	(5,794)
Net cash provided by investing activities	<u>(6,977)</u>	<u>(7,893)</u>	<u>(21,098)</u>	<u>(8,565)</u>	<u>(44,533)</u>	<u>(5,794)</u>
Net increase (decrease) in cash and cash equivalents	2,650,510	3,669,636	273,397	357,122	6,950,665	19,708
Cash and cash equivalents, beginning of year	7,370,324	5,825,645	42,492,462	7,262,410	62,950,841	4,382,157
Cash and cash equivalents, end of year	<u>10,020,834</u>	<u>9,495,281</u>	<u>42,765,859</u>	<u>7,619,532</u>	<u>69,901,506</u>	<u>4,401,865</u>
Cash and cash equivalents	4,922,362	9,495,281	25,541,022	7,312,719	47,271,384	4,401,865
Cash and cash equivalents - restricted	5,098,472	-	17,224,837	306,813	22,630,122	-
Total	<u>\$ 10,020,834</u>	<u>\$ 9,495,281</u>	<u>\$ 42,765,859</u>	<u>\$ 7,619,532</u>	<u>\$ 69,901,506</u>	<u>\$ 4,401,865</u>

**City of Killeen, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2022**

	Business-type Activities					Governmental Activities
	Airport Enterprise	Solid Waste Enterprise	Water and Sewer Enterprise	Drainage Utility Enterprise	Total Enterprise Funds	Internal Service
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (2,605,001)	\$ 6,616,916	\$ 13,280,449	\$ 2,137,229	\$ 19,429,593	\$ 2,220,397
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	3,946,775	1,716,406	6,717,805	1,048,989	13,429,975	485,309
Changes in assets and liabilities:						
Decrease (increase) in receivables	69,329	206,200	804,466	136,886	1,216,881	(8,757)
Decrease (increase) in inventories	(28,286)	-	(31,892)	-	(60,178)	(13,105)
Decrease (increase) in deferred outflows - pensions	(36,930)	(80,001)	(132,873)	(22,690)	(272,494)	(61,197)
Decrease (increase) in deferred outflows - OPEB	(23,245)	(82,465)	14,284	2,403	(89,023)	(43,043)
Increase (decrease) in payables	(7,855)	313,193	(758,713)	82,595	(370,780)	68,280
Increase (decrease) in accrued salaries payable	(63,407)	(157,694)	(233,594)	(68,946)	(523,641)	(110,361)
Increase (decrease) in compensated absences	(3,298)	(82,210)	(25,974)	(14,166)	(125,648)	(3,554)
Increase (decrease) in unearned revenue	1,847	(1,643)	(28,019)	486	(27,329)	-
Increase (decrease) in net pension liability	(1,363,966)	(3,270,685)	(3,342,833)	(1,113,714)	(9,091,198)	(2,444,918)
Increase (decrease) in OPEB liability	2,277	317,565	(42,905)	52,499	329,436	366,106
Increase (decrease) in deferred inflows - pensions	158,831	481,843	716,787	153,422	1,510,883	507,982
Increase (decrease) in deferred inflows - OPEB	84,127	217,770	136,632	17,067	455,596	104,454
Total adjustments	<u>2,736,199</u>	<u>(421,721)</u>	<u>3,793,171</u>	<u>274,831</u>	<u>6,382,480</u>	<u>(1,152,804)</u>
Net cash provided (used) by operating activities	<u>\$ 131,198</u>	<u>\$ 6,195,195</u>	<u>\$ 17,073,620</u>	<u>\$ 2,412,060</u>	<u>\$ 25,812,073</u>	<u>\$ 1,067,593</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>						
Contributions of capital assets	\$ -	\$ -	\$ 2,961,202	\$ 1,156,324	\$ 4,117,526	\$ -

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

Exhibit A-10

**City of Killeen, Texas**  
**Statement of Fiduciary Net Position**  
**Employee Benefits Trust Fund**  
**September 30, 2022**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 60,752
Accounts receivable	<u>5,278</u>
Total assets	<u>66,030</u>
<b>LIABILITIES AND NET POSITION</b>	
Distributions payable	52,515
Unearned revenue	<u>11,155</u>
Total liabilities	<u>63,670</u>
<b>NET POSITION</b>	
Restricted for employee benefits	<u>2,360</u>
Total net position	<u>2,360</u>
Total liabilities and net position	<u>\$ 66,030</u>

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

Exhibit A-11

**City of Killeen, Texas**  
**Statement of Changes in Fiduciary Net Position**  
**Employee Benefits Trust Fund**  
**For the Year Ended September 30, 2022**

**ADDITIONS**

Contributions:		
Employer	\$	274,659
Employee		280,807
Retiree		68,039
COBRA		6,497
Total contributions		<u>630,001</u>
Total additions		<u>630,001</u>

**DEDUCTIONS**

Benefit payments		643,261
Administrative expenses		65
Total deductions		<u>643,325</u>
Change in net position		(13,324)
Net position - beginning of the year		<u>15,683</u>
Net position - end of the year	\$	<u><u>2,360</u></u>

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

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## I. Summary of Significant Accounting Policies

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

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

### B. Reporting Entity

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

The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

### C. Blended Component Unit

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

On January 12, 2021, the City Council approved the creation of Killeen Public Facility Corporation (KPFC) for the purpose of assisting the City in providing a public facility in the form of a mixed income apartment complex. On January 20, 2021, the State issued to the KPFC the Certificate of Formation pursuant to the Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code. The KPFC is a non-profit corporation with no part of any net earnings going to benefit any person but shall be for the City only. The KPFC has a "Governing Board" consisting of the City Mayor and the members of the City Council. On February 2, 2021, the KPFC board approved a resolution authorizing the purchase and lease of land and other related transactions to be executed to facilitate the development of the Killeen Apartments project (the "Project"). The Project encompasses 25.7 acres with the property being located at 1900 Veterans Memorial Drive in Killeen, Texas. The Project is intending to produce approximately 368 units of multifamily residential housing. The KPFC is a blended component unit of the City and does not issue its own separate financial statements.

### D. Discretely Presented Component Unit

The Killeen Economic Development Corporation (KEDC) is a legally separate entity from the City. KEDC was created for the purpose of promoting economic development within the City. The number of members may be increased or decreased by the City Council, and the members are also appointed by the 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 Council as ex officio members of KEDC, but they are nonvoting members. KEDC has been included in the reporting entity as a discretely presented component unit of the City because the City appoints a voting majority of the board, provides approximately 60%

## I. Summary of Significant Accounting Policies (Continued)

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.

### E. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented they are interrelated. The governmental activities column incorporates data from governmental and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

### F. Basis of Presentation - Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

The *capital improvements projects fund* is used to account for capital outlay and for miscellaneous capital project activity attributable to the governmental funds.

The City reports the following proprietary funds:

#### Enterprise funds

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

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

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

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

#### Internal service funds

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

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

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

The *health insurance fund* accounts for the health benefits premiums of employees and covered

## I. Summary of Significant Accounting Policies (Continued)

dependents provided to other funds on a cost-reimbursement basis.

The City reports the following fiduciary fund:

The *employee benefits private-purpose trust fund* accounts for the City's dental and life insurance benefits. It does not include pension information. The fiduciary fund is not reported in the government-wide financial statements because the resources of this fund are not available to support the City's own programs.

Additionally, the City reports the following fund types:

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

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

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

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

## G. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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

## **I. Summary of Significant Accounting Policies (Continued)**

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

### **H. Budgetary Information**

#### **1) Budgetary Basis of Accounting**

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

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances except for major capital projects approved in the Capital Improvement Program as allowed by Article V, Section 73 of the City Charter.. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated with City Council approval, and become part of the subsequent year's budget pursuant to state regulations.

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

- i. Not less than forty-five (45) days prior to the beginning of each fiscal year, the City Manager submits a proposed budget to the City Council for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- ii. On or before September 20, the budget is legally adopted by the City Council.
- iii. Subsequent to enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget which may result in a change in total appropriations as long as total estimated expenditures do not exceed total estimated resources. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the fund. The City Manager is authorized to transfer appropriations at the department levels within any fund. Any revisions that alter the total appropriations of any fund must be approved by the City Council.
- iv. Formal budgetary integration is employed as a management control device by the expenditure category for the following funds, which have legally adopted annual budgets: general fund, debt service fund, special revenue funds (except Killeen Public Facility Corporation Fund), and enterprise funds. Annual budgetary integration is not employed for the capital projects funds because the contracts and projects in these funds provide effective project-length budgetary control.
- v. Budgets for the general fund, debt service fund, the special revenue funds, and enterprise funds are adopted on a basis specified by the charge of the City, which is consistent with the modified accrual basis of accounting.

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

#### **1) Cash and Equity in pooled cash and investments**

The City maintains a pooled cash and investments account. Each fund whose monies are deposited in the pooled cash and investment account has equity therein, an interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest-bearing accounts and other investments are displayed on the combined balance sheet as "cash and equity in pooled cash and investments."

Investments for the City are reported at cost or amortized cost. The City invests in public funds investment pools that were created to function as money market mutual funds. Each of these public funds investment pools seeks to maintain a constant \$1.00 net asset value per share.

**I. Summary of Significant Accounting Policies (Continued)**

**2) Inventories and Prepaid Items**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**3) Capital Assets**

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	10-50
Machinery and equipment	5-35
Vehicles	5-10
Improvements	5-50
Infrastructure	10-50

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

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

- i. Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- ii. Pension and other postemployment benefits (OPEB) plan contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- iii. Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- iv. Changes in actuarial assumptions – These changes are deferred and amortized over the average of the expected service lives of pension and OPEB plan members.
- v. Difference in expected and actual experience – These changes are deferred and amortized over the average of the expected service lives of pension and OPEB plan members.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental

## **I. Summary of Significant Accounting Policies (Continued)**

funds report unavailable revenues from three sources: property taxes, ambulance fees, and parks and recreation fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City also has two items, which arise under a full accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, the difference in expected and actual pension experience and changes in actuarial assumptions, are deferred and recognized over the estimated average remaining service lives of all pension plan members determined as of the measurement date.

### **5) Net Position Flow Assumption**

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

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

### **6) Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the purpose, committed fund balance will be depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **7) Fund Balance Policies**

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

The nonspendable fund balance classification includes amounts that are not in spendable form such as inventory and prepaid amounts.

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

**I. Summary of Significant Accounting Policies (Continued)**

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

**J. Pensions**

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

The Killeen Firefighter's Relief and Retirement Fund net position is reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

**K. Other Postemployment Benefits**

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death payments for the upcoming year. Benefit payments are treated as being equal to the City's yearly contributions for retirees.

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

**L. Revenues and Expenditures/Expenses****1) Program Revenues**

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

**2) Property Taxes**

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

## I. Summary of Significant Accounting Policies (Continued)

Legislation enacted in 1979 established centralized appraisal districts. The Tax Appraisal District of Bell County (TADBC) is a political subdivision of the State of Texas created effective January 1, 1980 to serve all of Bell County. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. In accordance with Property Tax Code § 25.18(a) each appraisal office shall implement the plan for periodic reappraisal of property approved by the board of directors under § 6.05(i). (b) The plan shall provide for the reappraisal activities (see PTC for exhaustive list) for all real and personal property in the district at least every three years. Tax Code Section 23.01(b) provides that if a CAD determines the appraised value of a property using mass appraisal standards, those standards must comply with the Uniform Standards of Professional Appraisal Practice (USPAP).

In accordance with Property Tax Code, the City sets tax rates on property within the City limits. However, if the 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 3.5 percent; the taxing entity is required to hold an election so that the voters may accept or reject the proposed tax rate.

### 3) Compensated Absences

Historically, the general fund is responsible for liquidation of any liability associated with compensated absences.

#### i. Vacation

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

#### ii. Sick Leave

All full-time employees, other than policemen and firemen, upon retirement only, will be reimbursed for accrued sick pay up to 720 hours. Policemen and firemen, upon resignation or retirement, will be reimbursed for accrued sick up to 720 and 1,080 hours, respectively. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

#### iii. Compensatory Leave

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

### 4) Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the airport fund, solid waste fund, water and sewer fund, drainage fund, and internal service fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## II. Stewardship, Compliance, and Accountability

### A. Deficit Fund Equity

At year end, the fleet services internal service fund has a deficit net position of \$26,225. The reason for the deficit is the result of the implementation of GASB 68 and GASB 75.

### III. Detailed Notes on All Funds

#### A. Deposits

All of the City's demand depository accounts are held in a local banking institution under the terms of a written depository contract. The City's policy requires the depository bank to secure the City's funds on a day-to-day basis with approved pledged securities with a fair value equal to, but not less than, 102 percent of the uninsured deposit. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2022, the City's deposit balance was fully collateralized with securities held by the pledging financial institution. The City's policy is to maximize its earnings potential by keeping a majority of the City's funds on deposit with external investment pools. Funds are transferred from the pools, as needed, to ensure that the bank balance remains positive at all times.

#### B. Cash and Investments

Investments are made in accordance with the financial governance policies updated and adopted by the City on February 22, 2022 to comply with the Public Funds Investment Act.

The financial governance policy is consistent with statutory limitations of the State, 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, 2022.

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

As of September 30, 2022, the City had the following cash and investments:

	<u>Value</u>	<u>Maturity (days)</u>	<u>Method</u>
Demand Accounts	\$ 26,238,756	1	Cost
Investment Pools	1,676,536	1	Amortized Cost
Money Market Accounts	18,315,593	1	Cost
US Treasury Obligations	32,328,221	25-578	Fair Value
US Agency Obligations	62,391,795	234-637	Fair Value
Certificates of Deposit	51,346,288	70-305	Cost
Total	<u>\$ 192,297,189</u>		
Weighted Average Maturity		301	

GASB no. 72 requires all investments be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date;

Level 2: Inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs; and

Level 3: Significant unobservable inputs for an asset or liability.

As of September 30, 2022 the securities to be priced in the City General Operating portfolio are:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
US Treasury Obligations	\$-	\$32,328,221	\$-	\$32,328,221
US Agency Obligations	\$-	\$62,391,795	\$-	\$62,391,795
Total Fair Value	\$-	\$94,720,016	\$-	\$94,720,016

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

##### 1) Interest Rate Risk

Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value of those securities if interest rates rise. The allowed maturity of any individual investment owned by the City shall not exceed two years at the time of purchase and pooled funds shall have a weighted maximum average dollar maturity of less than 90 days. Limiting investment maturities and purchasing

government securities are the City’s means for limiting exposure to fair value losses arising from interest rate fluctuations.

2) **Credit Risk**

Any securities which may be added should meet the requirements of the State of as permissible investments for municipal governments which are in compliance with the Public Funds Investment Act. Investment pools must be continually rated ‘AAAm’ by at least one nationally recognized rating service or not lower than investment grade by at least one nationally recognized rating service with a weighted average maturity not greater than 90 days. Money market mutual funds must be registered with, and regulated by, the Securities and Exchange Commission and must provide the City with a prospectus and other information required by federal law. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

3) **Concentration Risk**

Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. All of the City’s investments are explicitly guaranteed by the U. S. Government or invested in an external investment pool and, therefore, are not exposed to concentration risk.

4) **Custodial Credit Risk**

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

**C. External Investment Pools**

**TexStar**

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

The TexStar Cash Reserve Fund seeks to maintain a net asset value of \$1.00 per unit and provides participants with the investment of funds that require daily liquidity availability. All investments are stated at amortized cost, which closely approximates the fair value of the securities. All TexStar securities are marked to market on a daily basis. TexStar has a redemption notice period of one day and may redeem daily. TexStar’s authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national or state emergency that affects TexStar’s liquidity.

**D. Receivables**

Receivables at September 30, 2022 for the City’s individual major governmental funds, in the aggregate nonmajor governmental funds, proprietary funds, and the fiduciary fund, net of allowances for uncollectible accounts, consist of the following:

	Accounts	Allowance Doubtful Accounts	Total Net
General	\$2,487,285	\$(806,192)	\$1,681,093
Other Governmental Funds	767,178	-	767,178
Internal Service Funds	9,600	-	9,600
Airport	203,804	-	203,804
Solid Waste	2,657,476	(113,800)	2,543,675
Water and Sewer	5,568,796	(208,891)	5,359,905
Drainage Utility	561,789	(19,853)	541,936
Total	<u>\$12,255,928</u>	<u>\$(1,148,736)</u>	<u>\$11,107,192</u>
Employee Benefits Trust	<u>\$5,278</u>	<u>\$-</u>	<u>\$5,278</u>

The enterprise funds' accounts receivable include unbilled charges for services rendered at September 30, 2022.

**E. Capital Assets**

Capital assets activity for the year ended September 30, 2022, was as follows:

**Governmental Activities:**

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Capital assets not being depreciated:				
Land	\$ 7,614,292	\$ -	\$ -	\$ 7,614,292
Construction in progress	36,764,215	3,228,386	(1,044,716)	38,947,885
Total capital assets not being depreciated	44,378,507	3,228,386	(1,044,716)	46,562,177
Capital assets, being depreciated:				
Buildings	108,583,032	162,243	-	108,745,275
Furniture and equipment	10,273,238	1,741,656	(1,268,782)	10,746,112
Vehicles	34,812,823	5,433,168	(1,392,067)	38,853,924
Infrastructure assets	187,237,662	3,811,778	-	191,049,440
Total capital assets being depreciated	340,906,755	11,148,845	(2,660,849)	349,394,751
Less accumulated depreciation for:				
Buildings	54,453,219	3,418,401	-	57,871,620
Furniture and equipment	7,957,090	1,011,113	(971,627)	7,996,576
Vehicles	26,775,749	2,876,753	(1,392,067)	28,260,435
Infrastructure assets	77,728,028	7,160,809	-	84,888,837
Total accumulated depreciation	166,914,086	14,467,076	(2,363,694)	179,017,468
Total capital assets being depreciated, net	173,992,669	(3,318,231)	(297,155)	170,377,283
Governmental activities capital assets, net	\$ 218,371,176	\$ (89,845)	\$ (1,341,871)	\$ 216,939,460

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

Governmental activities:

General government	\$ 3,715,935
Public safety	3,881,401
Public works	4,818,193
Recreation services	1,578,319
Community development	473,228
Total depreciation expense-governmental activities	\$ 14,467,076

**Business-Type Activities: Airport**

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Capital assets not being depreciated:				
Land	\$ 1,319,003	\$ -	\$ -	\$ 1,319,003
Construction in progress	12,898,617	6,500,462	(3,863,134)	15,535,945
Total capital assets not being depreciated	14,217,620	6,500,462	(3,863,134)	16,854,948
Capital assets being depreciated:				
Buildings	2,029,182	-	-	2,029,182
Improvements other than buildings	102,126,020	-	-	102,126,020
Furniture and equipment	1,731,132	109,309	-	1,840,441
Vehicles	1,045,569	-	-	1,045,569
Infrastructure assets	1,238,283	3,863,134	-	5,101,417
Total capital assets being depreciated	108,170,186	3,972,443	-	112,142,629
Less accumulated depreciation for:				
Buildings	1,641,723	29,209	-	1,670,932
Improvements other than buildings	49,230,468	3,647,752	-	52,878,220
Furniture and equipment	1,085,797	191,873	-	1,277,670
Vehicles	1,022,646	-	-	1,022,646
Infrastructure assets	101,045	77,942	-	178,987
Total accumulated depreciation	53,081,679	3,946,776	-	57,028,455
Total capital assets being depreciated, net	55,088,507	25,667	-	55,114,174
Airport activities capital assets, net	\$ 69,306,127	\$ 6,526,129	\$ (3,863,134)	\$ 71,969,122

**Business-Type Activities: Solid Waste**

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Capital assets not being depreciated:				
Land	\$ 72,165	\$ -	\$ -	\$ 72,165
Total capital assets not being depreciated	<u>72,165</u>	<u>-</u>	<u>-</u>	<u>72,165</u>
Capital assets being depreciated:				
Buildings	12,331,977	-	-	12,331,977
Furniture and equipment	3,261,639	108,889	(192,726)	3,177,802
Vehicles	12,897,644	208,112	(927,178)	12,178,578
Infrastructure assets	1,764,850	-	-	1,764,850
Total capital assets being depreciated	<u>30,256,110</u>	<u>317,001</u>	<u>(1,119,904)</u>	<u>29,453,207</u>
Less accumulated depreciation for:				
Buildings	6,616,802	339,994	-	6,956,796
Furniture and equipment	1,000,159	503,559	(57,818)	1,445,900
Vehicles	7,846,646	785,054	(927,178)	7,704,522
Infrastructure assets	129,407	87,799	-	217,206
Total accumulated depreciation	<u>15,593,014</u>	<u>1,716,406</u>	<u>(984,996)</u>	<u>16,324,424</u>
Total capital assets being depreciated, net	<u>14,663,096</u>	<u>(1,399,405)</u>	<u>(134,908)</u>	<u>13,128,783</u>
Solid waste activities capital assets, net	<u>\$ 14,735,261</u>	<u>\$ (1,399,405)</u>	<u>\$ (134,908)</u>	<u>\$ 13,200,948</u>

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

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Capital assets not being depreciated:				
Land	\$ 243,332	\$ -	\$ -	\$ 243,332
Construction in progress	7,977,273	4,922,164	(1,085,412)	11,814,025
Total capital assets not being depreciated	<u>8,220,605</u>	<u>4,922,164</u>	<u>(1,085,412)</u>	<u>12,057,357</u>
Capital assets being depreciated:				
Buildings	91,836,382	85,956	-	91,922,338
Improvements other than buildings	109,604,326	-	-	109,604,326
Furniture and equipment	1,123,432	463,060	-	1,586,492
Vehicles	5,662,283	-	(317,031)	5,345,252
Infrastructure assets	31,072,512	3,078,839	-	34,151,351
Total capital assets being depreciated	<u>239,298,935</u>	<u>3,627,855</u>	<u>(317,031)</u>	<u>242,609,759</u>
Less accumulated depreciation for:				
Buildings	39,924,210	1,853,774	-	41,777,984
Improvements other than buildings	39,364,360	2,880,029	-	42,244,389
Furniture and equipment	970,198	114,270	-	1,084,468
Vehicles	4,506,630	334,753	(317,031)	4,524,352
Infrastructure assets	4,652,975	1,534,979	-	6,187,954
Total accumulated depreciation	<u>89,418,373</u>	<u>6,717,805</u>	<u>(317,031)</u>	<u>95,819,147</u>
Total capital assets being depreciated, net	<u>149,880,562</u>	<u>(3,089,950)</u>	<u>-</u>	<u>146,790,612</u>
Water and sewer activities capital assets, net	<u>\$ 158,101,167</u>	<u>\$ 1,832,214</u>	<u>\$ (1,085,412)</u>	<u>\$ 158,847,969</u>

### Business-Type Activities: Drainage Utility

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Capital assets not being depreciated:				
Land	\$ 172,190	\$ -	\$ -	\$ 172,190
Construction in progress	386,821	129,997	(27,255)	489,563
Total capital assets not being depreciated	<u>559,011</u>	<u>129,997</u>	<u>(27,255)</u>	<u>661,753</u>
Capital assets being depreciated:				
Improvements other than buildings	8,382,438	-	-	8,382,438
Furniture and equipment	588,130	6,728	-	594,858
Vehicles	2,950,570	-	(61,246)	2,889,324
Infrastructure assets	6,992,400	1,817,784	-	8,810,184
Total capital assets being depreciated	<u>18,913,538</u>	<u>1,824,512</u>	<u>(61,246)</u>	<u>20,676,804</u>
Less accumulated depreciation for:				
Improvements other than buildings	4,260,045	444,006	-	4,704,051
Furniture and equipment	183,645	98,908	-	282,553
Vehicles	2,524,962	127,746	(61,246)	2,591,462
Infrastructure assets	948,540	378,329	-	1,326,869
Total accumulated depreciation	<u>7,917,192</u>	<u>1,048,989</u>	<u>(61,246)</u>	<u>8,904,935</u>
Total capital assets being depreciated, net	10,996,346	775,523	-	11,771,869
Drainage utility activities capital assets, net	<u>\$ 11,555,357</u>	<u>\$ 905,520</u>	<u>\$ (27,255)</u>	<u>\$ 12,433,622</u>

### Business-Type Activities: Total

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Capital assets not being depreciated:				
Land	\$ 1,806,690	\$ -	\$ -	\$ 1,806,690
Construction in progress	21,262,711	11,552,623	(4,975,801)	27,839,533
Total capital assets not being depreciated	<u>23,069,401</u>	<u>11,552,623</u>	<u>(4,975,801)</u>	<u>29,646,223</u>
Capital assets being depreciated:				
Buildings	106,197,541	85,956	-	106,283,497
Improvements other than buildings	220,112,784	-	-	220,112,784
Furniture and equipment	6,704,333	687,986	(192,726)	7,199,593
Vehicles	22,556,066	208,112	(1,305,455)	21,458,723
Infrastructure assets	41,068,045	8,759,757	-	49,827,802
Total capital assets being depreciated	<u>396,638,769</u>	<u>9,741,811</u>	<u>(1,498,181)</u>	<u>404,882,399</u>
Less accumulated depreciation for:				
Buildings	48,182,735	2,222,977	-	50,405,712
Improvements other than buildings	92,854,873	6,971,787	-	99,826,660
Furniture and equipment	3,239,799	908,610	(57,818)	4,090,591
Vehicles	15,900,884	1,247,553	(1,305,455)	15,842,982
Infrastructure assets	5,831,967	2,079,049	-	7,911,016
Total accumulated depreciation	<u>166,010,258</u>	<u>13,429,976</u>	<u>(1,363,273)</u>	<u>178,076,961</u>
Total capital assets being depreciated, net	230,628,511	(3,688,165)	(134,908)	226,805,438
Business-type activities capital assets, net	<u>\$ 253,697,912</u>	<u>\$ 7,864,458</u>	<u>\$ (5,110,709)</u>	<u>\$ 256,451,661</u>

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

Business-type activities:	
Airport	\$ 3,946,776
Solid Waste	1,716,406
Water and Sewer	6,717,805
Drainage	1,048,989
Total depreciation expense-business-type activities	<u>\$ 13,429,976</u>

**III. Detailed Notes on All Funds (Continued)**

**F. Pension Obligations**

**1) Texas Municipal Retirement System**

**i. Plan Description**

The City participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the “Board”). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**ii. Benefits Provided**

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

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

Plan provisions for the City are as follows:

	<u>2022</u>	<u>2021</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to1	2 to1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/ yrs of service)	60/5, 0/20	60/5, 0/20
	100%	100%
Updated service credit	Repeating, transfers	Repeating, transfers

**iii. Employees Covered by Benefit Terms**

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

	<u>Plan Year 2021</u>
Inactive employees or beneficiaries currently receiving benefits	628
Inactive employees entitled to, but not yet receiving, benefits	645
Active employees	936
Total	<u>2,209</u>

**iv. Contributions**

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.70% and 14.99% in calendar years 2021 and 2022, respectively. The City’s contributions to TMRS for the year ended September 30, 2022 were \$8,251,329 and were equal to the required contributions.

**III. Detailed Notes on All Funds (Continued)**

v. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

a) Actuarial Assumptions

The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year. For the City, annual annuity increases of 0.00% are assumed when calculating TPL.
Overall payroll growth	2.75% per year, adjusted down for any population declines, if any.
Investment rate of return	6.75%, net of pension plan investment expense, including inflation.

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retiree of Texas mortality table. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. 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 is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of arithmetic 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>
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
<b>Total</b>	<b>100.0%</b>	

III. Detailed Notes on All Funds (Continued)

b) Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

c) Changes in NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 7,341,250	\$ -	\$ 7,341,250
Interest	15,041,103	-	15,041,103
Change of benefit terms	(41,259,695)	-	(41,259,695)
Difference between expected and actual experience	752,579	-	752,579
Changes in assumptions	-	-	-
Contributions - employer	-	7,341,292	(7,341,292)
Contributions - employee	-	3,548,947	(3,548,947)
Net investment income	-	25,332,145	(25,332,145)
Benefit payments, including refunds of employee contributions	(12,344,780)	(12,344,780)	-
Administrative expense	-	(117,317)	117,317
Other changes	-	803	(803)
<b>Net Changes</b>	<b>(30,469,543)</b>	<b>23,761,090</b>	<b>(54,230,633)</b>
Balance at December 31, 2020	<u>266,592,610</u>	<u>194,494,362</u>	<u>72,098,248</u>
<b>Balance at December 31, 2021</b>	<b><u>\$ 236,123,067</u></b>	<b><u>\$ 218,255,452</u></b>	<b><u>\$ 17,867,615</u></b>

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	<u>\$ 49,671,475</u>	<u>\$ 17,867,615</u>	<u>\$ (8,359,830)</u>

e) Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the City recognized pension expense of \$(40,240,901). At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 912,001	\$ 523,371
Changes in actuarial assumptions	425,101	-
Net difference between projected and actual investment earnings	-	13,006,697
Contributions subsequent to the measurement date	6,197,943	-
<b>Total</b>	<b><u>\$ 7,535,045</u></b>	<b><u>\$ 13,530,068</u></b>

### III. Detailed Notes on All Funds (Continued)

\$6,197,943 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense Amount
2023	\$ (2,061,182)
2024	(5,122,521)
2025	(2,568,511)
2026	(2,440,752)
<b>Total</b>	<u>\$ (12,192,966)</u>

#### 2) Deferred Compensation Fund

##### i. Plan Description

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

The Plans, available to all permanent City employees, permit them to defer until future years up to 100% of annual gross earnings not to exceed \$20,500. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

#### 3) Firefighter's Relief And Retirement System

##### i. Plan Description

The City contributes to the retirement plan for firefighters in the Killeen Fire Department known as the Killeen Firefighter's Relief and Retirement Fund (the "Fund"). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The Fund is administered by the Board of Trustees of the Killeen Firefighter's Relief and Retirement Fund. The City does not have access to, nor can it utilize, assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB 67, which may be obtained by writing the Killeen Firefighter's Relief and Retirement Fund at 10766 GFM 1097 West, Willis, Texas 77318. See that report for all information about the plan fiduciary net position.

##### ii. Benefits Provided

Firefighters in the Killeen Fire Department are covered by the Fund which provides service retirement, death, disability, and termination benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 25 years or at age 55 with 20 years of service. A partially vested benefit is provided for paid firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a fully or partially vested benefit, he may retire starting on the date he would have satisfied service retirement eligibility if he had remained a Killeen firefighter. The present plan provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 58.40% of highest 60-month average salary plus 2.275% of highest 60-month average salary for each year of service in excess of 20.

A retiring firefighter who is at least 3.5 years beyond first becoming eligible for service retirement has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and highest 60-monthly average salary as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later of the date which

**III. Detailed Notes on All Funds (Continued)**

is 3.5 years following his earliest eligibility for retirement and the date two years prior to the date he actually retires. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits that member would have received between the RETRO DROP benefit calculation date and the date he retired under the Fund. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

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

iii. Members Covered by the Fund

In the September 30, 2020 actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	75
Inactive employees entitled to, but not yet receiving, benefits	13
Active employees and volunteers	<u>223</u>
Total	<u><u>311</u></u>

iv. Funding Policy

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

The funding policy of the Fund requires contributions equal to 11% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City had contributed 13% of pay for each active firefighter for a number of years, including through September 30, 2020. Effective October 1, 2020, the City began contributing 15% of pay for each active firefighter. The September 30, 2020, actuarial valuation includes the assumption that the City contribution rate will be 15% over the unfunded liability amortization period. The costs of administering the Fund are paid from the Fund assets.

Ultimately, the funding policy also depends upon the total return of the Fund’s assets, which varies from year to year. Investment policy decisions are established and maintained by the Board of Trustees (the “Board”). The Board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending September 30, 2022, the money-weighted rate of return was 18.92%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

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

v. Net Pension Liability

The City NPL was measured at September 30, 2021 and the TPL used to calculate the NPL was determined by an actuarial valuation as of September 30, 2020 and rolled forward to September 30, 2021.

Total pension liability	\$ 76,355,473
Plan fiduciary net position	<u>61,488,557</u>
City’s net pension liability	<u><u>\$ 14,866,916</u></u>
Plan fiduciary net position as a percentage of the total pension liability	80.5%

**III. Detailed Notes on All Funds (Continued)**

a) Actuarial Assumptions

The TPL in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- 2.75% Inflation
- 2.75% Salary increases - Plus promotion, step, and longevity increases that vary by service
- 7.25% Investment rate of return - Net of pension plan investment expense, including inflation

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

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.62%) and by adding expected inflation (2.75%). In addition, the final 7.25% assumption was selected by rounding down.

The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Large cap domestic	30.0%	6.03%
Small/mid cap domestic	10.0	6.78
International developed	15.0	6.42
Fixed Income		
Domestic core	18.5	1.95
Direct lending	2.5	1.53
Global	4.0	1.72
Bank Loan	3.0	2.15
Alternatives		
Tactical strategies	3.5	7.13
Real estate	7.5	3.63
Balanced fund	4.0	2.85
Cash	2.0	0.28
Total	100.00%	
Weighted Average		4.62%

b) Discount Rate

The discount rate used to measure the TPL was 7.25%. No projection of cash flows was used to determine the discount rate because the September 30, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the UAAL in 28 years. Because of the 28-year amortization period of the UAAL, the Fund's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on Fund investments of 7.25% was applied to all periods of projected benefit payments as the discount rate to determine the TPL.

III. Detailed Notes on All Funds (Continued)

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

The following presents the NPL of the City, calculated using the discount rate of 7.25%, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
City's Net Pension Liability	\$26,350,218	\$14,866,916	\$5,452,657

d) Fund Fiduciary Net Position

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

e) Changes in NPL

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Changes for the year:			
Service cost	\$ 2,468,510	\$ -	\$ 2,468,510
Interest	5,271,546	-	5,271,546
Difference between expected and actual experience	-	-	-
Change of benefit terms	-	-	-
Changes to assumptions	-	-	-
Contributions – employer	-	2,440,295	(2,440,295)
Contributions – employee	-	1,788,846	(1,788,846)
Net investment income	-	9,715,290	(9,715,290)
Benefit payments, including refunds of employee contributions	(3,254,092)	(3,254,092)	-
Administrative expense	-	(114,381)	114,381
Assumption changes	-	-	-
<b>Net changes</b>	<b>4,485,964</b>	<b>10,575,958</b>	<b>(6,089,994)</b>
Balance as of September 30, 2021	71,869,509	50,912,599	20,956,910
<b>Balance as of September 30, 2022</b>	<b>\$ 76,355,473</b>	<b>\$ 61,488,557</b>	<b>\$ 14,866,916</b>

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

For the year ended September 30, 2022, the City's GASB 68 pension expense was \$963,979. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,812,791
Changes in actuarial assumptions	3,273,808	107,361
Net difference between projected and actual investment earnings	-	4,847,187
Contributions subsequent to the measurement date	2,885,659	-
<b>Total</b>	<b>\$ 6,159,467</b>	<b>\$ 6,767,339</b>

**III. Detailed Notes on All Funds (Continued)**

\$2,885,659 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the year ending September 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense Amount
2023	\$ (1,005,825)
2024	(910,541)
2025	(1,311,099)
2026	(1,126,156)
2027	69,746
Thereafter	790,344
<b>Total</b>	<b>\$ (3,493,531)</b>

**4) Aggregate Total Pension Expenses/Expenditures and Net Pension Liability**

The City recognized aggregate total pension expense/expenditures of \$(39,276,922) and aggregate net pension liability of \$32,734,531 during the fiscal year ending September 30, 2022 related to the City's TMRS and TLFFRA pension plans.

**G. Postemployment Benefits other than Pensions**

**1) Supplemental Death Benefits Fund**

**i. Plan Description**

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

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

**ii. Benefits**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	533
Inactive employees entitled to, but not yet receiving, benefits	205
Active employees	936
	<u>1,674</u>

**III. Detailed Notes on All Funds (Continued)**

iii. Total OPEB Liability

The City's total OPEB liability of \$4,377,900 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

iv. Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate	1.84%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\*The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

v. Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 207,867
Interest	82,824
Difference between expected and actual experience	(64,279)
Changes of assumptions	147,181
Benefit payments*	(65,909)
<b>Net Changes</b>	<b>307,684</b>
Beginning balance	4,070,216
<b>Ending Balance</b>	<b>\$ 4,377,900</b>

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

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

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

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

	<b>1% Decrease in Discount Rate (0.84%)</b>	<b>Discount Rate (1.84%)</b>	<b>1% Increase in Discount Rate (2.84%)</b>
City's Total OPEB Liability	<u>\$5,464,444</u>	<u>\$4,377,900</u>	<u>\$3,558,616</u>

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$497,972. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

**III. Detailed Notes on All Funds (Continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 23,217	\$ 168,747
Changes in actuarial assumptions	780,822	62,929
Contributions subsequent to the measurement date	54,552	-
<b>Total</b>	<u>\$ 858,591</u>	<u>\$ 231,676</u>

\$47,474 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2023.

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

<b>Fiscal Year Ended September 30</b>	<b>OPEB Expense Amount</b>
2023	\$ 200,004
2024	173,149
2025	159,975
2026	36,508
2027	2,727
<b>Total</b>	<u>\$ 572,363</u>

**2) Postemployment Healthcare Plan**

**i. Plan Description**

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

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

Participation in the Plan as of October 1, 2021 is summarized below:

Actives	1,149
Retirees	87
Spouses of Retirees	37
Total	<u>1,273</u>

**ii. Funding Policy**

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

**iii. Total OPEB liability**

The City's total OPEB liability of \$10,440,962 was measured as of September 30, 2022 and was determined by an actuarial valuation as of October 1, 2021.

**III. Detailed Notes on All Funds (Continued)**

iv. Actuarial Assumptions and Other Inputs

The total OPEB liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases	3.00%
Discount rate	4.02%
Actuarial cost method	Entry Age Normal
Mortality	TMRS Retirees: Pub-2010 Safety Male and General Female Table projected using Scale MP-2019. Firefighter Retirees: Pub-2010 Safety Below Median Table projected using Scale MP-2019.
Healthcare trend rates	The trend assumptions have changed from the prior valuation due to updates in the trend model. The "Getzen Model" is based on the Society of Actuaries' (SOA) published report on long-term medical trend.
Participation rates	20% of TMRS members and 50% of Firefighter members are assumed to elect retiree medical coverage upon retirement. For future retirees it is assumed that husbands are three years older than their wives and that 15% of TMRS members and 30% of Firefighter members making it to retirement are assumed to be married and elect spouse coverage.

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

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

v. Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 710,775
Interest	266,512
Difference between expected and actual experience	710,261
Changes of assumptions	(2,090,920)
Benefit payments	(472,260)
	<b>Net Changes</b>
	(875,632)
Beginning balance	11,316,594
	<b>Ending Balance</b>
	<u>\$ 10,440,962</u>

Changes of assumptions reflect a change in the discount rate from 2.26% as of September 30, 2021 to 4.02% as of September 30, 2022.

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

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

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the Healthcare Plan's total OPEB liability, calculated using a discount rate of 4.02%, as well as what the Healthcare Plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<b>1% Decrease in Discount Rate (3.02%)</b>	<b>Discount Rate (4.02%)</b>	<b>1% Increase in Discount Rate (5.02%)</b>
City's Total OPEB Liability	<u>\$11,648,752</u>	<u>\$10,440,962</u>	<u>\$9,374,707</u>

**III. Detailed Notes on All Funds (Continued)**

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

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
City's Total OPEB Liability	\$9,071,379	\$10,440,962	\$12,105,531

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$829,406.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,009,547	\$ 285,269
Changes in actuarial assumptions	910,298	2,570,501
<b>Total</b>	<u>\$ 1,919,845</u>	<u>\$ 2,855,770</u>

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

<u>Fiscal Year Ended September 30</u>	<u>OPEB Expense Amount</u>
2023	\$ (147,881)
2024	(147,881)
2025	(147,881)
2026	(147,881)
2027	(991)
Thereafter	(343,410)
<b>Total</b>	<u>\$ (935,925)</u>

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

The City recognized aggregate total OPEB expense/expenditures of \$1,327,378 and aggregate total OPEB liability of \$14,818,862 during the fiscal year ending September 30, 2022 related to the City's TMRS and City-administered OPEB plans.

**H. Construction and Other Significant Commitments**

The City has active construction projects as of September 30, 2022. At year end, the City's construction commitments for governmental activities are as follows:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Emergency/Fire Operations Center	\$ -	\$ 11,900,000
Senior Center	495,535	4,658,654
Chaparral Widening	-	3,000,000
Police Record Management System (RMS)	96,948	1,303,052
Conder Park	762,215	1,155,785
HVAC at KCCC	276	1,077,724
Bell County Annex	5,822	794,178
Gap Sidewalk Improvements	-	750,000
ADA Compliance	347,476	726,228
Long Branch Pool Improvements	-	590,000
Stewart Park Improvements	189,410	410,590
Little Nolan & WS Young Traffic Signal	50,642	349,358
Police Range & Training Facility	-	250,000
Police Access Control & Cameras	65,058	234,942
Long Branch Park	289,702	210,298
<b>Total</b>	<u>\$ 2,303,084</u>	<u>\$ 27,410,809</u>

**III. Detailed Notes on All Funds (Continued)**

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

Project Title	Expended to Date	Remaining Commitment
Airport Taxiway B Rehab	\$ 83,818	\$ 11,386,942
Bunny Trail Street Reconstruction	341,977	9,091,963
24-Inch Hwy 195 Waterline	103,427	5,891,428
Aircraft Hangar No. 2	362,050	5,729,417
Watercrest Road Street Reconstruction	315,150	4,878,718
Willow Springs Street Reconstruction	231,133	4,696,350
SWS - Chaparral Pump Station	165,300	4,080,681
Gilmer Street Reconstruction	351,680	3,943,671
Hwy 195 Ground Storage Tank	114,303	2,089,859
Chaparral Rd Waste/water imp	105,782	1,948,737
Lift Station No. 6 Rehab	-	1,802,590
Waterline Rehab Ph 1 to 5	14,705	1,001,896
Rental Lot Facility Covered Parking	-	988,866
Airport Pump Station	42,694	975,466
I-14 / Trimmier & WS Young Drng Improv	47,175	952,825
Conder & AA Lane Park	77,530	745,729
Wall Repair Bermuda Ditch	59,030	720,073
Bunny Trail Improvements	24,035	675,965
Chaparral Elevated Storage Tank	4,466,977	651,558
Water Meter Replacement Program	443,570	556,430
Chaparral Rd Widening	-	500,000
Water & Sewer Backup Generators	-	500,000
Airport Rehab Phase II	26,980	473,020
Green Forest Circle	660,172	454,589
E. Trimmier Rd Bridge Repairs	40,742	442,015
Wolf Ditch Drainage	149,970	399,902
Storm Drain/Inlets - Trimmier & 10th	50,900	304,141
Total	<u>\$ 8,279,100</u>	<u>\$ 65,882,831</u>

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

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

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

The City, along with other participating entities, entered into an agreement with Bell County Water Control Improvement District No. 1 ("WCID No. 1") to enable WCID No. 1 to build a \$50 million water treatment plant that will supplement the City's water needs through 2050. The treatment plant was completed on July 28, 2021. Going through the start-up steps with the treatment processes revealed the plant will work better than expected in both quality and quantity. We are seeking a 17 million gallon per day rating but were able to achieve 22 million gallons per day while maintaining excellent quality. WCID No. 1 bills for water purchased at rates that are reviewed and adjusted periodically. The rates are determined by amounts necessary to retire WCID No. 1 debt and cover maintenance and operating expenses. During the fiscal year ended September 30, 2022, the City purchased 6.1 billion gallons of water (55 million used for City's facilities) for a total charge of \$4,470,606 from WCID No. 1. In addition, it paid WCID No. 1 \$2,976,564 for its share of debt service related to bonds issued for the treatment plant.

### III. Detailed Notes on All Funds (Continued)

The City is contractually obligated to purchase water from WCID No. 1, which includes rates for normal operation and maintenance and fixed costs to cover debt service obligation of WCID No. 1. The City's fixed costs to cover its proportional share of WCID No. 1 debt service is based on the Maximum Daily Rate of Delivery (MDRD) of water. The agreements increased the City's total MDRD from 32 million gallons per day (MGD) by 10 MGD, for a total of 42 MGD. The City portion of the debt service based on the MDRD is 51.5%. The total fixed costs (WCID No. 1 debt service requirements) that the City is obligated to pay is \$56 million at September 30, 2022. Normal maintenance and operational costs will vary by year and are allocated to the City based on its proportional share of the plant.

WCID #1 was selected for Defense Economic Adjustment Assistance Grant (DEAAG) funding of \$5 million by the Texas Military Preparedness Commission. The project will construct backup power (10MW- natural gas generators) to provide energy resiliency for Water Control and Improvement District #1 (WCID-1)'s water treatment plant located on Belton Lake. This plant produces drinking water for Central Texas and is the sole source for Fort Hood. The matching portion of the project is being funded with a debt issue to be paid by the participating entities. The debt was issued in August 2022 and is included in the debt service requirements listed above.

#### I. Risk Management

The City has insurable risks in various areas, including property, casualty, automobile, airport, surety bonding, comprehensive liability, and workers' compensation. The City has obtained insurance against risks through commercial carriers for airport liability and surety bonding. There were no related settlements in excess of insurance coverage during the past three fiscal years. All other insurance against risk is through the Texas Municipal League (TML) Intergovernmental Risk Pool (the "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 Pool for various risk areas, wherein member cities pool risks and funds and share in the costs of losses. Claims against the City in each respective are expected to be paid by the Pool. However, in the event the Pool became insolvent, or otherwise is unable to pay claims, the City may have to pay the claims.

#### J. Contingent Liabilities

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

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

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

III. Detailed Notes on All Funds (Continued)

K. Long-Term Liabilities

The governmental activities compensated absences, net pension liability, and total OPEB liability are generally liquidated by the general fund. A summary of long-term debt transactions, including current portions, for the year ended September 30, 2022 is as follows:

Governmental Activities

	September 30, 2021	Additions	Deletions	September 30, 2022	Due Within One Year
General obligation bonds	\$ 149,310,000	\$ -	\$ (11,250,000)	\$ 138,060,000	\$ 11,740,000
Tax/revenue certificates of obligation	2,560,000	21,630,000	(1,230,000)	22,960,000	1,425,000
Unamortized bond premiums/(discounts)	10,102,337	2,551,706	(1,174,848)	11,479,195	-
Total bonds payable	<u>161,972,337</u>	<u>24,181,706</u>	<u>(13,654,848)</u>	<u>172,499,195</u>	<u>13,165,000</u>
Leases	481,695	152,606	(409,386)	224,915	126,835
Compensated absences	12,613,858	5,487,875	(5,814,164)	12,287,569	1,843,135
Total OPEB liability					
Supplemental Death Benefits Fund	3,136,113	231,415	-	3,367,528	-
Postemployment Healthcare Plan	9,040,584	-	(1,128,800)	7,911,784	-
Net pension liability					
Texas Municipal Retirement System	58,578,039	-	(45,139,435)	13,438,604	-
Firefighter's Relief and Retirement Fund	20,956,910	-	(6,089,994)	14,866,916	-
Governmental activities long-term debt	<u>\$ 266,779,536</u>	<u>\$ 30,053,602</u>	<u>\$ (72,236,627)</u>	<u>\$ 224,596,511</u>	<u>\$ 15,134,970</u>

Business-Type Activities

	September 30, 2021	Additions	Deletions	September 30, 2022	Due Within One Year
Revenue bonds	\$ 48,590,000	\$ -	\$ (4,230,000)	\$ 44,360,000	\$ 4,415,000
General obligation bonds	7,895,000	-	(1,005,000)	6,890,000	1,055,000
Unamortized bond premiums/(discounts)	4,021,429	-	(347,156)	3,674,273	-
Total bonds payable	<u>60,506,429</u>	<u>-</u>	<u>(5,582,156)</u>	<u>54,924,273</u>	<u>5,470,000</u>
Leases	273,947	112,383	(177,036)	209,294	85,069
Compensated absences	890,232	817,679	(943,327)	764,584	114,687
Total OPEB liability					
Supplemental Death Benefit Funds	934,103	76,269	-	1,010,372	-
Postemployment Healthcare Plan	2,276,010	253,168	-	2,529,178	-
Net pension liability					
Texas Municipal Retirement System	13,520,209	-	(9,091,198)	4,429,011	-
Business-type activities long-term debt	<u>\$ 78,400,930</u>	<u>\$ 1,259,499</u>	<u>\$ (15,793,717)</u>	<u>\$ 63,866,712</u>	<u>\$ 5,669,756</u>

### III. Detailed Notes on All Funds (Continued)

Long-term debt at September 30, 2022 is comprised of the following:

#### Governmental Activities

	<u>Interest Rates to Maturity (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding</u>
General Obligation Bonds:					
2012 Various purpose and refunding	2.00-5.00	2012	2032	\$ 19,500,000	\$ 1,280,000
2013 Refunding	2.00-5.00	2013	2032	37,290,000	2,565,000
2014 Refunding	2.00-5.00	2014	2034	11,620,000	905,000
2015 Refunding	3.00-4.00	2015	2034	8,640,000	8,640,000
2016 Refunding	2.00-5.00	2016	2034	34,715,000	32,325,000
2016 Refunding HOT	4.00-5.00	2016	2031	735,000	735,000
2017 Refunding	2.00-5.00	2017	2036	30,625,000	26,205,000
2017 Refunding HOT	2.00-5.00	2017	2030	2,830,000	2,410,000
2020 Limited Tax Note	1.27-1.57	2020	2027	4,910,000	3,555,000
2020 Refunding	2.00-5.00	2020	2026	8,145,000	3,820,000
2020 Refunding Taxable	0.40-2.42	2020	2039	56,680,000	54,360,000
2020 Refunding HOT	2.00-5.00	2020	2030	1,865,000	1,260,000
Total General Obligation Bonds				<u>217,555,000</u>	<u>138,060,000</u>
Tax/Revenue Certificates of Obligation:					
2012 Various Purpose and Refunding	2.00-3.00	2012	2032	6,765,000	375,000
2014 Various Purpose	2.00-5.00	2014	2039	13,060,000	1,395,000
2022 Combination Tax & Revenue CO's	3.00-4.00	2022	2041	21,630,000	21,190,000
Total Tax/Revenue Certificates of Obligation				<u>41,455,000</u>	<u>22,960,000</u>
Total Governmental Activities				<u>\$ 259,010,000</u>	<u>\$ 161,020,000</u>

#### Business-Type Activities

	<u>Interest Rates to Maturity (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding</u>
Revenue Bonds:					
2013 Refunding and Improvement	2.00-5.00	2013	2022	\$ 29,030,000	\$ -
2019 Refunding	2.00-5.00	2013	2027	7,663,441	6,425,000
2020 Refunding and Improvement	2.00-5.00	2020	2040	22,775,000	18,725,000
2020A Refunding	0.35-2.17	2020	2040	20,030,000	19,210,000
Total Revenue Bonds				<u>79,498,441</u>	<u>44,360,000</u>
General Obligation Bonds:					
2012 Various Purpose and Refunding	2.00-5.00	2012	2030	6,215,000	400,000
2013 Refunding	2.00-5.00	2013	2026	3,935,000	445,000
2015 Refunding	3.00-4.00	2015	2027	300,000	300,000
2016 Refunding	3.00-5.00	2017	2029	845,000	565,000
2020A Refunding	0.40-2.42	2020	2030	5,385,000	5,180,000
Total General Obligation Bonds				<u>16,680,000</u>	<u>6,890,000</u>
Total Business-Type Activities				<u>\$ 96,178,441</u>	<u>\$ 51,250,000</u>

**III. Detailed Notes on All Funds (Continued)**

**General Obligation Bonds**

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

Fiscal Year Ending September 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 11,740,000	\$ 4,270,250	\$ 1,055,000	\$ 140,761
2024	11,765,000	3,787,318	1,105,000	92,629
2025	12,070,000	3,516,992	1,125,000	79,129
2026	12,895,000	3,188,034	1,140,000	64,489
2027	12,215,000	2,835,378	630,000	47,705
2028-2032	54,445,000	9,018,977	1,835,000	66,770
2033-2037	21,950,000	1,892,628	-	-
2038-2040	980,000	35,680	-	-
Total	<u>\$ 138,060,000</u>	<u>\$ 28,545,257</u>	<u>\$ 6,890,000</u>	<u>\$ 491,483</u>

**Revenue Bonds**

The City also issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These revenue bonds constitute special obligations of the City solely secured by a lien and a pledge of the net revenues of the water and sewer system established by the bond ordinances and covenants. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amount and certain financial ratios are met. Management of the City believes that it is in compliance with all significant requirements as of September 30, 2022. Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending September 30	Business-Type Activities	
	Principal	Interest
2023	\$ 4,415,000	\$ 1,232,890
2024	4,515,000	1,134,480
2025	3,860,000	1,001,057
2026	3,915,000	929,341
2027	3,945,000	847,795
2028-2032	11,790,000	2,964,020
2033-2037	7,655,000	1,319,547
2038-2040	4,265,000	258,450
Total	<u>\$ 44,360,000</u>	<u>\$ 9,687,580</u>

The revenue bonds are collateralized by the revenue of the combined utility system and the various special funds established by the bond ordinances. 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. Should the City default on its outstanding bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the City.

**Tax and Revenue Certificates of Obligation**

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

Fiscal Year Ending September 30	Governmental Activities	
	Principal	Interest
2023	\$ 1,425,000	\$ 803,388
2024	1,280,000	752,950
2025	1,335,000	701,750
2026	885,000	648,350
2027	\$ 920,000	\$ 612,950
2028-2032	\$ 5,195,000	\$ 2,471,400
2033-2037	\$ 6,230,000	\$ 1,425,000
2038-2041	\$ 5,690,000	\$ 433,050
Total	<u>\$ 22,960,000</u>	<u>\$ 7,848,838</u>

**III. Detailed Notes on All Funds (Continued)**

The City issued \$21,630,000 of Combination Tax and Revenue Certificate of Obligation, Series 2022 on February 16, 2022, to be used for the purpose of paying contractual obligations to be incurred by the City for constructing, reconstructing, improving, repairing, and/or upgrading streets and roads, payments of any related sidewalk and lightning necessary to be in compliance with the Americans with Disabilities Act and drainage. The interest rates on the bonds range from 3.000% to 5.000% .

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

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

The City’s direct borrowings (leases) related to governmental and business-type activities are secured with equipment as collateral. The annual requirements to amortize leases outstanding at year end were as follows:

Fiscal Year Ending Sept. 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 126,835	\$ 15,040	\$ 141,875	\$ 85,069	\$ 3,954	\$ 89,023
2024	67,814	7,965	75,779	123,047	20,752	143,799
2025	30,266	1,871	32,137	1,179	51	1,230
Total	<u>\$ 224,915</u>	<u>\$ 24,876</u>	<u>\$ 249,791</u>	<u>\$ 209,294</u>	<u>\$ 24,757</u>	<u>\$ 234,051</u>

Amount of Lease Assets by Major Classes of Underlying Asset

Assets:	
Machinery and equipment	\$ 778,513
Less: Accumulated depreciation	(178,608)
	<u>\$ 599,905</u>

**L. Fund Balance**

**Minimum fund balance policy.** The City Council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund and net position for the enterprise funds, collectively. The target level is set at 22% of operating expenditures/expenses. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a “revenue” source as dictated by current circumstances, the policy provides for the development of a plan for City Council that addresses the shortfall.

**M. Inter-fund Receivables and Payables**

The composition of inter-fund balances as of September 30, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental funds	<u>\$ 117,210</u>

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

III. Detailed Notes on All Funds (Continued)

N. Inter-fund Transfers

The composition of inter-fund transfers for the year ended September 30, 2022 is as follows:

	Transfers In						Total Funds
	General	Capital Projects	Other Governmental Funds	Internal Services	Enterprise Fund		
					Solid Waste	Water and Sewer	
Transfers Out:							
General Fund	\$ -	\$ 10,805,431	\$ -	\$ -	\$ 250,000	59,663	\$ 11,115,094
Capital Projects Fund	-	-	-	-	-	11,787	11,787
Other Governmental Funds	350,000	82,000	-	343	-	-	432,343
Internal Services	-	-	-	-	195,720	587,161	782,881
Solid Waste Fund	2,678,773	-	-	-	-	59,663	2,738,436
Water and Sewer Fund	6,054,683	-	-	-	-	-	6,054,683
Drainage Fund	645,050	-	-	-	-	119,325	764,375
Total Transfers	<u>\$ 9,728,506</u>	<u>\$ 10,887,431</u>	<u>\$ -</u>	<u>\$ 343</u>	<u>\$ 445,720</u>	<u>\$ 837,599</u>	<u>\$ 21,899,599</u>

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

Further, during the year ended September 30, 2022, the City made the following one-time transfers:

- \$10,805,431 was transferred from the general to the capital improvement projects fund - for new fleet and replacement fleet.
- \$350,000 was transferred from Killeen public facility fund to appropriate PFC costs for youth programs to be paid from the general fund.
- \$82,000 was transferred from the Killeen public facility fund to the capital project fund to appropriate Parkland fees from NRP group to be used within Conder Park.
- \$250,000 was transferred from the general fund to solid waste fund phase 1 of 4 of transition mowing from solid waste to general fund.
- \$59,663 transferred from general fund, the same amount transfer from solid waste and \$119,325 from drainage fund to water and sewer for proportionate share of engineering.
- \$195,720 and \$587,161 transferred from fleet service fund to solid waste and water and sewer to return excess funds back to CIP from the original setup of the fleet internal services fund.
- \$11,787 transfer from capital projects fund to water and sewer capital project fund for vehicle transfer.

O. Discretely Presented Component Unit

Capital asset activity for the KEDC for the year ended September 30, 2022 was as follows:

	Balance 9/30/2021	Additions	Deletions	Balance 9/30/2022
Capital assets not being depreciated:				
Land				
KEDC - owned	\$ 55,056	\$ -	\$ -	\$ 55,056
Industrial Park	1,680,837	-	96,888	1,583,949
Convergys	110,000	-	-	110,000
First National Bank	90,303	-	-	90,303
Total capital assets not being depreciated	<u>1,936,196</u>	<u>-</u>	<u>96,888</u>	<u>1,839,308</u>
Capital assets being depreciated:				
Buildings				
Presidium	3,856,237	-	-	3,856,237
First National Bank/Raytheon	1,881,689	114,713	-	1,996,402
Enterprise Cul-de-sac	100,000	-	-	100,000
Entrance Sign	31,382	-	-	31,382
Total capital assets being depreciated	<u>5,869,308</u>	<u>114,713</u>	<u>-</u>	<u>5,984,021</u>
Less accumulated depreciation for:				
Buildings	3,454,953	215,356	-	3,670,309
Total accumulated depreciation	<u>3,454,953</u>	<u>215,356</u>	<u>-</u>	<u>3,670,309</u>
Total capital assets being depreciated, net	<u>2,414,355</u>	<u>(100,643)</u>	<u>-</u>	<u>2,313,712</u>
KEDC capital assets, net	<u>\$ 4,350,551</u>	<u>\$ (100,643)</u>	<u>\$ 96,888</u>	<u>\$ 4,153,020</u>

#### IV. Tax Abatements

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

On June 12, 2018, the City Council approved an application for tax abatement for 1302 Harris Killeen-PJY Investments, LLC, located at 1302 Harris Avenue, Killeen, TX 76541. The project includes the renovation of a multi-family residential facility with 46 units and a management office housed within six buildings. In addition to the renovation, the applicant intends to install a small pocket park or community garden on a vacant one-acre portion of the property that resides in a flood zone. The project is anticipated to meet the North Killeen tax abatement criteria by retaining two jobs and making an estimated investment of \$197,971 in North Killeen. The applicant was granted a 100% abatement on the increased assessed value of the property for a five-year period. The base value of the property is \$614,880, which is the 2017 assessed real property value provided by the Tax Appraisal District of Bell County. Based on the estimated investment of \$197,971 and the installation of a pocket park or community garden, the improvements could increase the real property value by \$1.1 million. Under these assumptions, the annual abatement would be \$3,637 and total \$18,187 over the five-year period.

On April 28, 2020, the City Council approved an application for tax abatement for First National Bank Texas (FNBT), located at 2201 Trimmier Road, Killeen, TX 76541. The project includes the construction of a five-story, 47,653 square-foot, commercial office building that will house 130 full-time jobs. A full-service bank will be located on the first floor and floors two through five will house various executive level and professional support departments. The project is located within the Interstate-14 and Trimmier Road Reinvestment Zone. The project will retain 130 full-time jobs and make an estimated capital investment of \$12,852,474. The applicant was granted a 100% abatement on the increased assessed value of the property for a ten-year period. The base value of the property is \$1,399,833, which is the 2019 assessed property value provided by the Tax Appraisal District of Bell County. Based on the estimated investment, the amount of property value to be abated is \$11,452,591. Using this property value, the annual abatement would be \$85,871 and total approximately \$858,715 over the ten-year period.

#### V. Subsequent Events

On November 15, 2022, the City passed Ordinance #22-086 authorizing the issuance of a Limited Tax Note, series 2022, levying an ad valorem tax to pay the note. The purpose of the limited tax note is for the acquisition and installations of public safety vehicles and equipment, to include three pumper trucks, an aerial ladder truck and an ambulance for the Fire Department. The note principal amount is \$5,000,000, dated as of December 8, 2022, interest rate 3.590% and maturity date August 1, 2029.



**CITY OF KILLEEN**



# REQUIRED SUPPLEMENTARY INFORMATION



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

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
<b>1. Total Pension Liability</b>								
a. Service cost	\$ 7,341,250	\$ 8,100,309	\$ 7,920,676	\$ 7,395,445	\$ 6,507,586	\$ 6,829,331	\$ 7,756,102	\$ 7,127,298
b. Interest	15,041,103	16,921,640	16,036,469	15,374,857	11,862,841	11,923,879	13,747,572	12,950,074
d. Change in benefit terms including substantially automatic status	(41,259,695)	(376,680)	-	44,788,665	(8,113,387)	(31,349,348)	-	-
e. Differences between expected and actual experience	752,579	705,380	(520,094)	(2,828,831)	(1,764,142)	(1,945,285)	(1,223,578)	(1,781,423)
f. Changes of assumptions	-	-	1,383,976	-	-	-	(39,423)	-
g. Benefit payments, including refunds of employee contributions	(12,344,780)	(11,551,062)	(11,289,976)	(9,514,886)	(10,103,133)	(8,772,730)	(7,570,788)	(6,864,254)
h. Net Change in Total Pension Liability	(30,469,543)	13,799,587	13,531,051	55,215,250	(1,610,235)	(23,314,153)	12,669,885	11,431,695
i. Total Pension Liability - Beginning	266,592,610	252,793,023	239,261,972	184,046,722	185,656,957	208,971,110	196,301,225	184,869,530
j. Total Pension Liability - Ending	<u>236,123,067</u>	<u>266,592,610</u>	<u>252,793,023</u>	<u>239,261,972</u>	<u>184,046,722</u>	<u>185,656,957</u>	<u>208,971,110</u>	<u>196,301,225</u>
<b>2. Plan Fiduciary Net Position</b>								
a. Contributions - employer	7,341,292	5,659,874	5,103,810	4,252,052	4,264,503	3,850,502	3,878,184	3,555,987
b. Contributions - employee	3,548,947	3,406,632	3,253,799	3,043,393	3,104,872	3,262,703	3,296,020	3,166,911
c. Net investment income	25,332,145	13,893,779	24,924,587	(5,051,116)	20,878,508	9,649,863	211,180	7,756,563
d. Benefit payments, including refunds of employee contributions	(12,344,780)	(11,551,062)	(11,289,976)	(9,514,886)	(10,103,133)	(8,772,730)	(7,570,788)	(6,864,254)
e. Administrative expenses	(117,317)	(89,972)	(140,931)	(97,668)	(108,224)	(108,991)	(128,630)	(80,983)
f. Other	803	(3,510)	(4,234)	(5,102)	(5,485)	(5,872)	(6,353)	(6,658)
g. Net Change in Plan Fiduciary Net Position	23,761,090	11,315,741	21,847,055	(7,373,327)	18,031,041	7,875,475	(320,387)	7,527,566
h. Plan Fiduciary Net Position - Beginning	194,494,362	183,178,621	161,331,566	168,704,893	150,673,852	142,798,377	143,118,764	135,591,198
i. Plan Fiduciary Net Position - Ending	<u>\$ 218,255,452</u>	<u>\$ 194,494,362</u>	<u>\$ 183,178,621</u>	<u>\$ 161,331,566</u>	<u>\$ 168,704,893</u>	<u>\$ 150,673,852</u>	<u>\$ 142,798,377</u>	<u>\$ 143,118,764</u>
<b>3. Net Pension Liability - Ending [Item 1<sup>(1)</sup> - 2<sup>(1)</sup>]</b>	\$ 17,867,615	\$ 72,098,248	\$ 69,614,402	\$ 77,930,406	\$ 15,341,829	\$ 34,983,105	\$ 66,172,733	\$ 53,182,461
<b>4. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	92.43%	72.96%	72.46%	67.43%	91.66%	81.16%	68.33%	72.91%
<b>5. Covered Payroll for Year (Estimated)</b>	\$ 50,699,243	\$ 48,582,138	\$ 46,482,842	\$ 43,477,044	\$ 44,329,602	\$ 46,584,793	\$ 47,063,726	\$ 45,235,558
<b>6. City's Net Pension Liability as a Percentage of Covered Payroll</b>	35.24%	148.40%	149.76%	179.24%	34.61%	75.10%	140.60%	117.57%

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

**City of Killeen, Texas**  
**Required Supplementary Information (Unaudited)**  
**Texas Municipal Retirement System**  
**Schedule of Contributions (Last Ten Fiscal Years)**

Fiscal Year	(1) Actuarially Determined Contribution	(2) Contribution in Relation to the Actuarially Determined Contribution	(3) Contribution Excess (Deficiency) (2) - (1)	(4) Covered Employee Payroll	(5) Contributions as a Percentage of Covered Employee Payroll (2)/(4)
2013	\$ 3,134,221	\$ 3,134,221	\$ -	\$ 41,575,749	7.54%
2014	3,429,108	3,429,108	-	44,998,507	7.62%
2015	3,879,674	3,879,674	-	46,806,060	8.29%
2016	3,948,703	3,948,703	-	46,584,793	8.48%
2017	4,155,119	4,155,119	-	44,329,602	9.37%
2018	4,177,298	4,177,298	-	43,025,537	9.71%
2019	4,857,746	4,857,746	-	45,677,802	10.63%
2020	5,512,046	5,512,046	-	48,218,131	11.43%
2021	6,848,695	6,848,695	-	49,939,829	13.71%
2022	8,251,329	8,251,329	-	56,143,881	14.70%

**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	23 years
Asset Valuation Method	10-year smoothed fair value, 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB <sup>(10)</sup> mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes: 1) There were no benefit changes during the year

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

	September 30, 2022	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015
<b>1. Total Pension Liability</b>								
a. Service cost	\$ 2,468,510	\$ 2,319,369	\$ 2,251,815	\$ 2,113,543	\$ 2,047,015	\$ 1,891,004	\$ 1,827,057	\$ 1,830,207
b. Interest	5,271,546	5,008,777	4,710,130	4,434,845	4,185,617	4,132,431	3,854,103	3,548,068
c. Differences between expected and actual experience	-	(301,589)	-	(527,995)	-	(2,575,843)	-	-
d. Changes of assumptions	-	2,014,756	-	2,222,160	-	(224,913)	-	779,646
e. Benefit payments	(3,254,092)	(3,272,253)	(2,822,833)	(2,782,964)	(3,383,661)	(2,001,167)	(2,306,409)	(2,105,453)
f. Net Change in Total Pension Liability	4,485,964	5,769,060	4,139,112	5,459,589	2,848,971	1,221,512	3,374,751	4,052,468
g. Total Pension Liability - Beginning <sup>(1)</sup>	71,869,509	66,100,449	61,961,337	56,501,748	53,652,777	52,431,265	49,056,514	45,004,046
h. Total Pension Liability - Ending <sup>(2)</sup>	<u>\$ 76,355,473</u>	<u>\$ 71,869,509</u>	<u>\$ 66,100,449</u>	<u>\$ 61,961,337</u>	<u>\$ 56,501,748</u>	<u>\$ 53,652,777</u>	<u>\$ 52,431,265</u>	<u>\$ 49,056,514</u>
<b>2. Plan Fiduciary Net Position</b>								
a. Contributions by the city	2,440,295	2,013,825	1,919,225	1,817,845	1,873,368	1,770,872	1,696,664	1,541,096
b. Contributions by the firefighters	1,788,846	1,699,605	1,623,962	1,538,179	1,585,161	1,483,972	1,419,132	1,284,686
c. Net investment income	9,715,290	4,716,637	1,315,715	3,585,949	4,603,775	3,110,934	(1,444,977)	1,972,592
d. Benefit payments	(3,254,092)	(3,272,253)	(2,822,833)	(2,782,964)	(3,383,661)	(2,001,167)	(2,306,409)	(2,105,453)
e. Administrative expenses	(114,381)	(107,111)	(121,394)	(96,351)	(136,910)	(94,483)	(135,909)	(130,049)
f. Net Change in Plan Fiduciary Net Position	10,575,958	5,050,703	1,914,675	4,062,658	4,541,733	4,270,128	(771,499)	2,562,872
g. Plan Fiduciary Net Position - Beginning	50,912,599	45,861,896	43,947,221	39,884,563	35,342,830	31,072,702	31,844,201	29,281,329
h. Plan Fiduciary Net Position - Ending	<u>\$ 61,488,557</u>	<u>\$ 50,912,599</u>	<u>\$ 45,861,896</u>	<u>\$ 43,947,221</u>	<u>\$ 39,884,563</u>	<u>\$ 35,342,830</u>	<u>\$ 31,072,702</u>	<u>\$ 31,844,201</u>
<b>3. City's Net Pension Liability - Ending [Item 1 - 2]</b>	\$ 14,866,916	\$ 20,956,910	\$ 20,238,553	\$ 18,014,116	\$ 16,617,185	\$ 18,309,947	\$ 21,358,563	\$ 17,212,313
<b>4. Plan Fiduciary Net Position as a Percentage of the Total Pension</b>	80.5%	70.8%	69.4%	70.9%	70.6%	65.9%	59.3%	64.9%
<b>5. Covered Payroll for Year (Estimated)</b>	\$ 16,262,236	\$ 15,450,955	\$ 14,763,291	\$ 13,983,445	\$ 14,410,555	\$ 13,490,655	\$ 12,901,200	\$ 12,457,025
<b>6. City's Net Pension Liability as a Percentage of Covered Payroll</b>	91.4%	135.6%	137.1%	128.8%	115.3%	135.7%	165.6%	138.2%

<sup>(1)</sup> Determined from the ending pension liability as of September 30, 2014, but based on the actuarial assumptions for the September 30, 2012 actuarial valuation, using the roll back procedure allowed for the initial year of implementing GASB 68.

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

**Notes:**

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

**City of Killeen, Texas**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**  
**Supplemental Death Benefits Fund**  
**(Last Five Fiscal Years)**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 207,867	\$ 170,072	\$ 120,855	\$ 130,431	\$ 115,257
Interest (on the total OPEB liability)	82,824	93,323	101,373	88,180	85,013
Difference between expected and actual experience	(64,279)	(79,887)	(145,777)	74,528	-
Change of assumptions	147,181	587,910	579,092	(201,998)	222,509
Benefit payments	<u>(65,909)</u>	<u>(19,437)</u>	<u>(18,593)</u>	<u>(17,391)</u>	<u>(13,299)</u>
<b>Net Change in Total OPEB Liability</b>	307,684	751,981	636,950	73,750	409,480
Beginning total OPEB liability	<u>4,070,216</u>	<u>3,318,235</u>	<u>2,681,285</u>	<u>2,607,535</u>	<u>2,198,055</u>
<b>Ending Total OPEB Liability</b>	<u>\$ 4,377,900</u>	<u>\$ 4,070,216</u>	<u>\$ 3,318,235</u>	<u>\$ 2,681,285</u>	<u>\$ 2,607,535</u>
<b>Covered Payroll</b>	\$ 50,699,243	\$ 48,592,138	\$ 46,482,842	\$ 43,477,044	\$ 44,329,602
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>8.64%</b>	<b>8.38%</b>	<b>7.14%</b>	<b>6.17%</b>	<b>5.88%</b>

**Notes:**

Only five years of information is currently available. The City will build this schedule over the next five-year period.

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

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

	<u>September 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 710,775	\$ 759,863	\$ 677,638	\$ 517,001	\$ 614,080
Interest (on the total OPEB liability)	266,512	250,980	279,949	349,208	351,597
Difference between expected and actual experience	710,261	-	582,533	-	(624,879)
Change of assumptions	(2,090,920)	(46,727)	(313,743)	1,610,530	(1,064,361)
Benefit payments	(472,260)	(485,795)	(466,671)	(466,036)	(502,978)
<b>Net Change in Total OPEB Liability</b>	<u>(875,632)</u>	<u>478,321</u>	<u>759,706</u>	<u>2,010,703</u>	<u>(1,226,541)</u>
Beginning total OPEB liability	<u>11,316,594</u>	<u>10,838,273</u>	<u>10,078,567</u>	<u>8,067,864</u>	<u>9,294,405</u>
<b>Ending Total OPEB Liability</b>	<u>\$ 10,440,962</u>	<u>\$ 11,316,594</u>	<u>\$ 10,838,273</u>	<u>\$ 10,078,567</u>	<u>\$ 8,067,864</u>
<b>Covered Payroll</b>	\$ 76,542,923	\$ 66,960,732	\$ 63,990,120	\$ 59,574,244	\$ 57,536,268
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>13.64%</b>	<b>16.90%</b>	<b>16.94%</b>	<b>16.92%</b>	<b>14.02%</b>

**Notes:**

Only five years of information is currently available. The City will build this schedule over the next five-year period. Changes of assumptions reflect a change in the discount rate from 2.26% as of September 30, 2021 to 4.02% as of September 30, 2022.

There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period. Measurement Year 2022.

**City of Killeen, Texas**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
<b>Taxes and Fees:</b>				
Ad valorem	\$ 39,467,015	\$ 39,644,133	\$ 39,644,133	\$ (177,118)
Penalty and interest	257,873	148,118	148,118	109,755
Total ad valorem	39,724,888	39,792,251	39,792,251	(67,363)
Franchise fees	5,839,728	5,477,617	5,477,617	362,111
Sales and occupancy	34,226,837	30,996,718	31,529,403	2,697,434
Total taxes and fees	79,791,453	76,266,586	76,799,271	2,992,182
<b>Licenses, Permits and Other Fees:</b>				
Building permits and inspections	1,571,380	663,868	663,868	907,512
Electrical permits and inspections	76,960	159,152	159,152	(82,192)
Plumbing permits and inspections	111,880	116,553	116,553	(4,673)
Miscellaneous licenses	552,774	373,440	373,440	179,334
Taxi operators licenses	1,112	1,549	1,549	(437)
Food handlers permits	52,080	26,351	26,351	25,729
Trailer court licenses	7,635	8,498	8,498	(863)
Building plans review	126,030	269,328	269,328	(143,298)
Mechanical inspections	35,260	52,271	52,271	(17,011)
Total licenses, permits, and other fees	2,535,111	1,671,010	1,671,010	864,101
<b>Intergovernmental:</b>				
General government	4,225,196	6,675,000	6,757,000	(2,531,804)
Public safety	3,851,858	2,797,545	3,851,967	(109)
Community development	10,622	8,861	8,861	1,761
Public Works	34,480	34,480	34,480	-
Total intergovernmental	8,122,156	9,515,886	10,652,308	(2,530,152)
<b>Charges for Services:</b>				
Ambulance service fees	3,859,351	3,157,972	3,157,972	701,379
Fire	198,720	174,240	174,240	24,480
Miscellaneous police receipts	21,150	24,899	24,899	(3,749)
Animal control receipts	122,637	101,486	101,486	21,151
Golf course	1,432,498	1,293,078	1,293,078	139,420
Parks and recreation	771,142	1,000,482	1,000,482	(229,340)
Library charges and contributions	30,861	21,918	21,918	8,943
Killeen arts and activities center	76,130	67,237	67,237	8,893
General government	694,160	678,627	678,627	15,533
Leases	218,786	204,056	204,056	14,730
Total charges for services	7,425,435	6,723,995	6,723,995	701,440
<b>Fines and Fees</b>				
Municipal court fines	2,745,977	2,138,077	2,138,077	607,900
Other fines and fees	264,000	188,089	188,089	75,911
Total fines and fees	3,009,977	2,326,166	2,326,166	683,811
<b>Investment earnings</b>	(48,003)	69,313	69,313	(117,316)
<b>Miscellaneous</b>	100,438	96,668	446,668	(346,230)
Total revenues	100,936,567	96,669,624	98,688,731	2,247,836
<b>Expenditures:</b>				
<b>General Government:</b>				
City council	73,119	71,049	76,440	3,321
City manager	847,450	794,950	869,513	22,063
City auditor	124,243	125,071	125,071	828
Communications	692,496	766,128	734,529	42,033
City attorney	949,693	1,021,745	1,021,745	72,052
Financial services	1,915,671	2,078,289	2,078,341	162,670
Human resources	1,455,554	1,602,573	1,605,303	149,749
Planning and development	721,840	922,074	892,666	170,826
Nondepartmental	8,147,898	10,188,244	11,021,395	2,873,497
Total general government	\$ 14,927,964	\$ 17,570,123	\$ 18,425,003	\$ 3,497,039

**City of Killeen, Texas**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Continued)**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>Public Safety:</b>				
Municipal court	\$ 1,206,307	\$ 1,305,120	\$ 1,307,078	\$ 100,771
Building inspections	1,079,571	1,083,181	1,068,864	(10,707)
Code enforcement	1,136,527	1,452,918	1,383,497	246,970
Animal control	1,090,750	1,219,958	1,233,560	142,810
Police	35,730,092	37,275,068	37,237,098	1,507,006
Fire	28,230,982	26,815,135	28,334,646	103,664
Total public safety	<u>68,474,229</u>	<u>69,151,380</u>	<u>70,564,743</u>	<u>2,090,514</u>
<b>Public Works:</b>				
Administration	241,103	243,375	243,375	2,272
Streets	3,939,168	4,589,473	4,637,427	698,259
Total Public Works	<u>4,180,271</u>	<u>4,832,848</u>	<u>4,880,802</u>	<u>700,531</u>
<b>Recreation Services:</b>				
Administration	433,410	466,831	454,666	21,256
Golf course	1,431,329	1,271,877	1,271,877	(159,452)
Parks	2,346,221	2,649,850	2,467,206	120,985
Operations	420,860	489,986	475,935	55,075
Family aquatics center	588,760	614,246	727,727	138,967
Recreation	430,980	542,713	468,012	37,032
Athletics	303,134	486,098	381,684	78,550
Senior citizens	315,060	366,894	366,645	51,585
Total recreation services	<u>6,269,754</u>	<u>6,888,495</u>	<u>6,613,752</u>	<u>343,998</u>
<b>Community Development:</b>				
Library	1,577,138	1,637,106	1,673,067	95,929
Killeen arts and activities center	445,162	482,743	482,743	37,581
Community development	245,303	284,498	284,498	39,195
Building services	933,439	949,938	954,860	21,421
Custodial services	797,630	842,131	845,157	47,527
Total community development	<u>3,998,672</u>	<u>4,196,416</u>	<u>4,240,325</u>	<u>241,653</u>
<b>Capital Outlay</b>	<u>864,673</u>	<u>595,842</u>	<u>948,914</u>	<u>84,241</u>
<b>Debt Payments</b>	<u>292,252</u>	<u>352,230</u>	<u>352,230</u>	<u>59,978</u>
Total expenditures	<u>99,007,815</u>	<u>103,587,334</u>	<u>106,025,769</u>	<u>7,017,954</u>
Excess of revenues over (under) expenditures	<u>1,928,752</u>	<u>(6,917,710)</u>	<u>(7,337,038)</u>	<u>9,265,790</u>
<b>Other Financing Sources (Uses)</b>				
Insurance recoveries	211,981	252,500	252,500	(40,519)
Sale of capital assets	257,049	25,169	31,283	225,766
Leases issued	142,970	-	-	142,970
Transfers in	9,728,506	9,378,506	9,378,506	350,000
Transfers out	(11,115,094)	(2,738,465)	(11,115,094)	-
Total other financing sources (uses)	<u>(774,588)</u>	<u>6,917,710</u>	<u>(1,452,805)</u>	<u>678,217</u>
Net change in fund balance	1,154,164	\$ -	\$ (8,789,843)	\$ 8,587,573
Fund balance - beginning	<u>32,782,708</u>			
Fund balance - ending	<u>\$ 33,936,872</u>			



# COMBINING STATEMENTS/ BUDGETARY COMPARISON SCHEDULES





**CITY OF KILLEEN**



Exhibit C-1

**City of Killeen, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2022**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
<b>ASSETS</b>			
Cash and equity in pooled cash and investments	\$ 11,992,851	\$ 25,114,168	\$ 37,107,019
Receivables (net of allowances for uncollectibles):			
Taxes	214,081	-	214,081
Accounts	766,668	512	767,180
Intergovernmental receivable	165,500	-	165,500
Inventories	21,288	-	21,288
Total assets	13,160,388	25,114,680	38,275,068
 <b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	208,815	855,163	1,063,978
Due to other funds	117,210	-	117,210
Accrued salaries payable	77,818	-	77,818
Unearned revenue	46,655	-	46,655
Total liabilities	450,498	855,163	1,305,661
Fund Balances:			
Nonspendable:			
Inventories	21,288	-	21,288
Restricted for:			
Debt service	525,000	-	525,000
Other purposes	12,163,602	24,259,517	36,423,119
Total fund balances	12,709,890	24,259,517	36,969,407
Total liabilities and fund balances	\$ 13,160,388	\$ 25,114,680	\$ 38,275,068

**City of Killeen, Texas**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2022**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds (See Exhibit A-5)</b>
<b>REVENUES</b>			
Taxes	\$ 2,644,886	\$ -	\$ 2,644,886
Intergovernmental	2,050,625	-	2,050,625
Charges for services	10,224,148	-	10,224,148
Fines	223,558	-	223,558
Investment earnings	(16,618)	(35,031)	(51,649)
Contributions	175,710	-	175,710
Miscellaneous	437,713	-	437,713
Total revenues	<u>15,740,022</u>	<u>(35,031)</u>	<u>15,704,991</u>
<b>EXPENDITURES</b>			
Current:			
General government	28,203	-	28,203
Public safety	597,324	-	597,324
Public works	3,917,349	-	3,917,349
Recreation services	50,993	-	50,993
Community development	2,962,810	-	2,962,810
Debt service:			
Principal	940,000	-	940,000
Interest and fiscal charges	558,891	-	558,891
Capital outlay	<u>383,444</u>	<u>1,439,623</u>	<u>1,823,067</u>
Total expenditures	<u>9,439,014</u>	<u>1,439,623</u>	<u>10,878,637</u>
Excess of revenues over expenditures	<u>6,301,008</u>	<u>(1,474,654)</u>	<u>4,826,354</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital-related bonds issued	-	21,630,000	21,630,000
Premium on issuance of debt	-	2,551,706	2,551,706
Sale of capital assets	43,375	-	43,375
Leases issued	5,601	-	5,601
Transfers out	<u>(432,343)</u>	<u>-</u>	<u>(432,343)</u>
Total other financing sources (uses)	<u>(383,367)</u>	<u>24,181,706</u>	<u>23,798,339</u>
Net changes in fund balances	5,917,641	22,707,052	28,624,693
Fund balance - beginning	6,792,249	1,552,465	8,344,714
Fund balance - ending	<u>\$ 12,709,890</u>	<u>\$ 24,259,517</u>	<u>\$ 36,969,407</u>

## Special Revenue Funds

Special revenue funds are used to account for specific resources that are legally restricted to expenditure for particular purposes.

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

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

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

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

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

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

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

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

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

**Senior Citizen Assistance Fund:** This fund accounts for monetary donations and expenditures related to senior citizen assistance with utility bills.

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

**Street Maintenance Fund:** This fund accounts for revenues for street maintenance.

**TIRZ #2 Fund:** This fund accounts for the ad valorem tax revenues collected from the taxable property in the tax increment zone. This fund also accounts for expenditures on projects that take place in the tax increment zone.

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

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

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

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

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

**Jury Fee Fund:** This fund accounts for jury fees collected on cases that go to jury trial, and expenditures related to fund juror reimbursements and other finance jury services.

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

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

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

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

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

**Home ARP Fund:** This fund accounts for program funds received from the Department of Housing and Urban Development for their HOME American Rescue Plan (HOME-ARP) program. These programs are restricted to expenditures authorized by the Department of Housing and Urban Development.

**Killeen Public Facility Corporation Fund:** This fund accounts for receipts and expenditures related to the Killeen Public Facility Corporation.

**City of Killeen, Texas**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**September 30, 2022**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Hotel Occupancy Tax	Special Events Center	Cable System Improvements	Library Memorial	Community Development	Senior Citizen Assistance	Home Program	Street Maintenance	TIRZ #2
<b>ASSETS</b>													
Cash and equity in pooled cash and investments	\$ 6,899	\$ 241,995	\$ 266,653	\$ 1,867	\$ 1,716,330	\$ 18,783	\$ 1,239,667	\$ 5,664	\$ 11,685	\$ 75,751	\$ 392,599	\$ 4,219,252	\$ 2,143,566
Receivables (net of allowances for uncollectibles):													
Taxes	-	-	-	-	162,544	-	51,537	-	-	-	-	-	-
Accounts	-	-	-	-	3,976	-	-	-	-	107	5,080	757,483	-
Intergovernmental receivable	52,175	-	-	-	-	-	-	-	90,828	-	13,126	-	-
Inventories	-	-	-	-	21,288	-	-	-	-	-	-	-	-
Total assets	<u>\$ 59,074</u>	<u>\$ 241,995</u>	<u>\$ 266,653</u>	<u>\$ 1,867</u>	<u>\$ 1,904,138</u>	<u>\$ 18,783</u>	<u>\$ 1,291,204</u>	<u>\$ 5,664</u>	<u>\$ 102,513</u>	<u>\$ 75,858</u>	<u>\$ 410,805</u>	<u>\$ 4,976,735</u>	<u>\$ 2,143,566</u>
<b>LIABILITIES AND FUND BALANCES</b>													
Liabilities:													
Accounts payable	\$ 28,337	\$ -	\$ -	\$ -	\$ 112,182	\$ -	\$ -	\$ -	\$ 7,463	\$ -	\$ 91	\$ 33,757	\$ -
Due to other funds	20,871	-	-	-	-	-	-	-	88,454	-	-	-	-
Accrued salaries payable	901	-	-	-	65,731	-	-	-	5,420	-	1,349	-	-
Unearned revenue	-	-	-	-	41,575	-	-	-	-	-	5,080	-	-
Total liabilities	<u>50,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,337</u>	<u>-</u>	<u>6,520</u>	<u>33,757</u>	<u>-</u>
Fund Balances:													
Nonspendable:													
Inventories	-	-	-	-	21,288	-	-	-	-	-	-	-	-
Restricted for:													
Debt service	-	-	-	-	525,000	-	-	-	-	-	-	-	-
Other purposes	8,965	241,995	266,653	1,867	1,138,362	18,783	1,291,204	5,664	1,176	75,858	404,285	4,942,978	2,143,566
Total fund balances	<u>8,965</u>	<u>241,995</u>	<u>266,653</u>	<u>1,867</u>	<u>1,684,650</u>	<u>18,783</u>	<u>1,291,204</u>	<u>5,664</u>	<u>1,176</u>	<u>75,858</u>	<u>404,285</u>	<u>4,942,978</u>	<u>2,143,566</u>
Total liabilities and fund balances	<u>\$ 59,074</u>	<u>\$ 241,995</u>	<u>\$ 266,653</u>	<u>\$ 1,867</u>	<u>\$ 1,904,138</u>	<u>\$ 18,783</u>	<u>\$ 1,291,204</u>	<u>\$ 5,664</u>	<u>\$ 102,513</u>	<u>\$ 75,858</u>	<u>\$ 410,805</u>	<u>\$ 4,976,735</u>	<u>\$ 2,143,566</u>

**City of Killeen, Texas**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (Continued)**  
**September 30, 2022**

	Parks Donations	Teen Court Program	Court Technology	Court Security	Juvenile Case Manager	Jury Fee	Fire Department Donations	Animal Control Donations	Child Safety	Police Department Donations	Employee Wellness	HOME American Rescue Plan	Killeen Public Facility Corp	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS</b>														
Cash and equity in pooled cash and investments	\$ 121,360	\$ 5,695	\$ 149,476	\$ 211,126	\$ 451,622	\$ 2,905	\$ 4,817	\$ 140,505	\$ 285,600	\$ 279,034	\$ -	\$ -	\$ -	\$ 11,992,851
Receivables (net of allowances for uncollectibles):														
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	214,081
Accounts	-	-	-	-	-	-	-	22	-	-	-	-	-	766,668
Intergovernmental receivable	-	-	-	-	-	-	-	-	-	-	-	9,371	-	165,500
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	21,288
Total assets	<u>\$ 121,360</u>	<u>\$ 5,695</u>	<u>\$ 149,476</u>	<u>\$ 211,126</u>	<u>\$ 451,622</u>	<u>\$ 2,905</u>	<u>\$ 4,817</u>	<u>\$ 140,527</u>	<u>\$ 285,600</u>	<u>\$ 279,034</u>	<u>\$ -</u>	<u>\$ 9,371</u>	<u>\$ -</u>	<u>\$ 13,160,388</u>
<b>LIABILITIES AND FUND BALANCES</b>														
<b>BALANCES</b>														
Liabilities:														
Accounts payable	\$ 4,734	\$ 145	\$ -	\$ -	\$ 78	\$ -	\$ 150	\$ 2,710	\$ 17,110	\$ 2,058	\$ -	\$ -	\$ -	\$ 208,815
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	7,885	-	117,210
Accrued salaries payable	-	-	-	812	2,119	-	-	-	-	-	-	1,486	-	77,818
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	46,655
Total liabilities	<u>4,734</u>	<u>145</u>	<u>-</u>	<u>812</u>	<u>2,197</u>	<u>-</u>	<u>150</u>	<u>2,710</u>	<u>17,110</u>	<u>2,058</u>	<u>-</u>	<u>9,371</u>	<u>-</u>	<u>450,498</u>
Fund Balances:														
Nonspendable:														
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	21,288
Restricted for:														
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-	525,000
Other purposes	116,626	5,550	149,476	210,314	449,425	2,905	4,667	137,817	268,490	276,976	-	-	-	12,163,602
Total fund balances	<u>116,626</u>	<u>5,550</u>	<u>149,476</u>	<u>210,314</u>	<u>449,425</u>	<u>2,905</u>	<u>4,667</u>	<u>137,817</u>	<u>268,490</u>	<u>276,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,709,890</u>
Total liabilities and fund balances	<u>\$ 121,360</u>	<u>\$ 5,695</u>	<u>\$ 149,476</u>	<u>\$ 211,126</u>	<u>\$ 451,622</u>	<u>\$ 2,905</u>	<u>\$ 4,817</u>	<u>\$ 140,527</u>	<u>\$ 285,600</u>	<u>\$ 279,034</u>	<u>\$ -</u>	<u>\$ 9,371</u>	<u>\$ -</u>	<u>\$ 13,160,388</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, 2022**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Hotel Occupancy Tax	Special Events Center	Cable System Improvements	Library Memorial	Community Development	Senior Citizen Assistance	Home Program	Street Maintenance	TIRZ #2
<b>REVENUES</b>													
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,186,530	\$ -	\$ 219,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,532
Intergovernmental	157,906	38,366	-	-	427,182	-	-	-	999,047	-	57,041	-	163,597
Charges for services	-	-	-	-	645,761	-	-	-	-	-	307,304	9,265,912	-
Investment earnings	(16)	(332)	(520)	(3)	(2,605)	(29)	(1,976)	(12)	(368)	(123)	(8)	(4,569)	(3,356)
Contributions	-	-	-	-	-	-	-	124	-	10,891	-	-	-
Miscellaneous	-	-	-	-	4,340	-	-	-	1,218	-	97	40	-
<b>Total revenues</b>	<b>157,890</b>	<b>38,034</b>	<b>(520)</b>	<b>(3)</b>	<b>3,261,208</b>	<b>(29)</b>	<b>217,848</b>	<b>112</b>	<b>999,897</b>	<b>10,768</b>	<b>364,434</b>	<b>9,261,383</b>	<b>398,773</b>
<b>EXPENDITURES</b>													
Current:													
General government	-	-	-	-	-	-	28,203	-	-	-	-	-	-
Public safety	157,906	10,983	49,920	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-	3,917,349	-
Recreation services	-	-	-	-	-	-	-	-	-	7,660	-	-	-
Community development	-	-	-	-	1,897,785	-	-	8,446	999,549	-	57,030	-	-
Debt service:													
Principal	-	-	-	-	500,000	-	-	-	-	-	-	440,000	-
Interest and fiscal charges	-	-	-	-	212,049	-	-	-	-	-	-	346,842	-
Capital outlay	-	-	-	-	-	-	91,995	-	-	-	-	5,601	-
<b>Total expenditures</b>	<b>157,906</b>	<b>10,983</b>	<b>49,920</b>	<b>-</b>	<b>2,609,834</b>	<b>-</b>	<b>120,198</b>	<b>8,446</b>	<b>999,549</b>	<b>7,660</b>	<b>57,030</b>	<b>4,709,792</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(16)	27,051	(50,440)	(3)	651,374	(29)	97,650	(8,334)	348	3,108	307,404	4,551,591	398,773
<b>OTHER FINANCING SOURCES (USES)</b>													
Insurance recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	41,950	-	-	-	-	-	-	-	-	-	-	-
Leases issued	-	-	-	-	-	-	-	-	-	-	-	5,601	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>41,950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,601</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>(16)</b>	<b>69,001</b>	<b>(50,440)</b>	<b>(3)</b>	<b>651,374</b>	<b>(29)</b>	<b>97,650</b>	<b>(8,334)</b>	<b>348</b>	<b>3,108</b>	<b>307,404</b>	<b>4,557,192</b>	<b>398,773</b>
Fund balance - beginning	8,981	172,994	317,093	1,870	1,033,276	18,812	1,193,554	13,998	828	72,750	96,881	385,786	1,744,793
<b>Fund balance - ending</b>	<b>\$ 8,965</b>	<b>\$ 241,995</b>	<b>\$ 266,653</b>	<b>\$ 1,867</b>	<b>\$ 1,684,650</b>	<b>\$ 18,783</b>	<b>\$ 1,291,204</b>	<b>\$ 5,664</b>	<b>\$ 1,176</b>	<b>\$ 75,858</b>	<b>\$ 404,285</b>	<b>\$ 4,942,978</b>	<b>2,143,566</b>

**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, 2022**

	Parks Donations	Teen Court Program	Court Court	Court Security	Juvenile Case Manager	Jury Fee	Fire Department Donations	Animal Control Donations	Child Safety	Police Department Donations	Employee Wellness	Home ARP	Killeen Public Facility Corp	Total Nonmajor Special Revenue Finds (See Exhibit C-2)
<b>REVENUES</b>														
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,644,886
Intergovernmental	-	-	-	597	-	-	726	-	170,776	14,634	-	20,753	-	2,050,625
Charges for services	-	-	-	-	-	-	-	-	-	5,171	-	-	-	10,224,148
Fines	-	1,220	54,063	63,361	69,065	1,198	-	-	34,651	-	-	-	-	223,558
Investment earnings	(192)	(6)	(215)	(335)	(768)	(3)	(8)	(183)	(540)	(451)	-	-	-	(16,618)
Contributions	32,615	-	-	-	-	-	-	119,659	-	12,421	-	-	-	175,710
Miscellaneous	-	-	-	-	-	-	-	18	-	-	-	-	432,000	437,713
<b>Total revenues</b>	<b>32,423</b>	<b>1,214</b>	<b>53,848</b>	<b>63,623</b>	<b>68,297</b>	<b>1,195</b>	<b>718</b>	<b>119,494</b>	<b>204,887</b>	<b>31,775</b>	<b>-</b>	<b>20,753</b>	<b>432,000</b>	<b>15,740,022</b>
<b>EXPENDITURES</b>														
Current:														
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	28,203
Public safety	-	2,116	7,072	46,563	116,120	-	150	92,045	96,162	18,287	-	-	-	597,324
Public works	-	-	-	-	-	-	-	-	-	-	-	-	-	3,917,349
Recreation services	22,580	-	-	-	-	-	-	-	-	-	-	20,753	-	50,993
Community development	-	-	-	-	-	-	-	-	-	-	-	-	-	2,962,810
Debt service:														
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	940,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	558,891
Capital outlay	-	-	-	-	-	-	-	18,950	266,898	-	-	-	-	383,444
<b>Total expenditures</b>	<b>22,580</b>	<b>2,116</b>	<b>7,072</b>	<b>46,563</b>	<b>116,120</b>	<b>-</b>	<b>150</b>	<b>110,995</b>	<b>363,060</b>	<b>18,287</b>	<b>-</b>	<b>20,753</b>	<b>-</b>	<b>9,439,014</b>
Excess (deficiency) of revenues over (under) expenditures	<b>9,843</b>	<b>(902)</b>	<b>46,776</b>	<b>17,060</b>	<b>(47,823)</b>	<b>1,195</b>	<b>568</b>	<b>8,499</b>	<b>(158,173)</b>	<b>13,488</b>	<b>-</b>	<b>-</b>	<b>432,000</b>	<b>6,301,008</b>
<b>OTHER FINANCING SOURCES (USES)</b>														
Insurance recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	1,425	-	-	-	43,375
Leases issued	-	-	-	-	-	-	-	-	-	-	-	-	-	5,601
Transfers out	-	-	-	-	-	-	-	-	-	-	(343)	-	(432,000)	(432,343)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,425</b>	<b>(343)</b>	<b>-</b>	<b>(432,000)</b>	<b>(383,367)</b>
Net changes in fund balances	9,843	(902)	46,776	17,060	(47,823)	1,195	568	8,499	(158,173)	14,913	(343)	-	-	5,917,641
Fund balance - beginning	106,783	6,452	102,700	193,254	497,248	1,710	4,099	129,318	426,663	262,063	343	-	-	6,792,249
Fund balance - ending	<u>\$ 116,626</u>	<u>\$ 5,550</u>	<u>\$ 149,476</u>	<u>\$ 210,314</u>	<u>\$ 449,425</u>	<u>\$ 2,905</u>	<u>\$ 4,667</u>	<u>\$ 137,817</u>	<u>\$ 268,490</u>	<u>\$ 276,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,709,890</u>

## 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.

**2022 C.O. Bonds:** This fund accounts for expenditures of funds to be used for paying contractual obligations to be incurred by the City for constructing, reconstructing, improving, repairing, and/or upgrading streets and roads, payments of any related sidewalk and lighting necessary to be in compliance with the Americans with Disabilities Act.

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

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

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

**City of Killeen, Texas**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**September 30, 2022**

	2022 C.O. Bonds	2011 C.O. Bonds	2014 C.O. Bonds	Golf Capital Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS</b>					
Cash and equity in pooled cash and investments	\$ 22,821,865	\$ 2,236,590	\$ 54,500	\$ 1,213	\$ 25,114,168
Accounts Receivables	512	-	-	-	512
Total assets	<u>22,822,377</u>	<u>2,236,590</u>	<u>54,500</u>	<u>1,213</u>	<u>25,114,168</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	90,225	764,938	-	-	855,163
Total liabilities	<u>90,225</u>	<u>764,938</u>	<u>-</u>	<u>-</u>	<u>855,163</u>
Fund balances:					
Restricted for:					
Capital projects	22,732,152	1,471,652	54,500	1,213	24,259,517
Total fund balances	<u>22,732,152</u>	<u>1,471,652</u>	<u>54,500</u>	<u>1,213</u>	<u>24,259,517</u>
Total liabilities and fund balances	<u>\$ 22,822,377</u>	<u>\$ 2,236,590</u>	<u>\$ 54,500</u>	<u>\$ 1,213</u>	<u>\$ 25,114,680</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, 2022**

	2022 C.O. Bonds	2011 C.O. Bonds	2014 C.O. Bonds	Golf Capital Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
<b>REVENUES</b>					
Investment earnings	\$ (31,267)	\$ (3,672)	\$ (90)	\$ (2)	\$ (35,031)
Total revenues	<u>(31,267)</u>	<u>(3,672)</u>	<u>(90)</u>	<u>(2)</u>	<u>(35,031)</u>
<b>EXPENDITURES</b>					
Public Works	-	-	-	-	-
Capital Outlay	\$ 1,418,287	-	-	21,336	\$ 1,439,623
Total expenditures	<u>1,418,287</u>	<u>-</u>	<u>-</u>	<u>21,336</u>	<u>1,439,623</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,449,554)</u>	<u>(3,672)</u>	<u>(90)</u>	<u>(21,338)</u>	<u>(1,474,654)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of capital related debt	21,630,000	-	-	-	21,630,000
Premium on issuance of debt	2,551,706	-	-	-	2,551,706
Total other financing sources (uses)	<u>24,181,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,181,706</u>
Net change in fund balances	22,732,152	(3,672)	(90)	(21,338)	22,707,052
Fund balance - beginning	-	1,475,324	54,590	22,551	1,552,465
Fund balance - ending	<u>\$ 22,732,152</u>	<u>\$ 1,471,652</u>	<u>\$ 54,500</u>	<u>\$ 1,213</u>	<u>\$ 24,259,517</u>

## City of Killeen, Texas

### Internal Service Funds

**Internal Service Funds** are used to account for services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.

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

**Health Insurance Fund:** This fund accounts for the self-funded health insurance coverage for all City employees.

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

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

**City of Killeen, Texas**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**September 30, 2022**

	Fleet Services	Health Insurance	Risk Management	Information Technology	Total Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and equity in pooled cash and investments	\$ 213,120	3,047,131	\$ 307,350	\$ 834,264	\$ 4,401,865
Accounts receivable	843	8,757	-	-	9,600
Intergovernmental receivables	-	-	-	17,627	17,627
Inventories	301,648	-	-	-	301,648
Total current assets	<u>515,611</u>	<u>3,055,888</u>	<u>307,350</u>	<u>851,891</u>	<u>4,730,740</u>
Noncurrent assets:					
Property and equipment:					
Furniture and equipment	67,127	-	-	1,092,323	1,159,450
Vehicles	4,276,727	-	-	-	4,276,727
Less accumulated depreciation	(3,982,884)	-	-	(392,693)	(4,375,577)
Net property and equipment	<u>360,970</u>	<u>-</u>	<u>-</u>	<u>699,630</u>	<u>1,060,600</u>
Total assets	<u>876,581</u>	<u>3,055,888</u>	<u>307,350</u>	<u>1,551,521</u>	<u>5,791,340</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows - pension	174,567	-	25,456	171,957	371,980
Deferred outflows - OPEB	43,612	-	14,126	51,044	108,782
Total deferred outflows of resources	<u>218,179</u>	<u>-</u>	<u>39,582</u>	<u>223,001</u>	<u>480,762</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	24,685	81,945	136	46,135	152,901
Accrued salaries payable	29,434	-	3,069	33,315	65,818
Unearned revenue	843	-	-	-	843
Compensated absences	10,576	-	798	14,064	25,438
Lease Payable	1,035	-	-	-	1,035
Total current liabilities	<u>66,573</u>	<u>81,945</u>	<u>4,003</u>	<u>93,514</u>	<u>246,035</u>
Noncurrent liabilities:					
Compensated absences	59,929	-	4,521	79,701	144,151
Net pension liability	413,945	-	60,363	407,756	882,064
Lease Payable	3,000	-	-	-	3,000
Total OPEB liability	<u>227,379</u>	<u>-</u>	<u>70,494</u>	<u>235,526</u>	<u>533,399</u>
Total noncurrent liabilities	<u>704,253</u>	<u>-</u>	<u>135,378</u>	<u>722,983</u>	<u>1,562,614</u>
Total liabilities	<u>770,826</u>	<u>81,945</u>	<u>139,381</u>	<u>816,497</u>	<u>1,808,649</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows - pension	313,456	-	45,709	308,769	667,934
Deferred Inflows - OPEB	40,831	-	18,360	57,826	117,017
Total deferred inflows of resources	<u>354,287</u>	<u>-</u>	<u>64,069</u>	<u>366,595</u>	<u>784,951</u>
<b>NET POSITION</b>					
Net investment in capital assets	356,935	-	-	699,630	1,056,565
Unrestricted	(387,288)	2,973,943	143,482	(108,200)	2,621,937
Total net position	<u>(30,353)</u>	<u>2,973,943</u>	<u>143,482</u>	<u>591,430</u>	<u>3,678,502</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,094,760</u>	<u>3,055,888</u>	<u>\$ 346,932</u>	<u>\$ 1,774,522</u>	<u>\$ 6,272,102</u>

**City of Killeen, Texas**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended September 30, 2022**

	Fleet Services	Health Insurance	Risk Management	Information Technology	Total Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,878,183	\$ 7,030,655	\$ 1,075,289	\$ 4,532,148	\$ 14,516,275
Miscellaneous	912	30,108	64	1,769	32,853
Total operating revenues	<u>1,879,095</u>	<u>7,060,763</u>	<u>1,075,353</u>	<u>4,533,917</u>	<u>14,549,128</u>
<b>OPERATING EXPENSES</b>					
Salaries and employee benefits	579,215	-	201,352	1,276,661	2,057,228
Repairs and maintenance	60,047	-	-	1,564,876	1,624,923
Supplies	37,070	6,433	29,065	23,125	95,693
Miscellaneous services and charges	112,551	5,921,638	1,114,188	906,460	8,054,837
Refuse disposal costs	10,741	-	-	-	10,741
Depreciation	313,336	-	-	171,973	485,309
Total operating expenses	<u>1,112,960</u>	<u>5,928,071</u>	<u>1,344,605</u>	<u>3,943,095</u>	<u>12,328,731</u>
Operating income (loss)	<u>766,135</u>	<u>1,132,692</u>	<u>(269,252)</u>	<u>590,822</u>	<u>2,220,397</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Insurance recoveries	60,733	-	-	-	60,733
Gain on disposition of capital assets	7,775	-	-	380	8,155
Intergovernmental	-	-	-	17,627	17,627
Investment earnings	(1,245)	(2,750)	(128)	(1,671)	(5,794)
Total nonoperating revenues	<u>67,263</u>	<u>(2,750)</u>	<u>(128)</u>	<u>16,336</u>	<u>80,721</u>
Income (loss) before transfers	<u>833,398</u>	<u>1,129,942</u>	<u>(269,380)</u>	<u>607,158</u>	<u>2,301,118</u>
<b>TRANSFERS</b>					
Transfers in	-	343	-	-	343
Transfers out	(782,881)	-	-	-	(782,881)
Total transfers	<u>(782,881)</u>	<u>343</u>	<u>-</u>	<u>-</u>	<u>(782,538)</u>
Change in net position	50,517	1,130,285	(269,380)	607,158	1,518,580
Net position - beginning	(80,870)	1,843,658	412,862	(15,728)	2,159,922
Net position - ending	<u>\$ (30,353)</u>	<u>\$ 2,973,943</u>	<u>\$ 143,482</u>	<u>\$ 591,430</u>	<u>\$ 3,678,502</u>

**City of Killeen, Texas**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2022**

	Fleet Services	Health Insurance	Risk Management	Information Technology	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 912	\$ 21,351	\$ 64	\$ 1,769	\$ 24,096
Payments to suppliers	(260,078)	(5,846,126)	(1,143,384)	(2,481,431)	(9,731,019)
Payments to employees	(1,560,691)	-	(181,318)	(1,999,750)	(3,741,759)
Payments for interfund services used	1,878,183	7,030,655	1,075,289	4,532,148	14,516,275
Net cash provided (used) by operating activities	<u>58,326</u>	<u>1,205,880</u>	<u>(249,349)</u>	<u>52,736</u>	<u>1,067,593</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in from other funds	-	343	-	-	343
Transfers out to other funds	(782,881)	-	-	-	(782,881)
Net cash (used) by noncapital financing activities	<u>(782,881)</u>	<u>343</u>	<u>-</u>	<u>-</u>	<u>(782,538)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions/grants	-	-	-	62,158	62,158
Purchase and construction of capital assets	(7,478)	-	-	(383,121)	(390,599)
Proceeds from sale of assets	7,775	-	-	380	8,155
Insurance recoveries	60,733	-	-	-	60,733
Net cash provided (used) by capital and related financing activities	<u>61,030</u>	<u>-</u>	<u>-</u>	<u>(320,583)</u>	<u>(259,553)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends on investments	(1,245)	(2,750)	(128)	(1,671)	(5,794)
Net cash provided by investing activities	<u>(1,245)</u>	<u>(2,750)</u>	<u>(128)</u>	<u>(1,671)</u>	<u>(5,794)</u>
Net increase (decrease) in cash and cash equivalents	(664,770)	1,203,473	(249,477)	(269,518)	19,708
Cash and cash equivalents, beginning of year	877,890	1,843,658	556,827	1,103,782	4,382,157
Cash and cash equivalents, end of year	<u>213,120</u>	<u>3,047,131</u>	<u>307,350</u>	<u>834,264</u>	<u>4,401,865</u>
Cash and cash equivalents	<u>213,120</u>	<u>3,047,131</u>	<u>307,350</u>	<u>834,264</u>	<u>4,401,865</u>
Total	<u>213,120</u>	<u>3,047,131</u>	<u>307,350</u>	<u>834,264</u>	<u>4,401,865</u>

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

	Fleet Services	Health Insurance	Risk Management	Information Technology	Total Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	766,135	1,132,692	(269,252)	590,822	2,220,397
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	313,336	-	-	171,973	485,309
Changes in assets and liabilities:					
Decrease (increase) in receivables	-	(8,757)	-	-	(8,757)
Decrease (increase) in inventories	(13,105)	-	-	-	(13,105)
Decrease (increase) in deferred outflows - pensions	(21,014)	-	(3,648)	(30,881)	(55,543)
Decrease (increase) in deferred outflows - OPEB	(8,783)	-	(11,446)	(28,468)	(48,697)
Increase (decrease) in payables	(26,564)	81,945	(131)	13,030	68,280
Increase (decrease) in accrued salaries payable	(46,310)	-	(8,415)	(55,636)	(110,361)
Increase (decrease) in compensated absences	(7,593)	-	(415)	4,454	(3,554)
Increase (decrease) in net pension liability	(1,207,164)	-	(76,372)	(1,161,382)	(2,444,918)
Increase (decrease) in OPEB liability	112,363	-	65,891	187,852	366,106
Increase (decrease) in deferred inflows - pensions	162,802	-	36,783	308,397	507,982
Increase (decrease) in deferred inflows - OPEB	34,223	-	17,656	52,575	104,454
Total adjustments	(707,809)	73,188	19,903	(538,086)	(1,152,804)
Net cash provided (used) by operating activities	<u>\$ 58,326</u>	<u>\$ 1,205,880</u>	<u>\$ (249,349)</u>	<u>\$ 52,736</u>	<u>\$ 1,067,593</u>

Exhibit C-10

**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, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 157,906	\$ 159,088	\$ 254,991	(97,085)
Investment earnings	(16)	20	20	(36)
Total revenues	<u>157,890</u>	<u>159,108</u>	<u>255,011</u>	<u>(97,121)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>157,906</u>	<u>164,080</u>	<u>259,983</u>	<u>102,077</u>
Total expenditures	<u>157,906</u>	<u>164,080</u>	<u>259,983</u>	<u>102,077</u>
Net change in fund balance	(16)	<u>\$ (4,972)</u>	<u>\$ (4,972)</u>	<u>\$ 4,956</u>
Fund balance - beginning	<u>8,981</u>			
Fund balance - ending	<u>\$ 8,965</u>			

**City of Killeen, Texas**  
**State Seizure Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 38,366	\$ -	\$ -	\$ 38,366
Investment earnings	(332)	365	365	(697)
Total revenues	<u>38,034</u>	<u>365</u>	<u>365</u>	<u>37,669</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	10,983	155,985	155,985	145,002
Total expenditures	<u>10,983</u>	<u>155,985</u>	<u>155,985</u>	<u>145,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,051</u>	<u>(155,620)</u>	<u>(155,620)</u>	<u>182,671</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	41,950	-	-	41,950
Total other financing sources	<u>41,950</u>	<u>-</u>	<u>-</u>	<u>41,950</u>
Net change in fund balance	69,001	<u>\$ (155,620)</u>	<u>\$ (155,620)</u>	<u>\$ 224,621</u>
Fund balance - beginning	<u>172,994</u>			
Fund balance - ending	<u>\$ 241,995</u>			

Exhibit C-12

**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, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	-\$520	\$ 933	\$ 933	-\$1,453
Total revenues	<u>(520)</u>	<u>933</u>	<u>933</u>	<u>(1,453)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	49,920	303,160	303,160	253,240
Total expenditures	<u>49,920</u>	<u>303,160</u>	<u>303,160</u>	<u>253,240</u>
Net change in fund balance	(50,440)	<u>\$ (302,227)</u>	<u>\$ (302,227)</u>	<u>\$ 251,787</u>
Fund balance - beginning	<u>317,093</u>			
Fund balance - ending	<u>\$ 266,653</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, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ (3)	\$ 5	\$ 5	\$ (8)
Total revenues	(3)	5	5	(8)
Net change in fund balance	-3	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ (8)</u>
Fund balance - beginning	1,870			
Fund balance - ending	<u>\$ 1,867</u>			

Exhibit C-14

**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, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 2,186,530	\$ 1,610,814	\$ 1,612,614	\$ 573,916
Intergovernmental	427,182	543,237	718,080	(290,898)
Charges for services	645,761	618,241	618,241	27,520
Investment earnings	(2,605)	1,418	1,418	(4,023)
Miscellaneous	4,340	500	500	3,840
Total revenues	<u>3,261,208</u>	<u>2,774,210</u>	<u>2,950,853</u>	<u>310,355</u>
<b>EXPENDITURES</b>				
Current:				
Community development	1,897,785	2,061,110	2,310,518	412,733
Debt service:				
Principal	500,000	500,000	500,000	-
Interest and fiscal charges	212,049	213,150	213,150	1,101
Total expenditures	<u>2,609,834</u>	<u>2,774,260</u>	<u>3,023,668</u>	<u>413,834</u>
Excess (deficiency) of revenues over (under) expenditures	<u>651,374</u>	<u>(50)</u>	<u>(72,815)</u>	<u>724,189</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	50	50	(50)
Total other financing sources	<u>-</u>	<u>50</u>	<u>50</u>	<u>(50)</u>
Net change in fund balance	651,374	\$ -	\$ (72,765)	\$ 724,139
Fund balance - beginning	<u>1,033,276</u>			
Fund balance - ending	<u>\$ 1,684,650</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, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ (29)	\$ 47	\$ 47	\$ (76)
Total revenues	<u>(29)</u>	<u>47</u>	<u>47</u>	<u>(76)</u>
Net change in fund balance	(29)	\$ 47	\$ 47	\$ (76)
Fund balance - beginning	18,812			
Fund balance - ending	<u>\$ 18,783</u>			

**City of Killeen, Texas**  
**Cable System Improvements Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 219,824	\$ 208,000	\$ 208,000	\$ 11,824
Investment earnings	(1,976)	2,032	2,032	(4,008)
Total revenues	<u>217,848</u>	<u>210,032</u>	<u>210,032</u>	<u>7,816</u>
<b>EXPENDITURES</b>				
Current:				
General government	28,203	186,400	186,400	158,197
Capital outlay	91,995	340,000	441,000	349,005
Total expenditures	<u>120,198</u>	<u>526,400</u>	<u>627,400</u>	<u>507,202</u>
Net change in fund balance	97,650	\$ <u>(316,368)</u>	\$ <u>(417,368)</u>	\$ <u>515,018</u>
Fund balance - beginning	<u>1,193,554</u>			
Fund balance - ending	<u>\$ 1,291,204</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, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ (12)	\$ 25	\$ 25	\$ (37)
Contributions	124	10,000	10,000	(9,876)
Total revenues	<u>112</u>	<u>10,025</u>	<u>10,025</u>	<u>(9,913)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	8,446	10,000	10,000	1,554
Total expenditures	<u>8,446</u>	<u>10,000</u>	<u>10,000</u>	<u>1,554</u>
Net change in fund balance	(8,334)	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ (8,358)</u>
Fund balance - beginning	13,998			
Fund balance - ending	<u>\$ 5,664</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, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 999,047	\$ 2,658,832	\$ 3,453,931	\$ (2,454,884)
Investment earnings	(368)	-	-	(368)
Miscellaneous	1,218	-	-	1,218
Total revenues	<u>999,897</u>	<u>2,658,832</u>	<u>3,453,931</u>	<u>(2,454,034)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	999,549	2,658,832	3,453,931	2,454,382
Total expenditures	<u>999,549</u>	<u>2,658,832</u>	<u>3,453,931</u>	<u>2,454,382</u>
Net change in fund balance	348	\$ -	\$ -	\$ 348
Fund balance - beginning	828			
Fund balance - ending	<u>\$ 1,176</u>			

**City of Killeen, Texas**  
**Senior Citizen Assistance Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ (123)	\$ 155	\$ 155	\$ (278)
Contributions	10,891	11,000	11,000	(109)
Total revenues	<u>10,768</u>	<u>11,155</u>	<u>11,155</u>	<u>(387)</u>
<b>EXPENDITURES</b>				
Current:				
Recreation services	7,660	11,000	11,000	3,340
Total expenditures	<u>7,660</u>	<u>11,000</u>	<u>11,000</u>	<u>3,340</u>
Net change in fund balance	3,108	\$ 155	\$ 155	\$ 2,953
Fund balance - beginning	<u>72,750</u>			
Fund balance - ending	<u>\$ 75,858</u>			

Exhibit C-20

**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, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 57,041	\$ 1,772,831	\$ 1,772,831	\$ (1,715,790)
Charges for services	307,304	129,725	129,725	177,579
Investment earnings	(8)	8	8	(16)
Miscellaneous	97	-	-	97
Total revenues	<u>364,434</u>	<u>1,902,564</u>	<u>1,902,564</u>	<u>(1,538,131)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	57,030	1,902,564	1,902,564	1,845,534
Total expenditures	<u>57,030</u>	<u>1,902,564</u>	<u>1,902,564</u>	<u>1,845,534</u>
Net change in fund balance	307,404	\$ -	\$ -	\$ 307,404
Fund balance - beginning	96,881			
Fund balance - ending	<u>\$ 404,285</u>			

**City of Killeen, Texas**  
**Street Maintenance Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Charges for services	\$ 9,265,912	\$ 9,626,596	\$ 9,626,596	\$ (360,684)
Investment earnings	(4,569)	4,944	4,944	(9,513)
Miscellaneous	40	-	-	40
Total revenues	<u>9,261,383</u>	<u>9,631,540</u>	<u>9,631,540</u>	<u>(370,158)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	3,917,349	8,803,469	8,803,469	4,886,120
Debt service:				
Principal	440,000	-	440,000	-
Interest and fiscal charges	346,842	828,071	388,071	41,229
Capital Outlay	5,601	-	-	(5,601)
Total expenditures	<u>4,709,792</u>	<u>9,631,540</u>	<u>9,631,540</u>	<u>4,921,748</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,551,591</u>	<u>-</u>	<u>-</u>	<u>4,551,590</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Leases issued	5,601	-	-	(5,601)
Total other financing sources (uses)	<u>5,601</u>	<u>-</u>	<u>-</u>	<u>(5,601)</u>
Net change in fund balance	4,557,192	\$ -	\$ -	\$ 4,557,192
Fund balance - beginning	<u>385,786</u>			
Fund balance - ending	<u>\$ 4,942,978</u>			

**City of Killeen, Texas**  
**TIRZ #2 Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 238,532	\$ 314,240	\$ 314,240	\$ (75,708)
Intergovernmental	163,597	236,155	236,155	(72,558)
Investment earnings	<u>(3,356)</u>	<u>2,937</u>	<u>2,937</u>	<u>(6,293)</u>
Total revenues	<u>398,773</u>	<u>553,332</u>	<u>553,332</u>	<u>(154,559)</u>
Net change in fund balance	398,773	\$ <u>553,332</u>	\$ <u>553,332</u>	\$ <u>(154,559)</u>
Fund balance - beginning	<u>1,744,793</u>			
Fund balance - ending	<u>\$ 2,143,566</u>			

**City of Killeen, Texas**  
**Parks Donations Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ (192)	\$ 246	\$ 246	-\$438
Contributions	32,615	38,000	38,000	(5,385)
Total revenues	<u>32,423</u>	<u>38,246</u>	<u>38,246</u>	<u>(5,823)</u>
<b>EXPENDITURES</b>				
Current:				
Recreation services	22,580	38,246	38,246	15,666
Total expenditures	<u>22,580</u>	<u>38,246</u>	<u>38,246</u>	<u>15,666</u>
Net change in fund balance	9,843	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,843</u>
Fund balance - beginning	106,783			
Fund balance - ending	<u>\$ 116,626</u>			

Exhibit C-24

**City of Killeen, Texas**  
**Teen Court Program Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 1,220	\$ 800	\$ 800	\$ 420
Investment earnings	(6)	20	20	(26)
Total revenues	<u>1,214</u>	<u>820</u>	<u>820</u>	<u>394</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>2,116</u>	<u>2,169</u>	<u>2,169</u>	<u>53</u>
Total expenditures	<u>2,116</u>	<u>2,169</u>	<u>2,169</u>	<u>53</u>
Net change in fund balance	(902)	<u>\$ (1,349)</u>	<u>\$ (1,349)</u>	<u>\$ 447</u>
Fund balance - beginning	<u>6,452</u>			
Fund balance - ending	<u>\$ 5,550</u>			

**City of Killeen, Texas**  
**Court Technology Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 54,063	\$ 51,580	\$ 51,580	\$ 2,483
Investment earnings	(215)	166	166	(381)
Total revenues	<u>53,848</u>	<u>51,746</u>	<u>51,746</u>	<u>2,102</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	7,072	22,934	22,934	15,862
Total expenditures	<u>7,072</u>	<u>22,934</u>	<u>22,934</u>	<u>15,862</u>
Net change in fund balance	46,776	<u>\$ 28,812</u>	<u>\$ 28,812</u>	<u>\$ 17,964</u>
Fund balance - beginning	102,700			
Fund balance - ending	<u>\$ 149,476</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, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 597	\$ 500	\$ 500	\$ 97
Fines	63,361	59,634	59,634	3,727
Investment earnings	(335)	427	427	(762)
Total revenues	<u>63,623</u>	<u>60,561</u>	<u>60,561</u>	<u>3,062</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>46,563</u>	<u>52,301</u>	<u>52,301</u>	<u>5,738</u>
Total expenditures	<u>46,563</u>	<u>52,301</u>	<u>52,301</u>	<u>5,738</u>
Net change in fund balance	17,060	\$ <u>8,260</u>	\$ <u>8,260</u>	\$ <u>8,800</u>
Fund balance - beginning	<u>193,254</u>			
Fund balance - ending	<u>\$ 210,314</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, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 69,065	\$ 68,600	\$ 68,600	\$ 465
Investment earnings	(768)	1,376	1,376	(2,144)
Total revenues	<u>68,297</u>	<u>69,976</u>	<u>69,976</u>	<u>(1,679)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>116,120</u>	<u>118,307</u>	<u>118,307</u>	<u>2,187</u>
Total expenditures	<u>116,120</u>	<u>118,307</u>	<u>118,307</u>	<u>2,187</u>
Net change in fund balance	(47,823)	<u>\$ (48,331)</u>	<u>\$ (48,331)</u>	<u>\$ 508</u>
Fund balance - beginning	<u>497,248</u>			
Fund balance - ending	<u>\$ 449,425</u>			

**City of Killeen, Texas**  
**Jury Fee Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2021**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 1,198	\$ 1,200	\$ 1,200	\$ (2)
Investment earnings	(3)	1	1	(4)
Total revenues	<u>1,195</u>	<u>1,201</u>	<u>1,201</u>	<u>(5)</u>
Net change in fund balance	1,195	<u>\$ 1,201</u>	<u>\$ 1,201</u>	<u>\$ (5)</u>
Fund balance - beginning	<u>1,710</u>			
Fund balance - ending	<u>\$ 2,905</u>			

**City of Killeen, Texas**  
**Fire Department Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 726	\$ 900	\$ 900	\$ (174)
Investment earnings	(8)	8	8	(16)
Total revenues	<u>718</u>	<u>908</u>	<u>908</u>	<u>(190)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	150	3,050	3,050	2,900
Total expenditures	<u>150</u>	<u>3,050</u>	<u>3,050</u>	<u>2,900</u>
Net change in fund balance	568	<u>\$ (2,142)</u>	<u>\$ (2,142)</u>	<u>\$ 2,710</u>
Fund balance - beginning	<u>4,099</u>			
Fund balance - ending	<u><u>\$ 4,667</u></u>			

Exhibit C-30

**City of Killeen, Texas**  
**Animal Control Donations Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ (183)	\$ 260	\$ 260	\$ (443)
Contributions	119,659	115,000	115,000	4,659
Other Income	18	-	-	18
Total revenues	<u>119,494</u>	<u>115,260</u>	<u>115,260</u>	<u>4,234</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	92,045	115,260	130,260	38,215
Capital Outlay	18,950	-	85,000	66,050
Total expenditures	<u>110,995</u>	<u>115,260</u>	<u>215,260</u>	<u>104,265</u>
Net change in fund balance	8,499	\$ -	\$ (100,000)	\$ 108,499
Fund balance - beginning	<u>129,318</u>			
Fund balance - ending	<u>\$ 137,817</u>			

**City of Killeen, Texas**  
**Child Safety Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 170,776	\$ 158,655	\$ 158,655	\$ 12,121
Fines	34,651	50,876	50,876	(16,225)
Investment earnings	(540)	1,228	1,228	(1,768)
Total revenues	<u>204,887</u>	<u>210,759</u>	<u>210,759</u>	<u>(5,872)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	96,162	132,750	132,750	36,588
Capital outlay	<u>266,898</u>	<u>25,000</u>	<u>291,860</u>	<u>24,962</u>
Total expenditures	<u>363,060</u>	<u>157,750</u>	<u>424,610</u>	<u>61,550</u>
Net change in fund balance	(158,173)	<u>\$ 53,009</u>	<u>\$ (213,851)</u>	<u>\$ 55,678</u>
Fund balance - beginning	<u>426,663</u>			
Fund balance - ending	<u>\$ 268,490</u>			

Exhibit C-32

**City of Killeen, Texas**  
**Police Department Donations Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 14,634	\$ 27,160	\$ 27,160	\$ (12,526)
Charges for services	5,171	7,000	7,000	(1,829)
Investment earnings	(451)	497	497	(948)
Contributions	12,421	16,000	16,000	(3,579)
Miscellaneous	-	500	500	(500)
Total revenues	<u>31,775</u>	<u>51,157</u>	<u>51,157</u>	<u>(19,382)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	18,287	238,900	238,900	220,613
Total expenditures	<u>18,287</u>	<u>238,900</u>	<u>238,900</u>	<u>220,613</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,488</u>	<u>(187,743)</u>	<u>(187,743)</u>	<u>201,231</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	1,425	4,000	4,000	(2,575)
Total other financing sources	<u>1,425</u>	<u>4,000</u>	<u>4,000</u>	<u>(2,575)</u>
Net change in fund balance	14,913	<u>\$ (183,743)</u>	<u>\$ (183,743)</u>	<u>\$ 198,656</u>
Fund balance - beginning	<u>262,063</u>			
Fund balance - ending	<u>\$ 276,976</u>			

**City of Killeen, Texas**  
**Employee Wellness Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(343)	-	(343)	-
Total other financing (uses)	(343)	-	(343)	-
Net change in fund balance	(343)	\$ -	\$ -	\$ (343)
Fund balance - beginning	343			
Fund balance - ending	\$ -			

Exhibit C-34

**City of Killeen, Texas**  
**HOME American Rescue Plan Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental Revenues	\$ 20,753	-	\$ 1,778,641	-\$1,757,888
Total revenues	<u>20,753</u>	<u>-</u>	<u>1,778,641</u>	<u>(1,757,888)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	20,753	-	1,778,641	1,757,888
Total expenditures	<u>20,753</u>	<u>-</u>	<u>1,778,641</u>	<u>1,757,888</u>
Net change in fund balance	-	\$ -	\$ -	\$ -
Fund balance - beginning	-			
Fund balance - ending	<u>\$ -</u>			

**City of Killeen, Texas**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2022**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 13,603,175	\$ 13,704,619	\$ 13,704,619	\$ (101,444)
Intergovernmental	2,319,558	1,684,375	1,684,375	635,183
Investment earnings	(20,267)	26,956	26,956	(47,223)
Total revenues	<u>15,902,466</u>	<u>15,415,950</u>	<u>15,415,950</u>	<u>486,516</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	11,540,000	11,540,000	11,540,000	-
Interest and fiscal charges	<u>4,624,471</u>	<u>4,634,488</u>	<u>4,634,488</u>	<u>10,017</u>
Total expenditures	<u>16,164,471</u>	<u>16,174,488</u>	<u>16,174,488</u>	<u>10,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(262,005)</u>	<u>(758,538)</u>	<u>(758,538)</u>	<u>496,533</u>
Net change in fund balance	(262,005)	<u>\$ (758,538)</u>	<u>\$ (758,538)</u>	<u>\$ 496,533</u>
Fund balance - beginning	<u>5,008,529</u>			
Fund balance - ending	<u>\$ 4,746,524</u>			

# STATISTICAL SECTION





**CITY OF KILLEEN**



**STATISTICAL SECTION**

**Financial Trends** ..... 138  
 These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

**Revenue Capacity** ..... 143  
 These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.

**Debt Capacity** ..... 147  
 These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

**Demographic and Economic Information** ..... 152  
 These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

**Operating Information** ..... 154  
 These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the government provides and the activities it performs.

**Continuing Financial Disclosures** ..... 160  
 These tables present various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. This financial information is provided to the Municipal Securities Rulemaking Board (MSRB) annually via the Electronic Municipal Market Access (EMMA) system.

Table I

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net investment in capital assets	\$ 62,867,902	\$ 54,564,150	\$ 55,015,444	\$ 52,004,821	\$ 48,083,942	\$ 52,468,959	\$ 58,430,100	\$ 51,521,453	\$ 60,286,215	\$ 76,080,193
Restricted for:										
Debt service	1,730,132	3,131,449	905,327	-	3,238,931	4,494,021	3,768,422	4,901,539	5,508,529	5,271,524
Capital projects	2,910,571	2,472,582	2,414,025	298,693	6,239,123	9,628,364	12,162,264	19,983,650	17,701,567	-
Other purposes	2,963,110	2,952,565	2,641,546	3,138,898	3,242,359	3,621,300	5,427,449	8,075,668	7,814,105	36,423,119
Unrestricted	14,455,124	11,671,245	(51,826,021)	(51,868,558)	(33,339,549)	(29,100,119)	(71,757,266)	(70,219,621)	(52,826,467)	(16,326,300)
<b>Total governmental activities net position</b>	<b>\$ 84,926,839</b>	<b>\$ 74,791,991</b>	<b>\$ 9,150,321</b>	<b>\$ 3,573,854</b>	<b>\$ 27,464,806</b>	<b>\$ 41,112,525</b>	<b>\$ 8,030,969</b>	<b>\$ 14,262,689</b>	<b>\$ 38,483,949</b>	<b>\$101,448,536</b>
<b>Business-type activities</b>										
Net investment in capital assets	188,453,458	192,106,889	203,053,020	181,931,220	201,056,728	200,358,419	206,354,400	205,499,902	189,024,682	201,782,468
Restricted for:										
Debt service	8,724,350	8,437,776	8,436,533	5,965,000	5,115,000	5,384,661	4,984,429	3,563,179	5,235,000	-
Capital projects	-	-	-	14,588,933	3,054,410	1,796,524	2,086,726	5,487,024	27,207,226	5,405,285
Unrestricted	31,760,856	21,921,142	3,450,901	6,274,922	15,788,767	20,591,450	10,104,986	15,854,041	19,951,163	55,669,392
<b>Total business-type activities net position</b>	<b>\$ 228,938,664</b>	<b>\$ 222,465,807</b>	<b>\$214,940,454</b>	<b>\$208,760,075</b>	<b>\$225,014,905</b>	<b>\$228,131,054</b>	<b>\$223,530,541</b>	<b>\$230,404,146</b>	<b>\$241,418,071</b>	<b>\$262,857,145</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 251,321,360	\$ 246,671,039	\$258,068,464	\$233,936,041	\$249,140,670	\$252,827,378	\$264,784,500	\$257,021,355	\$249,310,897	\$277,862,661
Restricted for:										
Debt service	10,454,482	11,569,225	9,341,860	5,965,000	8,353,931	9,878,682	8,752,851	8,464,718	10,743,529	5,271,524
Capital projects	2,910,571	2,472,582	2,414,025	14,887,626	9,293,533	11,424,888	14,248,990	25,470,674	44,908,793	5,405,285
Other purposes	2,963,110	2,952,565	2,641,546	3,138,898	3,242,359	3,621,300	5,427,449	8,075,668	7,814,105	36,423,119
Unrestricted	46,215,980	33,592,387	(48,375,120)	(45,593,636)	(17,550,782)	(8,508,669)	(61,652,280)	(54,365,580)	(32,875,304)	39,343,092
<b>Total primary government net position</b>	<b>\$ 313,865,503</b>	<b>\$ 297,257,798</b>	<b>\$224,090,775</b>	<b>\$212,333,929</b>	<b>\$252,479,711</b>	<b>\$269,243,579</b>	<b>\$231,561,510</b>	<b>\$244,666,835</b>	<b>\$279,902,020</b>	<b>\$364,305,680</b>

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

Table II

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 18,130,388	\$ 18,280,688	\$ 19,738,067	\$ 23,881,088	\$ 7,640,003	\$ 18,532,927	\$ 24,073,260	\$ 17,550,796	\$ 17,112,283	\$ 21,753,426
Public safety	47,472,507	49,434,466	57,032,023	59,748,462	47,145,776	50,531,932	79,194,745	60,681,868	62,310,408	48,356,283
Public works	10,041,012	11,861,694	10,859,949	7,240,120	7,144,108	10,746,654	12,296,974	11,414,407	13,211,560	12,208,295
Recreation services	9,682,663	9,549,328	10,741,314	10,686,576	9,468,049	8,624,123	13,621,364	8,054,799	8,142,396	5,134,807
Community development	1,563,247	2,292,071	2,306,419	3,218,079	3,199,353	3,432,423	6,215,603	7,458,855	7,845,185	4,556,810
Fleet services	-	-	-	-	1,164,394	1,078,970	-	-	-	-
Interest on long-term debt	8,547,412	8,263,132	8,598,463	7,610,776	7,739,808	6,466,577	6,972,133	7,043,511	4,796,313	(6,837,089)
Total governmental activities expenses	<u>95,437,229</u>	<u>99,681,379</u>	<u>109,276,235</u>	<u>112,385,101</u>	<u>83,501,491</u>	<u>99,413,606</u>	<u>142,374,079</u>	<u>112,204,236</u>	<u>113,418,145</u>	<u>85,172,532</u>
Business-type activities										
Airport operations	7,287,062	7,572,452	7,439,685	8,253,375	5,827,440	6,536,318	8,799,407	7,057,126	7,376,363	6,639,454
Solid waste	12,871,668	12,953,683	13,025,124	13,579,907	11,069,243	14,513,999	18,577,778	15,650,206	16,177,897	15,131,753
Water and sewer	28,455,634	34,975,124	32,611,994	32,027,836	27,181,470	32,112,444	38,255,119	36,253,207	36,158,833	33,971,498
Drainage utility	2,949,262	3,400,443	3,092,520	3,289,469	2,393,986	3,170,071	4,862,697	3,598,254	3,659,244	2,917,054
Total business-type activities expenses	<u>51,563,626</u>	<u>58,901,702</u>	<u>56,169,323</u>	<u>57,150,587</u>	<u>46,472,139</u>	<u>56,332,832</u>	<u>70,495,001</u>	<u>62,558,793</u>	<u>63,372,337</u>	<u>58,659,759</u>
Total primary government expenses	<u>\$ 147,000,855</u>	<u>\$ 158,583,081</u>	<u>\$ 165,445,558</u>	<u>\$ 169,535,688</u>	<u>\$ 129,973,630</u>	<u>\$ 155,746,438</u>	<u>\$ 212,869,080</u>	<u>\$ 174,763,029</u>	<u>\$ 176,790,482</u>	<u>\$ 143,832,291</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 5,894,028	\$ 5,750,455	\$ 3,755,430	\$ 6,610,874	\$ 1,127,516	\$ 4,629,114	\$ 5,053,902	\$ 2,742,063	\$ 3,066,258	\$ 3,842,898
Public safety	3,091,333	3,612,991	3,367,392	4,182,979	8,737,207	3,661,289	3,488,013	5,939,993	7,325,771	7,350,602
Recreation services	3,210,649	2,331,670	2,273,902	2,198,783	-	-	296,251	1,792,093	1,790,094	9,265,952
Community development	38,892	40,365	38,757	717,784	2,153,672	2,230,770	2,022,922	1,695,154	2,072,500	2,489,460
Community services	-	756,278	847,315	-	692,966	636,451	941,735	489,609	757,309	1,065,835
Fleet services	-	-	-	-	1,138,067	10,941,422	-	-	-	-
Operating grants and contributions	2,726,431	3,326,406	4,220,705	5,450,879	6,929,957	5,066,389	4,068,617	10,472,662	10,099,954	10,480,749
Capital grants and contributions	5,489,297	2,113,813	6,385,540	4,964,996	3,717,656	3,655,127	5,691,172	3,489,873	4,698,036	8,980,361
Total governmental activities program revenues	<u>\$ 20,450,630</u>	<u>\$ 17,931,978</u>	<u>\$ 20,889,041</u>	<u>\$ 24,126,295</u>	<u>\$ 24,497,041</u>	<u>\$ 30,820,562</u>	<u>\$ 21,562,612</u>	<u>\$ 26,621,447</u>	<u>\$ 29,809,919</u>	<u>\$ 43,475,856</u>
Business-type activities:										
Charges for services:										
Airport operations	\$ 4,573,403	\$ 4,234,301	\$ 4,071,067	\$ 3,669,270	\$ 3,795,116	\$ 3,644,898	\$ 4,217,009	\$ 3,238,829	\$ 3,732,340	\$ 4,034,453
Solid waste	15,053,351	15,535,858	16,074,277	17,644,259	18,293,262	18,388,088	18,948,949	19,508,164	20,486,207	21,622,087
Water and sewer	36,532,116	35,391,913	37,487,713	38,806,421	39,446,531	40,089,479	39,548,922	42,323,553	41,398,427	45,710,125
Drainage utility	3,779,799	3,828,757	3,888,581	4,008,810	4,273,222	4,157,847	4,220,607	5,161,767	5,143,993	4,996,012
Operating grants and contributions	6,418	6,900	-	-	-	-	-	2,495,756	406,628	305,307
Capital grants and contributions	9,643,994	2,424,583	5,096,651	846,368	6,276,903	4,403,558	7,550,014	3,673,305	12,084,885	11,235,829
Total business-type activities program revenues	<u>69,589,081</u>	<u>61,422,312</u>	<u>66,618,289</u>	<u>64,975,128</u>	<u>72,085,034</u>	<u>70,683,870</u>	<u>74,485,501</u>	<u>76,401,374</u>	<u>83,252,480</u>	<u>87,903,813</u>
Total primary government program revenues	<u>\$ 90,039,711</u>	<u>\$ 79,354,290</u>	<u>\$ 87,507,330</u>	<u>\$ 89,101,423</u>	<u>\$ 96,582,075</u>	<u>\$ 101,504,432</u>	<u>\$ 96,048,113</u>	<u>\$ 103,022,821</u>	<u>\$ 113,062,399</u>	<u>\$ 131,379,669</u>
Net (expense)/revenue:										
Governmental activities	\$ (74,986,599)	\$ (81,749,401)	\$ (88,387,194)	\$ (88,258,806)	\$ (59,004,450)	\$ (68,593,034)	\$ (120,811,467)	\$ (85,582,789)	\$ (83,608,226)	\$ (41,696,676)
Business-type activities	18,025,455	2,520,610	10,448,966	7,824,541	25,612,895	14,351,038	3,990,500	13,842,581	19,880,143	29,244,054
Total primary government net expense	<u>\$ (56,961,144)</u>	<u>\$ (79,228,791)</u>	<u>\$ (77,938,228)</u>	<u>\$ (80,434,265)</u>	<u>\$ (33,391,555)</u>	<u>\$ (54,242,006)</u>	<u>\$ (116,820,967)</u>	<u>\$ (71,740,208)</u>	<u>\$ (63,728,083)</u>	<u>\$ (12,452,622)</u>

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

Table II

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues and other changes in net position										
Governmental activities:										
Ad valorem taxes	\$ 34,847,841	\$ 36,002,184	\$ 36,509,352	\$ 37,499,361	\$ 39,841,800	\$ 42,796,449	\$ 43,262,259	\$ 47,496,571	\$ 50,655,146	\$ 53,282,377
Mixed beverage taxes	179,856	293,502	233,159	236,722	253,215	257,411	-	-	-	-
Franchise fees	5,269,332	5,428,953	5,836,042	5,268,332	5,504,632	5,680,187	5,792,836	5,568,209	5,560,513	5,839,728
Sales and occupancy taxes	22,058,498	22,118,887	23,315,571	23,725,822	24,354,825	25,723,407	27,310,995	29,115,034	34,609,353	36,871,723
Bingo taxes	218,595	258,546	203,264	198,375	153,142	146,237	-	-	-	-
Investment income	314,478	140,560	135,958	204,862	383,558	782,209	1,300,153	1,193,008	493,231	(134,106)
Insurance proceeds	-	-	-	795,893	296,262	138,552	359,631	101,458	-	-
Gain on sale of capital assets	-	24,192	262,934	90,763	-	252,468	66,880	153,943	185,614	308,579
Lease revenue	153,092	165,351	309,270	331,441	351,917	-	-	204,814	236,543	218,786
Transfers	7,419,542	8,394,420	9,294,363	14,330,769	9,901,033	9,813,125	9,701,040	7,981,471	9,774,943	8,274,175
Total governmental activities	<u>70,461,234</u>	<u>72,826,595</u>	<u>76,099,913</u>	<u>82,682,340</u>	<u>81,040,384</u>	<u>85,590,045</u>	<u>87,793,794</u>	<u>91,814,508</u>	<u>101,515,344</u>	<u>104,661,262</u>
Business-type activities:										
Investment income	168,372	140,175	120,247	155,399	281,939	556,044	933,359	739,131	373,580	(44,533)
Insurance proceeds	-	-	-	43,439	16,391	82,381	28,305	34,556	-	-
Gain on sale of capital assets	212,404	14,853	193,875	55,511	186,638	117,013	44,559	133,757	430,704	403,110
Lease revenue	48,096	66,000	27,500	71,500	58,000	102,000	103,804	105,051	104,441	110,618
Transfers	(7,419,542)	(8,394,420)	(9,294,363)	(14,330,769)	(9,901,033)	(9,813,125)	(9,701,040)	(7,981,471)	(9,774,943)	(8,274,175)
Total business-type activities	<u>(6,990,670)</u>	<u>(8,173,392)</u>	<u>(8,952,741)</u>	<u>(14,004,920)</u>	<u>(9,358,065)</u>	<u>(8,955,687)</u>	<u>(8,591,013)</u>	<u>(6,968,976)</u>	<u>(8,866,218)</u>	<u>(7,804,980)</u>
Total primary government	<u>\$ 63,470,564</u>	<u>\$ 64,653,203</u>	<u>\$ 67,147,172</u>	<u>\$ 68,677,420</u>	<u>\$ 71,682,319</u>	<u>\$ 76,634,358</u>	<u>\$ 79,202,781</u>	<u>\$ 84,845,532</u>	<u>\$ 92,649,126</u>	<u>\$ 96,856,282</u>
Changes in net position:										
Governmental activities	\$ (4,525,365)	\$ (8,922,806)	\$ (12,287,281)	\$ (5,576,466)	\$ 22,035,934	\$ 16,997,001	\$ (33,017,673)	\$ 6,231,719	\$ 17,907,119	\$ 62,964,587
Business-type activities	11,034,785	(5,652,782)	1,496,225	(6,180,379)	16,254,830	5,395,351	(4,600,513)	6,873,605	11,013,925	21,439,074
Total primary government	<u>\$ 6,509,420</u>	<u>\$ (14,575,588)</u>	<u>\$ (10,791,056)</u>	<u>\$ (11,756,845)</u>	<u>\$ 38,290,764</u>	<u>\$ 22,392,352</u>	<u>\$ (37,618,186)</u>	<u>\$ 13,105,324</u>	<u>\$ 28,921,044</u>	<u>\$ 84,403,661</u>

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

Table III

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable:										
Inventories	\$ 509,387	\$ 441,742	\$ 442,190	\$ 103,606	\$ 137,733	\$ 154,011	\$ 86,495	\$ 66,483	\$ 85,882	\$ 74,830
Prepaid assets	106,615	108,402	110,157	114,407	120,506	534,217	274,427	221,132	182,643	140,114
Restricted for:										
Debt service	68,313	68,313	68,313	-	-	-	-	-	-	-
Other purposes	468,064	315,957	-	-	-	-	-	-	-	-
Unassigned	<u>21,182,627</u>	<u>19,398,607</u>	<u>17,508,236</u>	<u>17,437,198</u>	<u>19,918,779</u>	<u>21,626,790</u>	<u>19,928,826</u>	<u>22,617,232</u>	<u>32,514,183</u>	<u>33,721,928</u>
Total general fund	<u>\$ 22,335,006</u>	<u>\$ 20,333,021</u>	<u>\$ 18,128,896</u>	<u>\$ 17,655,211</u>	<u>\$ 20,177,018</u>	<u>\$ 22,315,018</u>	<u>\$ 20,289,748</u>	<u>\$ 22,904,847</u>	<u>\$ 32,782,708</u>	<u>\$ 33,936,872</u>
All other governmental funds:										
Nonspendable:										
Inventories	\$ 4,905	\$ 5,850	\$ 7,173	\$ 6,381	\$ 7,871	\$ 6,408	\$ 10,729	\$ 18,006	\$ 30,609	\$ 21,288
Prepaid assets	-	-	-	4,828	-	7,274	-	4,856,743	4,856,743	-
Restricted for:										
Debt service	2,900,309	4,434,714	2,098,113	801,898	4,345,453	5,496,950	4,763,976	4,901,539	5,508,529	5,271,524
Capital projects	47,546,673	44,788,179	26,964,619	10,506,281	6,239,123	9,628,364	12,162,264	19,983,650	17,701,567	25,609,763
Other purposes	2,495,046	2,636,608	2,641,546	3,138,898	3,242,359	3,621,300	5,427,449	8,075,668	7,814,105	36,423,119
Committed to:										
Killeen Arts and Activities Center	101,169	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(36,429)	(1,341)	(48,226)	(4,463)	-	-	-	-
Total all other governmental funds	<u>53,048,102</u>	<u>51,865,351</u>	<u>31,675,022</u>	<u>14,456,945</u>	<u>13,786,580</u>	<u>18,755,833</u>	<u>22,364,418</u>	<u>37,835,607</u>	<u>35,911,553</u>	<u>67,325,694</u>
<b>Total all governmental funds</b>	<b><u>\$ 75,383,108</u></b>	<b><u>\$ 72,198,372</u></b>	<b><u>\$ 49,803,918</u></b>	<b><u>\$ 32,112,156</u></b>	<b><u>\$ 33,963,598</u></b>	<b><u>\$ 41,070,851</u></b>	<b><u>\$ 42,654,166</u></b>	<b><u>\$ 60,740,453</u></b>	<b><u>\$ 68,694,261</u></b>	<b><u>\$ 101,262,566</u></b>

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

Table IV

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Taxes	\$ 62,585,863	\$ 64,115,782	\$ 66,189,875	\$ 66,997,659	\$ 70,109,923	\$ 74,505,377	\$ 76,480,105	\$ 82,124,851	\$ 90,564,188	\$ 96,039,514
Licenses and permits	1,290,444	1,898,797	1,589,563	1,615,634	1,527,193	1,218,182	1,423,697	1,852,529	2,116,005	2,535,111
Intergovernmental	4,761,906	3,043,666	4,958,666	6,706,747	11,485,054	8,108,586	9,484,205	13,962,534	11,973,253	13,875,074
Charges for services	5,487,183	5,944,876	6,186,000	6,241,344	6,412,087	6,675,688	7,446,513	8,415,701	9,138,753	17,649,583
Fines	3,893,338	3,488,335	3,761,425	4,287,878	4,472,891	3,062,812	2,739,515	2,322,890	3,540,176	3,233,535
Investment earnings	-	-	-	168,320	371,354	730,509	1,230,754	1,172,381	484,875	(128,312)
Contributions	513,433	766,886	321,188	1,709,636	585,705	483,382	275,584	153,830	195,334	175,710
Miscellaneous	1,711,522	1,424,859	1,938,413	1,283,522	418,291	335,727	236,557	224,133	197,005	538,151
<b>Total revenues</b>	<b>80,243,689</b>	<b>80,683,201</b>	<b>84,945,130</b>	<b>89,010,740</b>	<b>95,382,498</b>	<b>95,120,263</b>	<b>99,316,930</b>	<b>110,228,849</b>	<b>118,209,589</b>	<b>133,918,366</b>
<b>Expenditures:</b>										
General government	11,193,546	11,297,186	11,890,861	14,491,763	9,134,337	13,387,734	11,536,105	12,112,438	13,308,654	15,069,809
Public safety	42,733,351	44,735,530	48,458,020	51,064,651	55,388,559	50,616,632	53,486,111	55,222,610	59,399,330	69,071,553
Public works	4,249,519	4,769,726	4,144,229	4,608,741	4,409,555	4,075,919	4,210,689	7,101,739	8,989,044	9,175,634
Recreation services	9,056,971	-	-	8,968,135	8,772,321	7,596,793	9,012,634	6,184,583	6,426,061	6,320,747
Community development	-	9,636,330	10,395,629	2,196,927	3,462,380	3,186,783	3,317,103	6,488,582	7,116,925	7,259,207
Miscellaneous	6,181,920	6,256,371	6,495,235	-	-	-	-	-	-	-
Capital outlay	30,380,527	22,861,208	20,640,470	18,972,495	7,873,907	4,325,318	9,974,309	5,346,641	6,191,435	10,396,892
Debt service:										
Principal	5,915,391	4,421,871	5,718,681	7,580,693	8,010,000	9,359,679	9,617,481	9,954,043	11,971,755	12,723,853
Interest and fiscal charges	8,991,182	8,103,822	8,888,561	7,950,995	8,189,380	7,287,928	7,527,631	7,132,744	5,250,519	5,231,761
Costs of issuance	170,215	196,863	2,261	584,349	-	391,354	-	661,840	-	-
<b>Total expenditures</b>	<b>118,872,622</b>	<b>112,278,907</b>	<b>116,633,947</b>	<b>116,418,749</b>	<b>105,240,439</b>	<b>100,228,140</b>	<b>108,682,063</b>	<b>110,205,219</b>	<b>118,653,723</b>	<b>135,249,456</b>
(Deficiency) of revenues (under) expenditures	<u>(38,628,933)</u>	<u>(31,595,706)</u>	<u>(31,688,817)</u>	<u>(27,408,009)</u>	<u>(9,857,941)</u>	<u>(5,107,877)</u>	<u>(9,365,133)</u>	<u>23,630</u>	<u>(444,134)</u>	<u>(1,331,090)</u>
<b>Other financing sources (uses):</b>										
Capital-related bonds issued	-	18,730,000	-	-	-	-	-	-	-	-
Refunding bonds issued	37,290,000	4,940,000	-	44,090,000	-	33,455,000	-	66,690,000	-	21,630,000
Premium/discount on issuance of debt	5,716,664	1,739,296	-	7,810,525	-	483,616	-	941,584	-	2,551,706
Limited tax note issue	-	-	-	-	-	-	-	4,910,000	-	-
Insurance recoveries	-	-	-	795,893	296,262	138,552	359,631	101,458	190,316	-
Sale of capital assets	-	-	-	90,763	33,165	252,468	63,633	151,232	169,365	-
Leases issued	258,936	-	-	-	-	3,877,980	431,752	146,351	106,968	148,571
Payment to escrow agent	(42,835,243)	(5,392,746)	-	(51,901,703)	-	(36,938,001)	-	(67,013,829)	-	-
Transfers in	11,216,236	10,629,638	14,865,656	15,322,481	12,130,635	14,101,355	25,060,895	31,474,828	17,691,005	20,615,937
Transfers out	(3,796,694)	(2,235,218)	(5,571,293)	(6,491,712)	(851,937)	(4,288,230)	(14,903,581)	(19,338,966)	(9,759,712)	(11,559,224)
<b>Total other financing sources</b>	<b>7,849,899</b>	<b>28,410,970</b>	<b>9,294,363</b>	<b>9,716,247</b>	<b>11,608,125</b>	<b>11,082,740</b>	<b>11,012,330</b>	<b>18,062,658</b>	<b>8,397,942</b>	<b>33,386,990</b>
<b>Net change in fund balances</b>	<b><u>\$(30,779,034)</u></b>	<b><u>\$(3,184,736)</u></b>	<b><u>\$(22,394,454)</u></b>	<b><u>\$(17,691,762)</u></b>	<b><u>\$ 1,750,184</u></b>	<b><u>\$ 5,974,863</u></b>	<b><u>\$ 1,647,197</u></b>	<b><u>\$ 18,086,288</u></b>	<b><u>\$ 7,953,808</u></b>	<b><u>\$ 32,055,900</u></b>
Debt service as a percentage of noncapital expenditures <sup>(1)</sup>	16.8%	14.0%	15.2%	16.0%	16.6%	17.4%	17.4%	16.4%	15.3%	14.4%

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

Table V

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

Fiscal Year Ended	Taxable Assessed Value		Less: 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					
2013	\$ 5,056,322,730	\$ 367,818,504	\$ 612,203,199	\$ 4,811,938,035	\$ 0.7428	\$ 5,439,453,166	88.46%
2014	5,260,588,761	414,547,783	670,960,505	5,004,176,039	0.7428	5,677,195,525	88.15%
2015	5,378,345,788	405,312,087	764,110,031	5,019,547,844	0.7498	5,784,580,161	86.77%
2016	5,601,877,911	434,281,825	860,867,315	5,175,292,421	0.7498	6,036,159,736	85.74%
2017	5,885,042,124	443,095,052	987,711,674	5,340,425,502	0.7498	6,328,137,176	84.39%
2018	6,466,293,461	451,716,724	1,167,352,778	5,750,657,407	0.7498	6,918,010,185	83.13%
2019	6,731,951,123	445,182,128	1,342,658,938	5,834,474,313	0.7498	7,177,133,251	81.29%
2020	7,559,494,164	472,497,384	1,570,123,310	6,461,868,238	0.7498	8,031,991,548	80.45%
2021	8,330,455,824	495,013,193	1,759,684,728	7,065,784,289	0.7330	8,825,469,017	80.06%
2022	9,639,295,047	541,341,501	2,370,340,533	7,810,296,015	0.7004	10,180,636,548	76.72%

Source: Bell County Tax Appraisal District

Table VI

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

Fiscal Year	Tax Year	City of Killeen			Overlapping Rates					Total Direct and Overlapping Rates
		Operating Rate	Debt Service Rate	Total Direct Rate	Bell County	Killeen ISD	Central Texas College	Clear Water Underground Water Conservation District		
2013	2012	\$ 0.5056	\$ 0.2372	\$ 0.7428	\$ 0.4511	\$ 1.1310	\$ 0.1400	\$ 0.0040	\$ 2.46890	
2014	2013	0.5041	0.2387	0.7428	0.4511	1.1280	0.1370	0.0040	2.46290	
2015	2014	0.5229	0.2269	0.7498	0.4511	1.1280	0.1366	0.0040	2.46945	
2016	2015	0.4938	0.2560	0.7498	0.4511	1.1280	0.1366	0.0039	2.46942	
2017	2016	0.4467	0.3031	0.7498	0.4511	1.1260	0.1366	0.0039	2.46742	
2018	2017	0.4938	0.2560	0.7498	0.4212	1.1100	0.1399	0.0039	2.42475	
2019	2018	0.5353	0.2145	0.7498	0.4212	1.2600	0.1386	0.0038	2.57343	
2020	2019	0.5281	0.2217	0.7498	0.4208	1.1611	0.1279	0.0036	2.46317	
2021	2020	0.5150	0.2180	0.7330	0.3968	1.0895	0.1218	0.0033	2.34437	
2022	2021	0.5119	0.1885	0.7004	0.3680	1.0432	0.1116	0.0031	2.22630	

Source: Bell County Tax Appraisal District

Table VII

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

Name of Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery Co., LLC	\$ 99,666,765	1	1.28%	\$ 47,509,047	1	0.99%
MFT - Brookside LLC	73,590,182	2	0.94%			
MGC Pure Chemicals America Inc	61,688,182	3	0.79%			
5002 Tyer Drive, LLC	41,000,000	4	0.52%			
LHCS LLC	36,345,043	5	0.47%			
Z Modular LLC	32,842,442	6	0.42%			
Amber Chase Townhomes LLC	30,800,000	7	0.39%			
Killeen Werbo LLC and Reharber 136 LLC	26,492,248	8	0.34%			
Wal-Mart Stores Texas LLC	21,438,454	9	0.27%			
BKCK LTD	20,624,631	10	0.26%			
Killeen Health System LLC				28,553,430	2	0.59%
Wal-Mart Real Estate Business Trust				19,081,075	3	0.40%
Killeen Mall LLC				16,555,404	4	0.34%
Central Telephone Company of TX				14,539,279	5	0.30%
Stone Creek Investment LLC				13,611,988	6	0.28%
HEB Grocery Company LP				11,931,513	7	
Watercrest Place LP				11,720,061	8	0.24%
Feiga/Sierra Creek LP				9,639,867	9	0.20%
Presidium HCO Killeen				9,584,613	10	0.20%
Subtotal	<u>444,487,947</u>		<u>4.08%</u>	<u>182,726,277</u>		<u>3.80%</u>
All other taxpayers	<u>7,365,808,068</u>		<u>95.92%</u>	<u>4,629,211,758</u>		<u>96.20%</u>
Total	<u>\$ 7,810,296,015</u>		<u>100.00%</u>	<u>\$ 4,811,938,035</u>		<u>100.00%</u>

Source: Bell County Tax Appraisal District

Table VIII

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

Fiscal Year September 30	Total Tax Levy for Year	Ad Valorem Rate			Tax Levy	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years (1)	Total Collections to Date	
		Tax Rate	General Fund	Interest & Sinking Fund		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2012	\$ 0.74280	\$ 0.50560	\$ 0.23720	\$ 35,654,174	\$ 34,501,855	96.77%	\$ 248,085	\$ 34,749,940	97.46%
2014	2013	0.74280	0.50410	0.23870	37,098,327	35,407,969	95.44%	252,866	35,660,835	96.13%
2015	2014	0.74980	0.52290	0.22690	37,567,615	36,064,932	96.00%	228,450	36,293,382	96.61%
2016	2015	0.74980	0.49380	0.25600	38,595,889	38,091,782	98.69%	240,106	38,331,888	99.32%
2017	2016	0.74980	0.44670	0.30310	39,932,447	39,354,013	98.55%	225,640	39,579,653	99.12%
2018	2017	0.74980	0.49330	0.25650	42,927,120	42,255,422	98.44%	196,066	42,451,488	98.89%
2019	2018	0.74980	0.53530	0.21450	43,442,967	42,776,978	98.47%	298,818	43,075,796	99.15%
2020	2019	0.74980	0.52810	0.22170	47,988,263	47,167,851	98.29%	158,225	47,326,076	98.62%
2021	2020	0.73300	0.51500	0.21800	50,871,048	50,060,001	98.41%	182,199	50,242,200	98.76%
2022	2021	0.70040	0.51190	0.18850	53,900,696	52,971,734	98.28%	235,782	53,207,515	98.71%

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

Table IX

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

Fiscal Year	Governmental Activities					Business-Type Activities					
	General		Unamortized		Total	General		Certificates of		Unamortized	Total Business-
	Obligation	Certificates of	Leases	Bond Premiums/	Governmental	Obligation	Revenue Bonds	Obligation	Leases	Bond Premiums/	Type Activities
	Bonds	Obligation		Discounts	Activities (1)	Bonds				Discounts	(1)
2013	\$ 92,135,000	\$ 98,420,000	\$ 191,245	\$ 11,106,401	\$ 201,852,646	\$ 10,095,000	\$ 65,430,000	\$ 3,725,000	\$ -	\$ 6,069,368	\$ 85,319,368
2014	97,255,000	107,520,000	129,374	12,498,860	217,403,234	11,105,000	60,775,000	2,010,000	-	5,698,043	79,588,043
2015	93,770,000	105,350,000	65,693	11,972,680	211,158,373	10,805,000	55,820,000	1,590,000	-	5,341,354	73,556,354
2016	123,625,000	66,945,000	-	17,711,321	208,281,321	11,295,000	50,745,000	270,000	-	5,151,179	67,461,179
2017	119,060,000	63,500,000	-	16,665,784	199,225,784	10,620,000	45,540,000	185,000	-	4,584,638	60,929,638
2018	142,790,000	29,805,000	1,140,588	18,451,604	192,187,192	9,930,000	41,205,000	95,000	512,845	4,179,094	55,921,939
2019	137,540,000	25,935,000	1,074,859	17,178,691	181,728,550	9,210,000	36,725,000	-	545,279	3,773,549	50,253,828
2020	160,185,000	3,325,000	706,478	11,277,184	175,493,662	8,860,000	32,290,000	-	324,472	3,482,721	44,957,193
2021	149,310,000	2,560,000	481,695	10,102,337	162,454,032	7,895,000	48,590,000	-	273,947	4,021,429	60,780,376
2022	138,060,000	22,960,000	224,915	11,479,195	172,724,110	6,890,000	44,360,000	-	209,294	3,674,273	55,133,567

Fiscal Year	Total Primary Government Debt (1)	Percentage of Personal Income (2)	Population (3)	Per Capita
2013	287,172,014	1.71%	136,294	2,107
2014	296,991,277	1.78%	137,589	2,159
2015	284,714,727	1.72%	140,147	2,032
2016	275,742,500	1.59%	142,854	1,930
2017	260,155,422	1.49%	145,149	1,792
2018	248,109,131	1.37%	148,683	1,669
2019	231,982,378	1.23%	151,666	1,530
2020	220,450,855	1.10%	153,095	1,440
2021	223,234,408	1.05%	158,391	1,409
2022	227,857,677	0.98%	160,328	1,421

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on Table 14

(3) Population figures are estimates except for FY 2020 which reflects the official U.S. Census data.

Table X

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

Fiscal Year Ended September 30	General Obligation Bonds (1)	Plus: Unamortized Premium/Bond Discounts (2)	Less: Amounts Available in Debt Service Fund (3)	Total	Percentage of Estimated Actual Taxable Value of Property (4)	Per Capita (5)
2013	\$ 102,230,000	\$ 11,106,401	\$ 2,840,000	\$ 110,496,401	1.83%	\$ 811
2014	108,360,000	12,498,860	3,785,000	117,073,860	1.84%	851
2015	104,575,000	11,972,680	4,900,000	111,647,680	1.72%	797
2016	134,920,000	17,711,321	5,240,000	147,391,321	2.15%	1,032
2017	129,680,000	16,665,784	4,056,860	142,288,924	2.25%	980
2018	152,720,000	18,451,604	5,150,835	166,020,769	2.40%	1,117
2019	146,750,000	17,178,691	4,086,755	159,841,936	2.23%	1,054
2020	169,045,000	11,277,184	4,546,584	175,775,600	2.19%	1,133
2021	157,205,000	10,102,337	5,470,473	161,836,864	1.83%	1,022
2022	144,950,000	11,479,195	4,746,524	151,682,672	1.49%	946

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

<sup>(1)</sup> This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

<sup>(2)</sup> Unamortized premium/bond discounts.

<sup>(3)</sup> This is the amount restricted for debt service principal payments.

<sup>(4)</sup> See the Schedule of Assessed and Estimated Actual Value of Property for property value data.

<sup>(5)</sup> Population data can be found in the Schedule of Demographic and Economic Statistics.

Table XI

**City of Killeen, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2022**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to Primary Government
Bell County	\$ 147,845,000	31.55%	\$ 46,649,802
Killeen Independent School District	393,750,000	75.33%	296,623,932
Subtotal, overlapping debt			343,273,734
City of Killeen, net debt payable from ad valorem taxes			161,244,915
Total direct and overlapping net funded debt			<u>\$ 504,518,649</u>
Ratio of Direct and Overlapping Net Funded Debt to Taxable Assessed Valuation			6.46%
Per Capita Direct and Overlapping Net Funded Debt			\$ 3,146.79

Sources: Outstanding debt provided by each governmental unit.

<sup>(1)</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the entities' taxable assessed value that is within the City's boundaries and dividing by the entities' total taxable assessed value.

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

Table XII

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

Fiscal Year	Assessed Value, Tax Roll	Legal Debt Limit Percentage	Legal Debt Limit	Actual Amount Expended for General Obligation Debt Service During the Year
2013	\$ 4,811,938,035	1.50%	\$ 72,179,071	\$ 8,202,360
2014	5,004,176,039	1.50%	75,062,641	7,184,594
2015	5,019,547,844	1.50%	75,293,218	8,457,092
2016	5,175,292,421	1.50%	77,629,386	15,463,387
2017	5,340,425,502	1.50%	80,106,383	15,459,661
2018	5,750,657,407	1.50%	86,259,861	16,120,575
2019	5,834,474,313	1.50%	87,517,115	15,862,247
2020	6,461,868,238	1.50%	96,928,024	16,469,863
2021	7,065,784,289	1.50%	105,986,764	16,140,881
2022	7,810,296,015	1.50%	117,154,440	16,164,471

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities such as the City to \$2.50 per \$100 taxable assessed valuation for all purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum rate for all general obligation debt service calculated at the time of issuance based on 90% tax collections. Assessed value updated with certified roll in fiscal year 2022.

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

Table XIII

**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	Next Fiscal Years Debt Service Requirements			Coverage
				Principal	Interest	Total	
2013	\$ 36,532,116	\$ 21,749,379	\$ 14,782,737	\$ 4,655,000	\$ 2,780,579	\$ 7,435,579	1.99
2014	35,391,913	23,329,781	12,062,132	4,955,000	2,204,430	7,159,430	1.68
2015	37,487,713	24,850,101	12,637,612	5,075,000	2,088,175	7,163,175	1.76
2016	38,806,421	25,417,427	13,388,994	5,205,000	1,956,301	7,161,301	1.87
2017	39,446,531	20,119,105	19,327,426	4,335,000	1,830,870	6,165,870	3.13
2018	40,089,479	23,768,307	16,321,172	4,480,000	1,690,688	6,170,688	2.64
2019	39,548,922	29,745,911	9,803,011	3,935,000	1,528,158	5,463,158	1.79
2020	42,323,553	27,850,287	14,473,266	4,060,000	1,404,206	5,464,206	2.65
2021	41,398,427	27,662,593	13,735,834	4,230,000	1,417,741	5,647,741	2.43
2022	45,710,125	25,711,871	19,998,254	4,415,000	1,232,890	5,647,890	3.54

Source: Finance Department, City of Killeen

\* Total operating expenses less depreciation

Table XIV

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

Fiscal Year	Population (a)	Killeen-Temple Fort Hood Metropolitan Statistical Area Population (b)	Killeen-Temple Fort Hood Metropolitan Per Capita Income	Killeen-Temple Fort Hood Metropolitan Personal Income (amounts expressed in thousands) (b)	Killeen-Temple Fort Hood Metropolitan Unemployment Rates (c)
2013	136,294	420,532	\$ 39,973	\$ 16,809,925	7.2%
2014	137,589	423,257	39,520	16,727,204	5.9%
2015	140,147	424,858	39,017	16,576,889	4.7%
2016	142,854	433,658	40,237	17,343,479	4.8%
2017	145,149	435,857	40,096	17,475,962	3.8%
2018	148,683	443,773	40,773	18,093,956	3.9%
2019	151,666	451,679	41,634	18,804,982	3.7%
2020	153,095	467,117	42,855	20,018,299	7.3%
2021	158,391	468,453	45,574	21,349,269	8.0%
2022	160,328	486,101	47,755	23,213,690	4.2%

Sources: <sup>(a)</sup> Population figures are estimates except for FY 2020 which reflects the official U.S. Census data.

<sup>(b)</sup> U. S. Department of Commerce, Bureau of Economic Analysis.

<sup>(c)</sup> U. S. Department of Labor, Bureau of Labor Statistics.

Table XV

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

Name of Employer	Business Category	2022 (a)			2013 (b)		
			Rank	% of Total		Rank	% of Total
Ill Corp & Fort Hood	Government	36,121	1	63.31%			
Killeen ISD	Education	6,500	2	11.39%	6,000	2	7.64%
Military Defense Contractors & Others	Defense Contractor	5,081	3	8.91%			
Civilian Personnel Office	Government	4,218	4	7.39%			
Central Texas College	Education	1,425	5	2.50%	1,487	3	1.89%
City of Killeen	Government	1,320	6	2.31%	1,271	4	1.62%
AdventHealth	Health Care	1,100	7	1.93%			
First Community Services	Banking and Real Estate	671	8	1.18%			
Texas A&M University - Central Texas	Education	435	9	0.76%			
Solix Inc.	Customer Care Service	185	10	0.32%			
Fort Hood (includes Soldiers and Civilians)	Government				66,400	1	84.56%
Metroplex Hospital	Health Care				1,200	5	1.53%
Aegis Communications	Call Center				880	6	1.12%
ESP, Inc.	Defense Contractor				420	7	0.53%
Scott & White Clinic	Health Care				361	8	0.46%
Chamber Corporation	Defense Contractor				270	9	0.34%
Blackboard Student Services	Education				238	10	0.30%
<b>Total</b>		<u>57,056</u>		<u>100.00%</u>	<u>78,527</u>		<u>100.00%</u>

Sources:

<sup>(a)</sup> City of Killeen Finance Department

<sup>(b)</sup> Greater Killeen Chamber of Commerce

Table XVI

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
<b>Administration</b>										
City Manager	4.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0	4.0	4.0
Assistant City Manager	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Deputy City Manager	-	2.0	2.0	2.0	1.0	0.3	-	-	-	-
City Auditor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total Administration</b>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>5.0</u>	<u>4.3</u>	<u>5.0</u>	<u>4.0</u>	<u>6.0</u>	<u>6.0</u>
<b>Municipal Court</b>	<u>25.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>22.0</u>	<u>19.7</u>	<u>20.0</u>	<u>21.0</u>	<u>21.0</u>	<u>21.0</u>
<b>Communications</b>										
Communications	2.5	2.5	2.5	2.5	2.5	4.9	4.8	4.8	4.8	4.8
Printing Services	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Legislative Affairs	-	-	-	-	-	0.1	0.2	0.2	0.2	0.2
<b>Total Communications</b>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>4.5</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>
<b>Legal</b>										
City Attorney	7.0	7.0	7.0	8.0	7.0	7.0	7.0	6.5	6.5	6.5
City Secretary	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
<b>Total Legal</b>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>9.0</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>7.5</u>	<u>7.5</u>	<u>8.5</u>
<b>Finance</b>										
Finance	13.0	13.0	13.0	13.0	13.0	13.0	14.0	13.0	14.0	15.0
EMS Billing and Collections	6.0	6.0	6.0	6.0	3.3	-	-	-	-	-
Purchasing	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Total Finance</b>	<u>24.0</u>	<u>24.0</u>	<u>24.0</u>	<u>24.0</u>	<u>21.3</u>	<u>18.0</u>	<u>19.0</u>	<u>18.0</u>	<u>19.0</u>	<u>20.0</u>
<b>Support Services</b>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>2.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Human Resources</b>	<u>12.0</u>	<u>13.0</u>	<u>14.0</u>	<u>14.0</u>	<u>13.0</u>	<u>12.0</u>	<u>12.6</u>	<u>14.6</u>	<u>14.6</u>	<u>15.0</u>
<b>Information Technology</b>	<u>17.0</u>	<u>17.0</u>	<u>19.0</u>	<u>19.0</u>	<u>17.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Recreation Services</b>										
Administration	-	-	-	-	-	3.0	3.0	5.0	5.0	5.0
Animal Services	-	-	-	-	-	-	-	17.0	17.0	18.0
Volunteer Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	-	-	-
Golf Course	20.0	19.0	18.5	20.2	19.0	16.9	-	-	-	-
Community Center Operations	3.0	5.0	3.0	3.0	3.0	2.0	4.8	-	-	-
Parks	33.0	35.0	37.0	37.0	33.0	32.0	33.6	36.6	36.6	36.6
Lions Club Park	13.0	12.0	16.0	15.5	14.5	7.6	8.2	8.2	8.2	6.2
Family Aquatics Center	2.0	2.0	1.0	15.3	16.4	14.3	14.5	14.5	14.5	14.5
Recreation	2.0	2.0	2.0	2.0	2.0	3.0	3.0	5.8	4.8	4.8
Athletics	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Cemetery	6.0	6.0	5.0	5.0	4.0	4.0	4.0	-	-	-
Senior Citizens	4.0	4.0	4.0	4.0	3.0	3.5	4.1	4.0	4.0	6.0
<b>Total Recreation Services</b>	<u>89.0</u>	<u>91.0</u>	<u>92.5</u>	<u>107.9</u>	<u>100.9</u>	<u>92.2</u>	<u>81.2</u>	<u>95.1</u>	<u>94.0</u>	<u>95.0</u>
<b>Community Development</b>										
Library Services	29.0	26.0	26.0	27.0	25.5	24.3	24.0	24.5	24.5	24.5
Arts and Activities Center	4.0	4.5	5.0	6.0	6.0	6.0	5.3	5.4	5.4	5.4
Community Development	4.0	5.0	4.0	4.0	4.0	1.0	0.9	1.0	1.0	2.0
Home Program	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Lien Services	-	-	2.0	2.0	2.0	-	-	-	-	-
Building Services	6.0	6.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0
Custodial Services	18.0	18.0	18.0	18.0	18.0	16.0	16.0	16.0	16.0	16.0
<b>Total Community Development</b>	<u>62.0</u>	<u>60.5</u>	<u>63.0</u>	<u>65.0</u>	<u>63.5</u>	<u>54.3</u>	<u>53.2</u>	<u>54.9</u>	<u>54.9</u>	<u>55.9</u>

Table XVI

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Public Works</b>										
Public Works	2.0	2.0	2.0	0.1	0.1	0.1	0.2	4.0	3.5	2.0
Street Operations	57.0	57.0	57.0	57.0	54.0	54.0	-	-	-	-
Engineering	-	-	-	-	2.3	3.0	2.7	49.0	-	-
Transportation	-	-	-	-	-	-	-	-	48.0	54.0
<b>Total Public Works</b>	<b>60.0</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>	<b>57.1</b>	<b>56.4</b>	<b>57.2</b>	<b>2.9</b>	<b>51.5</b>	<b>56.0</b>
<b>Planning and Development</b>										
Planning and Development	7.0	7.0	7.0	7.0	6.0	8.0	7.0	7.0	7.0	8.0
Building Inspections	15.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0	15.0	15.0
Code Enforcement	13.0	14.0	15.0	15.0	14.0	14.0	14.0	14.0	15.0	16.0
<b>Total Planning &amp; Development</b>	<b>35.0</b>	<b>35.0</b>	<b>36.0</b>	<b>36.0</b>	<b>34.0</b>	<b>36.0</b>	<b>35.0</b>	<b>36.0</b>	<b>37.0</b>	<b>39.0</b>
<b>Police</b>										
Commissioned Officers	244.0	256.0	268.0	281.0	280.0	260.0	258.0	231.0	231.0	259.0
Civilian Personnel	75.0	86.0	87.0	87.0	85.0	82.0	78.0	19.0	19.0	71.0
Animal Control	12.0	13.0	17.0	18.0	18.0	16.0	16.0	-	-	-
Criminal Investigation	-	-	-	-	-	-	-	79.0	79.0	-
<b>Total Police</b>	<b>331.0</b>	<b>355.0</b>	<b>372.0</b>	<b>386.0</b>	<b>383.0</b>	<b>358.0</b>	<b>352.0</b>	<b>329.0</b>	<b>329.0</b>	<b>330.0</b>
<b>Fire</b>										
Commissioned Officers	195.0	195.0	195.0	231.0	230.0	230.0	230.0	230.0	230.0	235.0
Civilian Personnel	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	10.0
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
<b>Total Fire</b>	<b>201.0</b>	<b>201.0</b>	<b>201.0</b>	<b>238.0</b>	<b>237.0</b>	<b>237.0</b>	<b>237.0</b>	<b>238.0</b>	<b>238.0</b>	<b>247.0</b>
<b>Total General Fund</b>	<b>876.5</b>	<b>900.0</b>	<b>925.0</b>	<b>993.5</b>	<b>965.5</b>	<b>903.7</b>	<b>832.9</b>	<b>878.1</b>	<b>879.5</b>	<b>900.4</b>
<b>Aviation Funds</b>										
<b>Killeen-Fort Hood Regional Airport (KFHRA)</b>										
Operations	38.0	38.0	38.0	38.0	37.0	36.3	37.0	37.0	37.0	37.0
Information Technology	3.0	3.0	1.0	1.0	1.0	-	-	-	-	-
<b>Total KFHRA</b>	<b>41.0</b>	<b>41.0</b>	<b>39.0</b>	<b>39.0</b>	<b>38.0</b>	<b>36.3</b>	<b>37.0</b>	<b>37.0</b>	<b>37.0</b>	<b>37.0</b>
<b>Skylark Field</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>3.3</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>Total Aviation Funds</b>	<b>45.0</b>	<b>45.0</b>	<b>43.0</b>	<b>43.0</b>	<b>42.0</b>	<b>39.7</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>
<b>Solid Waste Fund</b>										
Public Works	-	-	-	0.6	0.6	1.2	1.4	-	-	-
Custodial	1.0	-	-	-	-	-	-	-	-	-
Accounting	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
Residential Services	44	44.5	44.5	43.5	38.0	37.0	37.0	38.0	39.0	42.0
Commercial Services	20.0	21.0	21.0	23.0	23.0	23.0	23.0	23.0	22.0	22.0
Recycling	7.0	6.0	6.0	6.2	5.2	5.2	5.2	5.2	5.18	6.18
Transfer Station	16.0	15.5	15.5	15.5	15.5	15.5	16.5	16.5	16.5	16.5
Mowing Operations	17.5	22.5	22.5	21.5	20.5	16.5	16.5	16.5	16.5	16.5
<b>Total Solid Waste Fund</b>	<b>109.5</b>	<b>113.5</b>	<b>113.5</b>	<b>114.3</b>	<b>106.8</b>	<b>102.3</b>	<b>104.6</b>	<b>104.2</b>	<b>104.18</b>	<b>108.18</b>
<b>Water/Sewer Fund</b>										
Public Works	-	-	-	1.2	1.2	1.6	2.2	-	-	-
Utility Collections	40.0	40.5	40.5	40.5	39.5	39.5	39.5	39.5	39.5	39.5
Fleet Services	26.0	26.0	26.0	27.0	-	-	-	-	-	-
Information Technology	5.0	5.0	5.0	5.0	5.0	-	-	-	-	-
Water Distribution	19.0	19.0	19.0	19.0	19.0	19.0	18.0	23.0	27.0	27.0
Sanitary Sewers	15.0	15.0	15.0	15.0	19.0	19.0	20.0	19.0	20.0	20.0
Water and Sewer Operations	27.0	28.0	28.0	28.0	29.0	28.0	28.0	27.0	20.0	20.0
Engineering	11.8	11.8	13.8	13.8	12.2	11.7	10.2	20.0	21.0	14.0
Environmental Services	-	-	-	-	-	0.8	0.8	-	-	-
<b>Total Water/Sewer Fund</b>	<b>143.8</b>	<b>145.3</b>	<b>147.3</b>	<b>149.5</b>	<b>124.9</b>	<b>119.5</b>	<b>118.7</b>	<b>128.5</b>	<b>127.5</b>	<b>120.5</b>

Table XVI

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Drainage Utility Fund</b>										
Public Works	-	-	-	0.1	0.1	0.2	0.2	-	-	-
Engineering	4.2	4.0	4.0	4.0	3.3	1.3	1.1	-	-	2.0
Transportation	-	-	-	-	-	2.0	2.0	2.0	2.0	2.0
Drainage Maintenance	32.5	33.5	33.5	35.2	36.0	34.6	34.1	34.6	34.6	36.6
Environmental Services	-	1.2	1.2	1.2	1.2	5.2	5.2	5.0	4.5	-
Mowing	-	-	-	-	-	0.5	0.5	-	-	-
<b>Total Drainage Utility Fund</b>	<b>36.7</b>	<b>38.7</b>	<b>38.7</b>	<b>40.5</b>	<b>40.6</b>	<b>43.8</b>	<b>43.1</b>	<b>41.6</b>	<b>41.1</b>	<b>40.6</b>
<b>Special Revenue Funds</b>										
Killeen Civic Conference Center	14.0	11.5	11.5	11.5	11.0	11.0	13.6	10.1	9.6	13.6
Convention Visitor Bureau	-	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.5	2.5
Housing and Rehabilitation Cablesystem Improvements PEG	2.0	1.0	1.0	1.0	1.0	1.4	1.1	0.8	0.8	0.8
CDBG Program	3.5	3.5	3.5	3.5	2.5	-	-	-	-	-
Home Program	-	-	-	-	-	2.1	2.3	2.3	3.3	3.0
Home ARP	1.0	1.0	1.0	-	-	0.5	0.5	0.6	0.6	0.6
Street Maintenance	-	-	-	-	-	-	-	-	-	0.3
Court Security	-	-	-	-	-	-	53.0	-	-	-
Juvenile Case Manager	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Wellness Non-Assessment	-	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Law Enforcement Grant	-	-	-	-	-	-	0.4	0.4	0.4	-
<b>Total Special Revenue Fund</b>	<b>20.5</b>	<b>21.5</b>	<b>22.5</b>	<b>21.5</b>	<b>20.0</b>	<b>20.5</b>	<b>76.4</b>	<b>20.2</b>	<b>21.2</b>	<b>24.8</b>
<b>Capital Projects Funds</b>										
Bond Construction	1.0	-	-	-	-	-	-	-	-	-
Water and Sewer Improvements	-	-	5.0	4.0	-	-	-	-	-	-
Pass-Through Finance Construction	5.0	8.0	8.0	4.0	-	-	-	-	-	-
<b>Total Capital Projects Funds</b>	<b>6.0</b>	<b>8.0</b>	<b>13.0</b>	<b>8.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internal Service Funds</b>										
Fleet	-	-	-	-	26	26.0	27.0	27.0	27.0	27.0
Risk Management	-	-	-	-	-	3.0	3.0	3.0	3.0	3.0
Information Technology	-	-	-	-	-	24.0	26.0	20.0	20.0	26.0
<b>Total Internal Service Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26.0</b>	<b>53.0</b>	<b>56.0</b>	<b>50.0</b>	<b>50.0</b>	<b>56.0</b>
<b>Total Personnel</b>	<b>1,238.0</b>	<b>1,272.0</b>	<b>1,303.0</b>	<b>1,370.3</b>	<b>1,325.7</b>	<b>1,282.6</b>	<b>1,271.7</b>	<b>1,262.6</b>	<b>1,263.4</b>	<b>1,290.4</b>

Source: City of Killeen Finance Department.

Table XVII

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>										
Buliding Permits Issued	10,711	16,091	12,264	10,522	10,373	9,212	10,438	10,836	15,885	13,515
<b>Public Safety</b>										
<b>Police</b>										
Calls for Service	166,454	170,695	156,167	149,738	163,947	156,391	149,725	150,565	168,535	158,845
Citations	31,985	23,278	20,979	19,843	19,439	17,247	13,911	13,465	15,337	15,990
Traffic Accidents	2,199	2,324	2,396	2,540	2,258	2,160	2,419	2,318	2,744	2,630
UCR Part 1 Violent Crimes	753	846	869	992	1,147	585	632	874	2,791	3,030
UCR Part 1 Non-violent Crimes	4,791	4,703	4,034	3,946	4,175	3,413	3,493	2,243	2,684	2,830
Arrests	7,913	6,449	5,355	4,459	4,624	4,460	4,495	3,406	4,107	4,059
<b>Fire</b>										
Fire Emergency Responses	486	529	459	468	516	630	533	585	10,732	15,336
Fire Inspections	1,321	1,225	1,000	1,124	1,085	1,118	1,331	877	939	1,003
EMS Responses	13,725	13,961	15,763	16,877	18,436	19,586	19,927	19,661	23,110	22,375
<b>Public Works</b>										
Number of Shade Trees:										
Removed	6	6	6	19	11	57	8	5	7	4
Trimmed	179	119	755	536	552	314	95	125	111	163
Added	-	-	-	-	5	1,464	-	-	10	-
<b>Parks and Recreation</b>										
Number of Shade Trees:										
Removed	-	-	-	-	-	32	41	10	24	14
Trimmed	-	-	-	-	-	641	733	150	200	285
Added	-	-	-	-	-	70	73	55	30	100
<b>Library*</b>										
Visitors	284,072	271,495	270,983	227,411	242,223	251,262	273,144	127,229	113,086	142,013
Volumes in Collection	136,022	138,140	140,235	143,012	148,295	149,744	148,240	149,067	150,139	153,108
Children's Program Attendance	9,427	7,816	8,933	8,679	9,866	18,091	9,446	5,634	160	5,468
Public Computer Sessions	100,560	100,057	81,897	56,308	57,921	56,964	50,330	19,314	22,491	19,834
<b>Aviation</b>										
Airlines	3	3	3	3	3	2	2	2	2	1
Passengers Enplaning*	175,353	165,452	149,008	136,008	128,978	129,798	139,671	91,285	118,626	106,797
Passengers Deplaning*	174,961	163,722	154,124	135,412	131,891	134,349	138,493	90,180	115,209	106,610
<b>Solid Waste</b>										
Tons Collected and Disposed:										
Solid Waste - Residential	-	52,421	54,367	56,542	53,378	56,770	62,368	61,019	61,317	40,890
Solid Waste - Commercial	-	35,838	35,887	36,595	41,637	39,317	42,586	39,436	41,470	42,748
Recyclable Material	-	5,549	5,825	5,859	5,539	5,429	6,370	12,063	1,238	1,267
<b>Water</b>										
Metered Accounts	48,172	49,189	50,175	51,058	52,200	52,597	53,443	54,288	55,193	56,227
Water Demand (Purchased) (MG)	5,497	5,371	5,585	4,967	5,325	5,500	5,066	6,037	5,516	6,124
Avg. Daily Demand (MGD)	15	15	15	14	15	15	14	17	15	17
Avg. Monthly Demand/Cust (gal)	3,440	3,318	3,405	2,990	3,125	3,161	2,932	3,469	3,017	3,230
Peak Demand (MGD)	25	22	22	25	25	25	26	26	27	28
<b>Sewer</b>										
Service Connections	43,205	52,636	52,636	55,786	46,487	47,975	49,452	50,327	51,650	52,658
Total Sewer Flows (MGD)	11	11	14	12	11	10	14	11	12	10
Total Sewer Flow (MG)	3,941	4,165	5,022	4,470	4,149	3,721	5,072	3,939	4,346	3,695
Avg Daily Demand (MGD)	11	11	14	12	11	10	14	11	12	10
Avg Daily Demand/Cust (gal)	81	85	101	89	80	71	96	74	78	64

Source: Various City of Killeen Departments.

\*Decreased due to COVID-19.

Table XVIII

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>										
Area of City (square miles)	55.56	55.56	55.56	55.56	55.87	55.87	56.10	55.96	55.57	55.24
Vehicles	-	-	-	48	50	49	47	47	47	50
<b>Public Safety</b>										
<b>Police</b>										
Police Stations	3	3	3	3	3	2	2	2	3	2
Firing Ranges	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	-	-	-	140	159	171	187	169	158	132
Other Police Vehicles	-	-	-	147	145	142	141	137	119	109
Animal Shelters	1	1	1	1	1	1	1	1	1	1
Animal Control Vehicles	-	-	-	8	10	10	10	11	11	11
<b>Fire</b>										
Fire Stations	8	8	8	8	8	8	8	8	8	8
Fire Apparatus	19	23	23	20	22	22	22	20	21	23
EMS Units	11	14	14	18	18	18	18	17	16	18
Other Vehicles	-	-	-	24	24	23	34	31	25	25
<b>Public Works</b>										
Paved Streets (miles)	533	539	552	563	575	575	587	590	664	664
Unpaved Streets (miles)	1	1	1	1	1	1	1	1	1	1
Curb and Gutter (miles)	866	878	878	900	924	902	926	930	1,064	1,328
Signalized Intersections	95	88	92	97	99	95	99	100	100	100
Vehicles	-	-	-	44	39	55	55	55	53	51
<b>Parks and Recreation</b>										
Parks	21	21	21	21	21	23	23	23	23	23
Playgrounds	22	22	22	22	22	25	25	25	28	20
Municipal Golf Courses	1	1	1	1	1	1	1	1	1	1
Disc Golf Course	1	1	1	1	1	1	1	1	1	2
Swimming Pools	2	2	2	1	1	1	1	1	1	1
Tennis Courts	9	9	5	5	5	5	5	4	3	4
Recreation Centers	1	1	1	1	1	1	1	1	2	2
Baseball/Softball Fields	15	15	15	15	15	15	15	15	15	14
Basketball Courts	7	7	9	12	12	12	12	12	3	16
Volley Ball Courts	2	2	3	3	3	3	3	3	3	3
Soccer Fields	6	6	6	6	6	6	6	6	6	8
Jogging/Walking Trails	7	7	7	3	3	3	3	4	4	4
Senior Centers	2	2	2	2	2	2	2	2	2	1
Aquatics Centers	1	1	1	1	1	1	1	1	1	1
Vehicles	-	-	-	26	26	27	26	26	26	25

Table XVIII

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Library</b>										
Libraries	2	2	2	2	2	2	2	2	2	2
Vehicles	-	-	-	-	-	-	1	1	1	1
<b>Aviation</b>										
Airports	2	2	2	2	2	2	2	2	2	2
Acreage	289	289	289	289	289	289	289	289	289	289
Skylark on-road vehicles	3	3	3	3	3	3	3	3	2	2
Skylark off-road vehicles	1	1	1	1	2	2	2	1	2	1
KFHRA on-road vehicles	6	6	6	6	6	7	7	7	8	7
KFHRA off-road vehicles	3	3	3	3	3	4	3	4	3	3
<b>Solid Waste</b>										
Refuse Disposal Vehicles	-	-	-	58	51	51	45	45	50	48
Other Vehicles	-	-	-	35	37	35	39	39	35	34
<b>Water</b>										
Rated Daily Capacity (gpd)	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	42,000,000	42,000,000
Storage Capacity (gallons)	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000
Water Mains (miles)	617	618	618	618	655	676	678	681	689	698
Fire Hydrants	4,800	5,000	5,000	5,000	4,611	4,931	5,025	5,065	4,959	5,184
Vehicles	-	-	-	61	32	35	36	35	35	22
<b>Sewer</b>										
Sanitary Sewers (miles)	535	535	535	574	595	600	604	606	616	621
Manholes	7,230	7,230	7,230	7,863	8,197	8,248	8,305	8,392	8,542	8,722
Sewer Treatment Capacity:										
Plant 1 (mgd)	15	18	18	18	18	18	18	18	18	18
Plant 2 (mgd)	6	6	6	6	6	6	6	6	6	-
Plant 3 (mgd)	6	-	-	-	-	-	-	-	-	6
Vehicles	-	-	-	15	44	31	37	37	38	24
<b>Drainage</b>										
Storm Sewers (linear feet)	150,000	150,000	93,099	93,099	94,349	94,349	129,891	129,891	131,761	131,761
Inlets and Outfalls	3,173	3,173	3,125	3,173	3,233	3,233	3,237	3,237	3,464	1,408
Open Channels (miles)	312.0	312.0	96.0	197.0	140.4	141.0	148.1	148.1	150.1	150.1
Vehicles	-	-	-	22	25	22	24	24	21	16
<b>Fleet</b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	-	-	-	7	7	7	7	7	7	7

Source: Various City of Killeen Departments.

Table XIX

**City of Killeen, Texas**  
**General Obligation Bond Tables**  
**Valuation, Exemptions, and Tax Supported Debt**  
**September 30, 2022**

Market Valuation Established by Bell County Appraisal District		\$ 10,180,636,548
Less Exemptions/Deductions		<u>2,370,340,533</u>
Net Taxable Assessed Valuation		<u>\$ 7,810,296,015</u>
Debt Payable from Ad Valorem Taxes		
General Obligation Bonds	\$ 144,950,000	
Certificates of Obligation	<u>22,960,000</u>	
Debt Payable from Ad Valorem Taxes		\$ 167,910,000
Less Self-Supporting Debt <sup>(1)</sup>		<u>11,795,000</u>
Net Debt Payable from Ad Valorem Taxes		<u>\$ 156,115,000</u>
Interest and Sinking Fund		<u>\$ 4,746,524</u>
Ratio of Tax Supported Debt to Taxable Assessed Valuation		2.15%
Ratio of Net Tax Supported Debt to Taxable Assessed Valuation		2.00%
Estimated Population		160,328
Per Capita Taxable Assessed Valuation	\$	48,714
Per Capita Net Debt Payable from Ad Valorem Taxes	\$	974

<sup>(1)</sup> 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.

Table XX

**City of Killeen, Texas  
General Obligation Bond Tables  
Valuation and General Obligation Debt History  
Last Ten Fiscal Years**

Fiscal Year	Estimated Population(1)	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at Year End (2) (3)	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2013	130,838	\$ 4,598,247,312	\$ 35,145	\$ 182,979,601	3.98%	1,399
2014	134,240	4,726,643,478	35,210	213,485,000	4.52%	1,590
2015	136,294	4,811,938,035	35,306	204,375,000	4.25%	1,500
2016	142,854	5,175,292,421	36,228	232,730,000	4.50%	1,629
2017	145,149	5,340,425,502	36,793	193,365,000	3.62%	1,332
2018	148,683	5,750,657,407	38,677	182,620,000	3.18%	1,228
2019	151,666	5,834,474,313	38,469	172,685,000	2.96%	1,139
2020	155,158	6,461,868,238	41,647	172,370,000	2.67%	1,111
2021	158,391	7,065,784,289	44,610	159,765,000	2.26%	1,009
2022	160,328	7,810,296,015	48,714	167,910,000	2.15%	1,047

(1) Source: U.S. Census Bureau (updated in fiscal year 2020)

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

Table XXI

**City of Killeen, Texas**  
**General Obligation Bond Tables**  
**General Obligation Debt Service Requirements**  
**September 30, 2022**

Fiscal Year	Outstanding Debt (1)			System-Supported Debt Service	Total Tax-Supported Debt Service
	Principal	Interest	Total		
2023	\$ 12,795,000	\$ 4,411,010	\$ 17,206,010	\$ 1,195,761	\$ 16,010,249
2024	12,870,000	3,879,947	16,749,947	1,197,629	15,552,318
2025	13,195,000	3,596,121	16,791,121	1,204,129	15,586,992
2026	14,035,000	3,252,523	17,287,523	1,204,489	16,083,034
2027	12,845,000	2,883,084	15,728,084	677,705	15,050,379
2028	12,485,000	2,522,992	15,007,992	685,435	14,322,557
2029	12,840,000	2,172,854	15,012,854	682,625	14,330,229
2030	11,165,000	1,796,920	12,961,920	533,710	12,428,210
2031	9,730,000	1,453,649	11,183,649	-	11,183,649
2032	10,060,000	1,139,331	11,199,331	-	11,199,331
2033	6,920,000	827,710	7,747,710	-	7,747,710
2034	7,110,000	577,589	7,687,589	-	7,687,589
2035	4,805,000	318,609	5,123,609	-	5,123,609
2036	2,640,000	133,524	2,773,524	-	2,773,524
2037	475,000	35,196	510,196	-	510,196
2038	485,000	23,706	508,706	-	508,706
2039	495,000	11,974	506,974	-	506,974
	<u>\$ 144,950,000</u>	<u>\$ 29,036,739</u>	<u>\$ 173,986,739</u>	<u>\$ 7,381,483</u>	<u>\$ 166,605,256</u>

<sup>(1)</sup> Includes general obligation debt considered self-supporting.

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. Solid waste, drainage, and hotel occupancy tax/civic center currently have general obligations debt requirements.

Table XXII

**City of Killeen, Texas  
General Obligation Bond Tables  
Municipal Sales Tax History  
Last Ten Fiscal Years**

Fiscal Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2013	\$ 20,361,888	57.11%	\$ 0.4596	\$ 150.81
2014	20,396,264	54.98%	0.4084	148.72
2015	21,539,372	57.33%	0.4299	152.97
2016	21,784,258	56.27%	0.4219	151.91
2017	22,539,599	56.81%	0.4259	155.52
2018	23,727,452	55.27%	0.4144	162.59
2019	24,990,652	57.53%	0.4313	164.77
2020	26,847,348	55.95%	0.4195	173.03
2021	31,528,007	61.98%	0.4543	199.05
2022	33,778,524	62.67%	0.4389	210.68

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

Table XXIII

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Taxes	\$ 1,696,609	\$ 1,722,623	\$ 1,776,199	\$ 1,941,564	\$ 1,897,724	\$ 1,738,543	\$ 1,887,416	\$ 1,467,596	\$ 2,161,057	\$ 2,186,530
	-	-	-	-	-	-	-	-	10,286	427,182
Charges for Services	-	-	-	608,426	599,472	636,451	742,403	382,211	531,211	645,761
Investment Earnings	-	-	-	221	4,046	6,254	13,695	11,425	3,682	(2,605)
Miscellaneous	637,271	616,840	678,495	-	-	-	1,433	793	3,230	4,340
<b>Total Revenues</b>	<b>2,333,880</b>	<b>2,339,463</b>	<b>2,454,694</b>	<b>2,550,211</b>	<b>2,501,241</b>	<b>2,381,248</b>	<b>2,644,947</b>	<b>1,862,025</b>	<b>2,709,466</b>	<b>3,261,208</b>
<b>Expenditures:</b>										
General Government	1,540,785	1,506,634	1,567,108	-	-	-	-	-	-	-
Community Development	252,097	175,652	274,526	1,627,656	1,475,285	1,556,978	1,573,895	1,453,548	1,336,700	1,897,785
Capital Outlay	-	5,136	19,097	183,333	289,677	36,300	16,517	-	-	-
Debt Service	725,200	727,900	727,200	714,924	739,719	716,372	723,646	725,440	717,425	712,049
<b>Total Expenditures</b>	<b>2,518,082</b>	<b>2,415,322</b>	<b>2,587,931</b>	<b>2,525,913</b>	<b>2,504,681</b>	<b>2,309,650</b>	<b>2,314,058</b>	<b>2,178,988</b>	<b>2,054,125</b>	<b>2,609,834</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(184,202)	(75,859)	(133,237)	24,298	(3,439)	71,598	330,889	(316,963)	655,341	651,374
<b>Other Financing Sources (Uses):</b>										
Insurance Recoveries	-	-	-	-	-	-	-	1,920	4,974	-
Sale of Capital Assets	-	-	-	2,228	18	-	-	53	-	-
Transfers Out	-	-	-	-	-	(11,000)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,228</b>	<b>18</b>	<b>(11,000)</b>	<b>-</b>	<b>1,973</b>	<b>4,974</b>	<b>-</b>
Net Change in Fund Balance	(184,202)	(75,859)	(133,237)	26,526	(3,421)	60,598	330,889	(314,990)	660,315	651,374
Beginning Fund Balance	482,455	482,455	406,596	273,359	299,885	296,464	357,062	687,951	372,961	1,033,276
Ending Fund Balance	<u>\$ 482,455</u>	<u>\$ 406,596</u>	<u>\$ 273,359</u>	<u>\$ 299,885</u>	<u>\$ 296,464</u>	<u>\$ 357,062</u>	<u>\$ 687,951</u>	<u>\$ 372,961</u>	<u>\$ 1,033,276</u>	<u>\$ 1,684,650</u>

Note: The data in this table is extracted from Exhibit C-13

Table XXIV

**City of Killeen, Texas**  
**Waterworks and Sewer System Revenue Bond Tables**  
**Ten Largest Water and Wastewater Customers (In Thousands of Gallons)**  
**September 30, 2022**

Customer	Water				Wastewater		
	Annual Water Usage	Annual Amount Billed	% of Total Water Usage	Ranking	Annual Wastewater Usage	Annual Amount Billed	Ranking
Killeen Independent School District	164,552,600	\$ 604,223	3.30542%	1	41,324,230	\$ 165,879	2
Stonetree Golf Course	66,795,600	37,240	1.34174%	2			
City of Killeen	55,106,800	255,330	1.10695%	3			
Metroplex Hospital	35,428,900	127,261	0.71167%	4	29,221,590	111,628	3
MFT-IP	33,708,000	115,834	0.67710%	5	26,808,390	101,965	4
Texas Veterans Land Board	26,308,300	91,247	0.52846%	6			
Today's Car Wash	24,826,000	87,804	0.49869%	7	21,873,870	83,400	5
MGC Pure Chemicals America	22,694,200	79,758	0.45587%	8	20,102,220	76,481	6
Stone Hill Apartments	21,637,500	73,777	0.43464%	9	16,473,510	62,785	7
Redford Park Limited	17,096,000	58,497	0.34341%	10	13,141,620	50,031	8
Central Texas College					41,868,900	159,425	1
Y&B Properties					13,092,210	50,122	9
Wells Laundromat					9,906,120	\$ 38,015	10

Note: Percentage of total consumption based on 4,978,271,895 gallons annual consumption.  
Source: City of Killeen Utility Collections Department.

Table XXV

**City of Killeen, Texas**  
**Waterworks and Sewer System Revenue Bond Tables**  
**Monthly Water and Wastewater Rates (Effective 09/14/2021)**

Water Rates

The following rates apply to all classes of users inside the City limits:

	Residential	Multi-Family	Commercial
0 - 2,000 based on meter size:			
5/8" and 3/4"	\$ 13.54	\$ 13.54	\$ 12.70
1"	\$ 14.99	\$ 14.99	\$ 14.06
1-1/2"	\$ 18.63	\$ 18.63	\$ 17.47
2"	\$ 22.98	\$ 22.98	\$ 21.55
3"	\$ 33.15	\$ 33.15	\$ 31.09
4"	\$ 47.70	\$ 47.70	\$ 44.74
6"	\$ 85.11	\$ 85.11	\$ 79.83
8"	\$ 127.60	\$ 127.60	\$ 119.68
2,001 - 15,000	\$3.38/1,000		
15,001 - 30,000	\$4.03/1,000		
>30,000	\$4.81/1,000		
>2,000		\$3.38/1,000	\$3.50/1,000

Water rates for outside the City limits are equal to the water rates for users inside the City limits plus 50%.

Wastewater Rates

Water Consumption (gals)	Residential	Multi-Family	Commercial *
0-3,000	\$ 19.26	\$ 19.65	\$ 19.15
3,001-10,000	\$3.80/1,000	\$3.80/1,000	\$3.80/1,000
>10,000	-	\$3.80/1,000	\$3.80/1,000

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

Table XXVI

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues: <sup>(1)</sup>										
Charges for Services	\$ 36,532,116	\$ 35,243,516	\$ 37,007,157	\$ 38,803,969	\$ 39,409,416	\$ 40,086,634	\$ 39,528,685	\$ 42,316,494	\$ 41,395,591	\$ 45,707,912
Miscellaneous	132,662	148,397	480,556	2,452	37,115	2,845	20,237	7,059	2,836	2,213
Total Revenues	<u>36,664,778</u>	<u>35,391,913</u>	<u>37,487,713</u>	<u>38,806,421</u>	<u>39,446,531</u>	<u>40,089,479</u>	<u>39,548,922</u>	<u>42,323,553</u>	<u>41,398,427</u>	<u>45,710,125</u>
Expenditures: <sup>(2)</sup>										
Water Purchases	6,897,853	7,467,995	7,637,005	7,810,794	8,447,593	7,938,535	7,730,925	8,406,645	8,436,546	9,021,446
Sewage Treatment	5,553,338	6,297,470	6,594,789	7,183,054	6,366,159	6,053,339	7,387,129	6,503,394	7,032,837	6,477,289
Operating Costs	9,298,188	9,564,316	10,618,307	10,423,579	5,305,353	9,776,433	14,627,857	12,940,248	12,193,210	10,213,136
Total Expenditures	<u>21,749,379</u>	<u>23,329,781</u>	<u>24,850,101</u>	<u>25,417,427</u>	<u>20,119,105</u>	<u>23,768,307</u>	<u>29,745,911</u>	<u>27,850,287</u>	<u>27,662,593</u>	<u>25,711,871</u>
Net Available for Debt Service	<u>\$ 14,915,399</u>	<u>\$ 12,062,132</u>	<u>\$ 12,637,612</u>	<u>\$ 13,388,994</u>	<u>\$ 19,327,426</u>	<u>\$ 16,321,172</u>	<u>\$ 9,803,011</u>	<u>\$ 14,473,266</u>	<u>\$ 13,735,834</u>	<u>\$ 19,998,254</u>
Customer Count:										
Water	48,172	49,189	50,175	51,058	52,200	52,597	53,443	54,288	55,193	55,914
Sewer	43,205	52,636	52,636	55,786	47,407	47,975	49,452	50,327	51,650	52,360

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

<sup>(2)</sup> Expenditures do not include depreciation.