

Fiscal Year Ended
September 30, 2013



CITY OF KILLEEN



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

CITY OF KILLEEN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2013

ELECTED OFFICIALS

Daniel A. Corbin, Mayor
Elizabeth Blackstone, Mayor Pro-Tem
Wayne Gilmore, Councilman
Jose Segarra, Councilman
Terry Clark, Councilman
Steve Harris, Councilman
Jonathan Okray, Councilman
Jared Foster, Councilman

MANAGEMENT STAFF

Glenn P. Morrison, City Manager
John W. Sutton, Assistant City Manager, External Services
Lillian Ann Farris, Ph.D., Assistant City Manager, Internal Services

OFFICIALS ISSUING REPORT

Martie C. Simpson, CPA, Executive Director of Finance
Amanda R. Wallace, CPA, City Auditor



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INTRODUCTORY SECTION

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CITY OF KILLEEN

March 21, 2014

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

The comprehensive annual financial report of the City of Killeen, Texas, for the fiscal year ended September 30, 2013, is submitted in accordance with the provisions of the City Charter. This report was prepared by City of Killeen management in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and audited in accordance with U.S. Generally Accepted Auditing Standards (GAAS) by a firm of licensed independent certified public accountants.

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

The City of Killeen's financial statements have been audited by Weaver, LLP, a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Killeen for fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

GOVERNMENT STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City of Killeen was established May 15, 1882, and incorporated as a municipality on March 3, 1949. Located in Bell County, it is situated along U.S. Highway 190 just 17 miles east of Interstate 35. Geographically, Killeen is located on the main line of the Santa Fe Railroad and encompasses an area of 55.564 square miles. Its central location makes major metropolitan areas easily accessible - 70 miles to Austin, 150 miles to San Antonio, 160 miles to Dallas-Fort Worth, and 190 miles to Houston. With an estimated population of 134,654, Killeen is the most populated city in Bell County. It is also home to Fort Hood, the largest active duty armored post in the United States Armed Services.

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

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

As the local and state economies continue to improve, Killeen continues to closely monitor the national economy and the future decisions in and around Fort Hood and proceeds with caution in developing the FY 13-14 budget. Killeen has maintained strong fund balance reserves despite the challenges posed by diminishing revenues from property and sales taxes. Although affected by the economic downturn, the local economy, fueled by its proximity to Fort Hood, affordable housing, and transportation infrastructure improvements, remains relatively stable in comparison to cities across the United States.

BUDGET PROCESS

The budget process for the City of Killeen is a year-round process defined by a fiscal year, not a calendar year. Killeen’s fiscal year begins on October 1 and ends on September 30. The Killeen City Charter vests the responsibility for preparing an annual budget and plan of municipal services with the City Manager. The City Manager must then submit the proposed budget to the City Council for its review and adoption. The City Manager, not less than forty five days prior to the beginning of each fiscal year, must submit to the Council a proposed budget which shall provide a complete financial plan for the coming fiscal year. The proposed budget is made available as a public record at the time it is presented to the City Council. Public hearings, as required by the Charter and state law, are held on the proposed budget and tax rate. The Council has the opportunity to make changes to the proposed budget during this process subject to required additional public hearings. The budget is adopted by the favorable vote of a majority of the members of the whole Council and must be adopted not later than September 20 of each year. If the Council fails to adopt a budget by this date, the proposed budget submitted by the City Manager shall be deemed to have been adopted by the Council. The FY 12-13 Budget and Plan of Municipal Services was adopted by the City Council on September 11, 2012.

MAJOR INITIATIVES

The FY 12-13 adopted budget was very conservative. The City of Killeen has been prudent in maximizing resources and efficiencies in order to provide the same levels of city services in spite of the challenging economic environment. The construction of a new university, medical facility and other projects create great potential for future economic growth. The City of Killeen will continue its fiscally conservative approach to budgeting to ensure the city’s long-term success.

KILLEEN CHALLENGE

In developing the FY 13-14 budget, staff established several “fence posts” to help guide the process. Those markers included the following: focusing on the mission, focusing on people and maintaining fiscal soundness within the current tax rate. With those in mind, staff diligently evaluated current programs and services in all major operating funds and thoughtfully considered new programs designed to meet the increasing demands for city services. Additionally, the City’s organizational structure was reconsidered in order to maximize efficiency and effectiveness in the delivery of services to the citizens of Killeen.

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

1. Maintain the ad valorem tax rate at 0.7428 cents. It provides funding needed to maintain existing levels of service to our citizens and to make payments on existing debt. The proposed budget maintains a strong beginning fund balance in all major operating funds.
2. Maintain adequate and fair pay for all City employees.
3. Continue to fund employee health care coverage at 100% as premiums for coverage increase by 6.5%.
4. Increase city staff by 23 full-time positions.
5. Continue to make fleet replacement and maintenance programs a priority.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Killeen for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the 22nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR which must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. This Certificate of Achievement is awarded on a yearly basis. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements; we are submitting this year's CAFR to the GFOA to determine its eligibility for another Certificate of Achievement.

The City of Killeen received the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2012 from the GFOA for our conformity in budget presentation. We believe that our current budget continues to conform to the program requirements and expect to receive this award for the fiscal year beginning October 1, 2013.

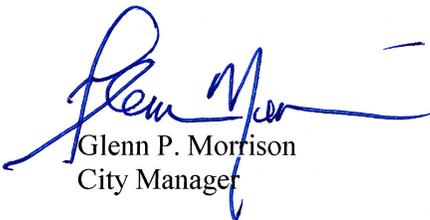
The preparation of this report could not have been accomplished without the efficient and dedicated services of City staff and through the competent service of our independent auditors. Appreciation is expressed to City employees throughout the organization who were instrumental in the successful completion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

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

Respectfully submitted,



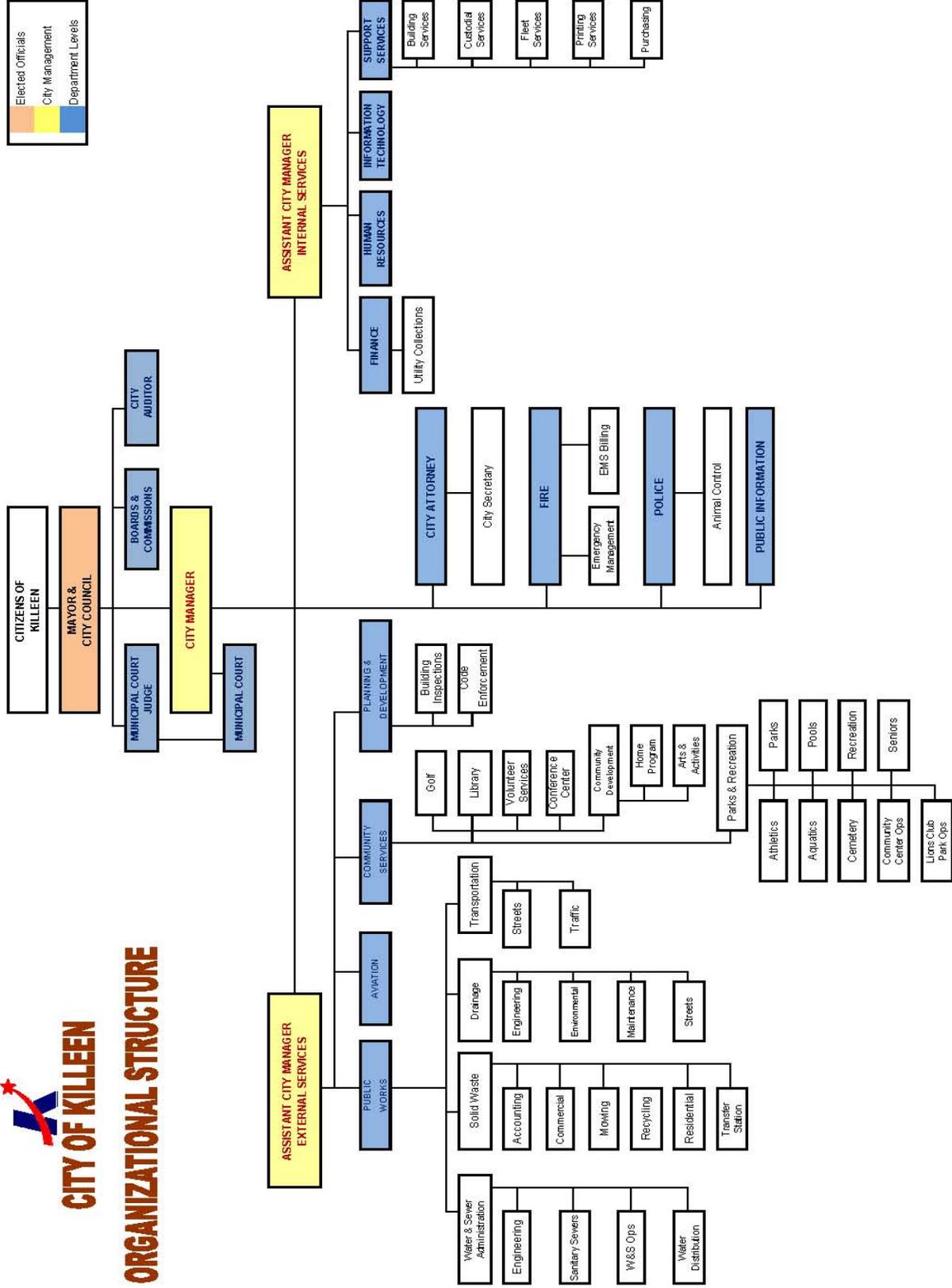
Martie C. Simpson, CPA
Executive Director of Finance



Glenn P. Morrison
City Manager



CITY OF KILLEEN ORGANIZATIONAL STRUCTURE



**CITY OF KILLEEN
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2013**

Mayor
Mayor Pro Tem
Councilman – District 1
Councilman – District 2
Councilman – District 3
Councilman – District 4
Councilman – At Large
Councilman – At Large
City Manager
Assistant City Manager, External Services
Assistant City Manager, Internal Services
City Attorney
City Auditor
Executive Director of Aviation
Executive Director of Finance
Executive Director of Information Technology
Executive Director of Planning
Executive Director of Public Information
Executive Director of Public Works
Executive Director of Support Services
Chief of Police
Fire Chief
Presiding Municipal Judge

Daniel A. Corbin
Elizabeth Blackstone
Wayne Gilmore
Jose Segarra
Terry Clark
Steve Harris
Jonathan Okray
Jared Foster
Glenn Morrison
John Sutton
Lillian Ann Farris, Ph.D.
Kathryn Davis
Amanda Wallace, CPA
Matthew Van Valkenburgh
Martie Simpson, CPA
Donald Fine
Ray Shanaa, Ph.D.
Hilary Shine
Scott Osburn
Stuart McLennan
Dennis Baldwin
Jerry Gardner
Mark Kimball



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Killeen
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Killeen, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Killeen, Texas (the City) as of and for the year ended September 30, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements. We did not audit the financial statements of Killeen Economic Development Corporation (KEDC), the City's discretely presented component unit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Killeen, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Retirement and Post Employment Benefit Plans Other than Pensions Required Supplementary Information, and the General Fund budgetary comparison information on pages 5 through 16 and 79 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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.

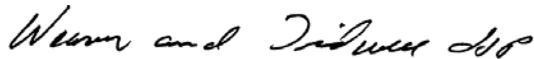
City of Killeen, Texas

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014, 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.

A handwritten signature in cursive script that reads "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 21, 2014

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**CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013**

As management of the City of Killeen, we offer readers of the City of Killeen's financial statements this narrative overview and analysis of the financial activities of the City of Killeen for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with our letter of transmittal which can be found on pages iii - v of this report and the basic financial statements that follow this section. This discussion and analysis includes comparative data to fiscal year ended September 30, 2012. All amounts, unless otherwise indicated, are expressed in dollars.

Fiscal Year 2012-13 Financial Highlights

City-wide:

- The City's total net position was \$313.8 million at September 30, 2013, of which \$84.9 million were in Governmental Activities and \$228.9 million were in Business-Type Activities.
- Total City revenues were \$153.5 million, of which \$83.5 million were derived from Governmental Activities and \$70.0 million were derived from Business-Type Activities.
- Total City expenses were \$146.9 million, of which \$95.4 million were incurred by Governmental Activities and \$51.5 million were incurred by Business-Type Activities.
- The total revenue and expense amounts stated above do not include transfers between funds.

Fund Level:

- Governmental funds reported combined ending fund balances of \$75.4 million at September 30, 2013. Of the combined ending fund balances, \$0.6 million is nonspendable, \$3.0 million is restricted for debt service, \$47.5 million is restricted in capital project funds, \$3.0 million is restricted for other purposes, \$0.1 million is committed, and \$21.2 million is unassigned.
- Governmental Fund revenues were \$80.2 million, an increase of \$3.1 million from fiscal year 2012's \$77.1 million. This is due mostly to an increase in intergovernmental revenue.
- Governmental Fund expenditures increased to \$118.8 million in fiscal year 2013, up \$14.1 million from the prior year.
- Enterprise fund operating revenues were \$59.9 million in fiscal year 2013, down \$1.2 million from the prior year.
- Enterprise fund operating expenses were \$49.0 million in fiscal year 2013, an increase of \$0.8 million from the prior year.
- Enterprise fund non-operating revenues, including capital contributions, were \$10.1 million in fiscal year 2013, an increase of \$7.5 million from the prior year. This is due mostly to an increase in intergovernmental revenue and developer contributions.

General Fund:

- General Fund revenues were \$61.4 million, a decrease of \$1.3 million from the prior year.
- General Fund expenditures were \$70.4 million, an increase of \$3.2 million from the prior year.
- Net transfers into the General Fund were \$7.5 million in fiscal year 2013, a decrease of approximately \$1.3 million from the prior year.
- Unassigned fund balance for the general fund was \$21.2 million at September 30, 2013 or 30.1 percent of total general fund expenditures of \$70.4 million. The unassigned ending fund balance is down approximately \$1.3 million from the prior year.

**CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

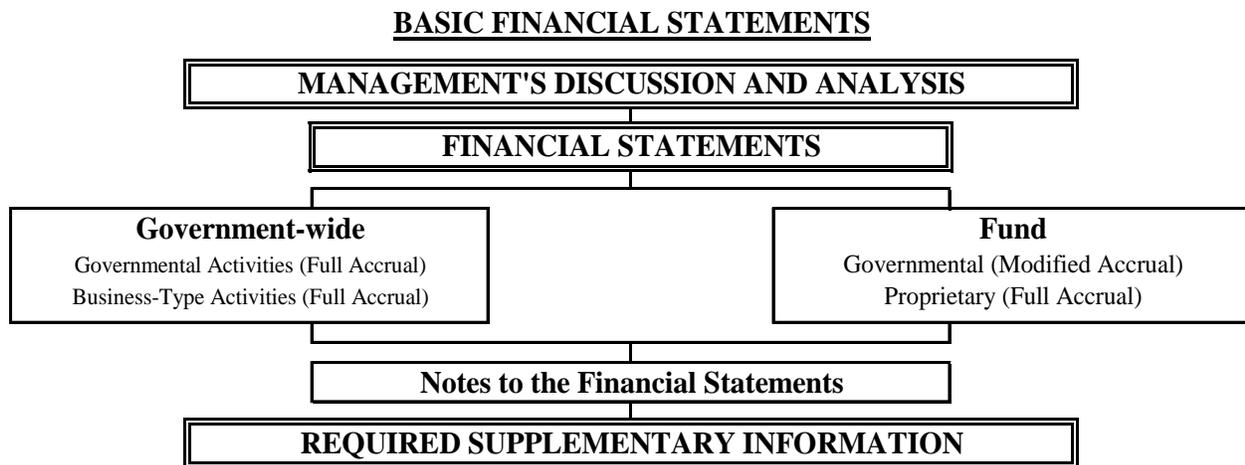
USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

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

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

Components of the Financial Section:



OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013

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

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

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

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

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. A reconciliation between changes in net position and changes in fund balances is provided on pages 23 and 25 to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the 2011A pass thru financing 190/2410 bond fund because they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column labeled

CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013

as "Other Governmental Funds." Individual fund data for each of these non-major governmental funds is provided in the "Combining Statements" section of this financial report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement (page 82) has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Enterprise Funds

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

The basic enterprise fund financial statements can be found on pages 26-35 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 39 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning: General Fund – Budget vs. Actual (page 82) and the City's progress in funding its obligation to provide pension benefits and other post employment benefits to qualifying employees and retirees (pages 79-81).

Combining Statements

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

**CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Government-Wide Financial Analysis:

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets exceeded liabilities by \$313.8 million for the year ended September 30, 2013.

	Net Position					
	<i>(in millions of dollars)</i>					
	Governmental Activities		Business-Type Activities		Total Activities	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
ASSETS						
Current and other assets	\$ 84.8	\$ 117.1	\$ 71.7	\$ 53.9	\$ 156.5	\$ 171.0
Capital assets	213.1	191.8	245.4	235.6	458.5	427.4
Total assets	<u>\$ 297.9</u>	<u>\$ 308.9</u>	<u>\$ 317.1</u>	<u>\$ 289.5</u>	<u>\$ 615.0</u>	<u>\$ 598.4</u>
LIABILITIES						
Current liabilities	\$ 7.1	\$ 9.2	\$ 6.4	\$ 5.2	\$ 13.5	\$ 14.4
Noncurrent liabilities	205.9	210.3	81.8	66.4	287.7	276.7
Total liabilities	<u>213.0</u>	<u>219.5</u>	<u>88.2</u>	<u>71.6</u>	<u>301.2</u>	<u>291.1</u>
NET POSITION						
Net investment in capital assets	62.9	62.6	188.4	176.3	251.3	238.9
Restricted	7.6	10.0	32.8	14.7	40.4	24.7
Unrestricted	14.4	16.8	7.7	26.9	22.1	43.7
Total net position	<u>84.9</u>	<u>89.4</u>	<u>228.9</u>	<u>217.9</u>	<u>313.8</u>	<u>307.3</u>
Total liabilities and net position	<u>\$ 297.9</u>	<u>\$ 308.9</u>	<u>\$ 317.1</u>	<u>\$ 289.5</u>	<u>\$ 615.0</u>	<u>\$ 598.4</u>

The largest portion of the City's net position, \$251.3 million or 80.0 percent, reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, equipment and systems), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$40.4 million or 12.9 percent, represents resources that are subject to external restrictions on how they may be used. These restrictions are detailed in debt covenants, unexpended construction contracts, intergovernmental agreements, and in the City of Killeen Charter. The remaining balance of unrestricted net position, \$22.1 million or 7.1 percent, may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013

Analysis of Changes in Net Position

The City's net position overall increased by \$6.51 million during the current fiscal year. These increments are explained in the governmental and business-type activities discussion in the following tables.

	Changes in Net Position					
	<i>(in millions of dollars)</i>					
	Governmental Activities		Business-Type Activities		Total Activities	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 12.23	\$ 12.35	\$ 59.94	\$ 61.14	\$ 72.17	\$ 73.49
Operating grants and contributions	2.73	2.14	-	0.02	2.73	2.16
Capital grants and contributions	5.49	0.95	9.64	2.32	15.13	3.27
<i>General revenues:</i>						
Property taxes	34.85	34.29	-	-	34.85	34.29
Business taxes	5.67	6.04	-	-	5.67	6.04
Sales taxes	22.06	21.56	-	-	22.06	21.56
Interest and investment income	0.31	0.50	0.17	0.14	0.48	0.64
Gain on sale of capital assets	-	0.03	0.21	0.03	0.21	0.06
Lease revenue	0.15	0.17	0.05	0.03	0.20	0.20
Total revenues	<u>83.49</u>	<u>78.03</u>	<u>70.01</u>	<u>63.68</u>	<u>153.50</u>	<u>141.71</u>
Expenses						
General	18.13	16.85	-	-	18.13	16.85
Police	28.39	27.24	-	-	28.39	27.24
Fire	19.09	17.87	-	-	19.09	17.87
Public works	10.04	11.04	-	-	10.04	11.04
Library	1.56	1.49	-	-	1.56	1.49
Parks and recreation	4.43	3.77	-	-	4.43	3.77
Community services	3.73	4.25	-	-	3.73	4.25
Golf	1.52	1.50	-	-	1.52	1.50
Interest on long-term debt	8.54	7.63	-	-	8.54	7.63
Airport operations	-	-	7.29	7.24	7.29	7.24
Solid waste	-	-	12.87	13.02	12.87	13.02
Water and sewer	-	-	28.45	27.52	28.45	27.52
Drainage utility	-	-	2.95	2.78	2.95	2.78
Total expenses	<u>95.43</u>	<u>91.64</u>	<u>51.56</u>	<u>50.56</u>	<u>146.99</u>	<u>142.20</u>
Change in net position before transfers	(11.94)	(13.61)	18.45	13.12	6.51	(0.49)
Transfers	7.42	7.97	(7.42)	(7.97)	-	-
Change in net position	<u>(4.52)</u>	<u>(5.64)</u>	<u>11.03</u>	<u>5.15</u>	<u>6.51</u>	<u>(0.49)</u>
Net position at beginning of year	89.45	95.09	217.90	212.75	307.35	307.84
Net position at end of year	<u>\$ 84.93</u>	<u>\$ 89.45</u>	<u>\$ 228.93</u>	<u>\$ 217.90</u>	<u>\$ 313.86</u>	<u>\$ 307.35</u>

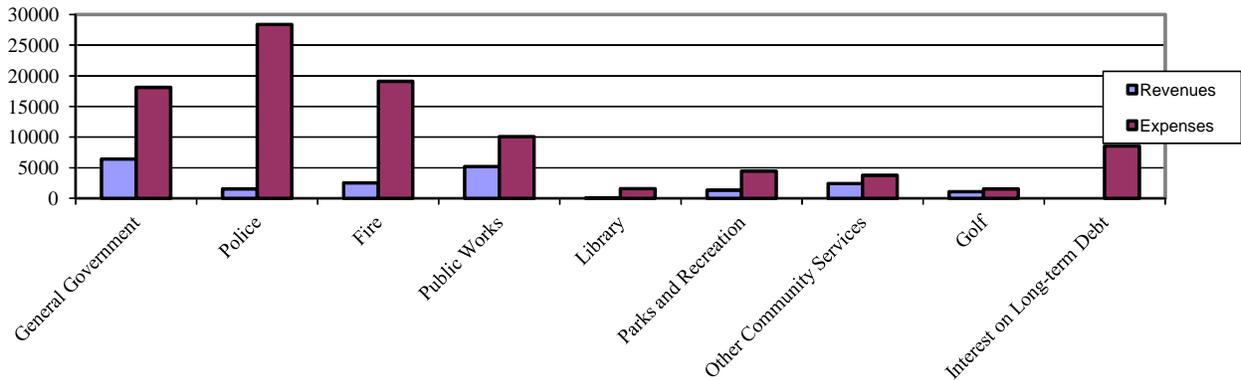
**CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Governmental Activities

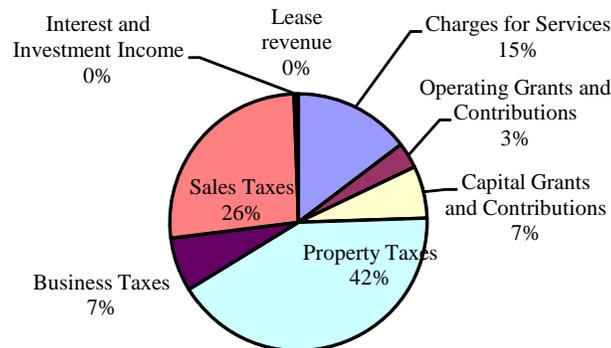
Governmental activities decreased the City's net position by \$4.52 million. Key factors of this decrease are discussed in the following section.

The charts below illustrate the City's governmental expenses and revenues by function. As shown, police is the largest function in expense (\$28.39 million), followed by fire (\$19.09 million) and general government (\$18.13 million). General revenues such as sales, property, and business taxes are not shown by program, but are effectively used to support program activities citywide. For governmental activities overall, without regard to program, property taxes are the largest single source of funds (\$34.85 million), followed by sales taxes (\$22.06 million) and charges for services (\$12.23 million). Property tax revenue increased by \$0.56 million, sales tax revenue increased by \$0.5 million, and charges for services decreased by \$0.12 million from the previous fiscal year.

**Program Revenues and Expenses - Governmental Activities
Fiscal Year 2012-13
(in thousands of dollars)**



**Revenue by Source - Governmental Activities
Fiscal Year 2012-13**



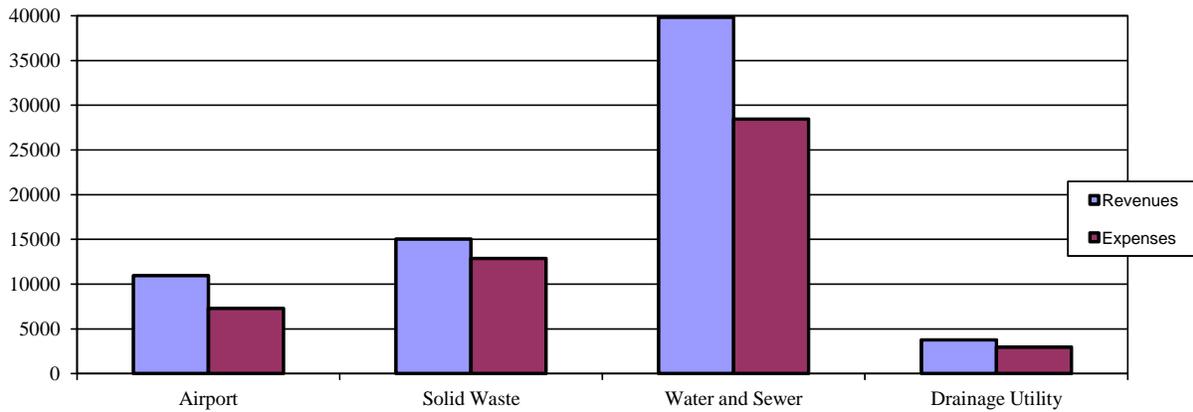
**CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

Business-type Activities

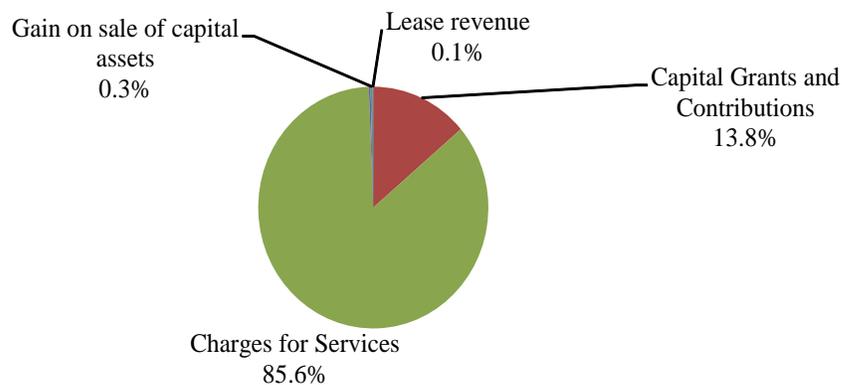
Business-type activities increased the City's net position by \$11.03 million. Key factors of this increase are discussed in the following section.

The charts following illustrate the City's business-type expenses and revenues by fund. The largest of the City's business-type activities, Water and Sewer, had expenses of \$28.45 million in fiscal year 2013, followed by Solid Waste with expenses of approximately \$12.87 million. Charges for services provided the largest share of revenues (85.6 percent) followed by capital grants and contributions (13.8 percent) for all business-type activities. Charges for services revenue decreased by \$1.20 million this year, and operating expenses increased by \$1.00 million. Total revenues increased by \$6.33 million.

**Program Revenues and Expenses - Business Type Activities
Fiscal Year 2012-13
(in thousands of dollars)**



**Revenue by Source - Business Type Activities
Fiscal Year 2012-13**



**CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$75.3 million, a decrease of \$30.8 million in comparison with the prior year. Approximately \$21.2 million (28.1 percent) of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is in nonspendable form, restricted for debt service, capital projects and other purposes, or committed for special purposes designated by the City.

Revenues for governmental functions overall totaled approximately \$80.2 million in the fiscal year ended September 30, 2013, which represents a \$3.1 million increase from the prior fiscal year. Expenditures for governmental functions totaling \$118.9 million increased by approximately \$14.1 million from the previous fiscal year. In the fiscal year ended September 30, 2013, expenditures for governmental functions exceeded revenues by approximately \$38.6 million.

The general fund is the chief operating fund of the City and one of two major governmental funds presented in the financial statements. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$21.2 million, while total fund balance was \$22.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30.0 percent of total general fund expenditures, while total fund balance represents 31.7 percent of that same amount.

The 2011A Pass Thru Financing 190/2410 fund is the second major governmental fund presented in the financial statements. During fiscal year 2011-2012, the City issued \$31.4 million in Pass-Thru Financing to fund state highway projects. During the current fiscal year, the fund balance decreased by \$5.7 million. As with the nature of any capital project fund, the fund balance will decrease significantly each year as the bond proceeds are expended for their intended purposes.

General Fund Budgetary Highlights

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

- \$223 thousand increase in intergovernmental revenue and contributions due to the acceptance of grant funding.
- \$1.04 million increase in general government expenditures due largely to the anticipation of design work on a project, which ultimately did not occur during FY2013, but is expected to occur in FY2014.
- \$772 thousand increase in public safety expenditures due to the purchase of vehicles and other unexpected expenditures.

**CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013**

In comparing the final amended budget for the general fund to actual results during FY2013, total actual expenditures were \$3.8 million less than the budget. This is due in part to the anticipation of design work as noted in the previous paragraph, which was not completed as expected in FY2013. The remainder of the variance is due to fiscal conservativeness as well as the lapsing of encumbrances which are then re-encumbered and budgeted in the following fiscal year.

Proprietary Funds

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

At the end of the fiscal year, the unrestricted net position for the Airport Fund was \$2.7 million, the Solid Waste Fund had \$2.7 million, the Water and Sewer Fund had \$1.4 million and the Drainage Utility Fund had \$0.2 million in unrestricted net position. The total growth in net position for the enterprise funds was \$11.0 million. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of September 30, 2013, amount to \$458.3 million (net of accumulated depreciation). Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. The total increase in the City's capital assets (net of accumulated depreciation) for the current fiscal year was \$30.9 million (an 11.1 percent increase for governmental activities and a 4.1 percent increase for business-type activities) as shown in the table below.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 7.6	\$ 7.6	\$ 1.6	\$ 1.6	\$ 9.2	\$ 9.2
Construction in progress	14.1	17.5	2.2	2.8	16.3	20.3
Buildings and improvements	69.5	72.6	146.9	143.9	216.4	216.5
Improvements - other	-	-	89.3	82.0	89.3	82.0
Furniture and equipment	2.1	2.8	1.7	1.7	3.8	4.5
Vehicles	7.2	5.3	3.6	3.6	10.8	8.9
Infrastructure assets	112.6	86.0	-	-	112.6	86.0
Total	\$ 213.1	\$ 191.8	\$ 245.3	\$ 235.6	\$ 458.4	\$ 427.4

Infrastructure increased significantly with the completion of construction projects, which accounts for the increase in capital assets during the current fiscal year.

CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013

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

Debt Administration

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$277.1 million. Of this amount, \$102.2 million is general obligation bonds backed by the full faith and credit of the City and \$69.1 million in revenue bonds or certificates of obligation of the City's business enterprises. The remainder includes certificates of obligation of \$98.4 million of governmental activities.

During fiscal year 2013, the City's total bonded debt increased by approximately \$9.5 million. The increase is the result of the issuance of new debt to fund water and sewer improvements.

Outstanding Debt
(in millions of dollars)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue bonds	\$ -	\$ -	\$ 65.4	\$ 50.9	\$ 65.4	\$ 50.9
General obligation bonds	92.1	79.7	10.1	6.9	102.2	86.6
Certificates of obligation	98.4	118.3	3.7	8.6	102.1	126.9
Capital lease payable	0.2	-	-	-	0.2	-
Plus unamortized bond premiums/discounts	11.1	6.0	6.0	2.3	17.1	8.3
Less deferred amounts on refunding	<u>(5.6)</u>	<u>(2.1)</u>	<u>(4.3)</u>	<u>(3.0)</u>	<u>(9.9)</u>	<u>(5.1)</u>
Total outstanding debt	<u>\$196.2</u>	<u>\$201.9</u>	<u>\$ 80.9</u>	<u>\$ 65.7</u>	<u>\$277.1</u>	<u>\$267.6</u>

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

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

City of Killeen Bonded Debt Ratings
September 30, 2013

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

CITY OF KILLEEN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2013

The state limits the legal amount of general obligation debt of a governmental entity to \$2.50 per \$100 valuation. The City's 2013 debt levy equaled \$0.4707 per \$100 assessed valuation, or 18.8 percent of the maximum allowed. Additional information on the City's long-term debt can be found in Section IV, Note F, of the notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time this MD&A was written, most of the leading indicators such as the stock market, money supply, and the labor market were showing signs of gradual and steady economic recovery from the national recession. The housing sector has improved along with the increase of household spending. A key to supporting economic growth will be continued labor market improvements in jobs and income. During the month of December, the national unemployment rate declined to 6.7 percent from 7.5 percent a year ago, and Killeen's unemployment rate declined to 6.6 percent in December as compared to 6.7 percent a year ago. Other local economic indicators in Killeen are showing signs of continual and steady improvement. Sales tax revenues for the month of December have remained at about \$1.5 million, comparable to last year's numbers along with year-to-date sales tax revenue. Hotel occupancy year-to-date tax revenues increased from last year's revenues by 2.3%.

The 2014 budget is submitted in accordance with the provisions of our City Charter which requires the City Manager to submit a proposed budget between forty-five and ninety days prior to the beginning of each fiscal year. Management believes that this budget formulates a plan of municipal services that reflects the general directions and concerns of the City Council and the input from citizens received during the public forums. Many factors were considered in preparing the City's budget for fiscal year 2014, including national, state, and local economic trends. The concerns of our citizens and the priorities of the City Council were included in the development of the budget. The budget priorities for the 2014 fiscal year include:

- Maintaining the ad valorem property tax rate,
- Maintaining adequate and fair pay for all City employees,
- Continuing to fund employee health coverage 100%, and
- Identifying priorities for continued growth.

Request for Information

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

City of Killeen Finance Department
Martie C. Simpson, CPA
Executive Director of Finance
101 North College
P. O. Box 1329
Killeen, TX 76540
(254) 501-7730

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

BASIC FINANCIAL STATEMENTS

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CITY OF KILLEEN, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Killeen Economic Development Corp.
ASSETS				
Cash and cash equivalents	\$ 53,889,057	\$ 17,772,050	\$ 71,661,107	\$ 5,023,166
Investments	21,750,000	19,500,000	41,250,000	152,138
Receivables (net of allowances for uncollectibles):				
Taxes	4,046,121	-	4,046,121	-
Accounts	1,954,659	7,983,720	9,938,379	-
Accrued interest	98,202	92,123	190,325	-
Notes	-	-	-	101,930
Intergovernmental receivable	806,196	185,589	991,785	-
Internal balances	-	-	-	-
Inventories	514,292	363,161	877,453	-
Prepaid items	106,615	656,500	763,115	-
Restricted assets:				
Cash and cash equivalents	491,956	9,351,258	9,843,214	-
Investments	-	15,000,000	15,000,000	-
Deferred charges	1,212,044	820,075	2,032,119	-
Capital assets:				
Non-depreciable	21,632,911	3,866,880	25,499,791	2,303,392
Depreciable (net)	191,454,154	241,514,412	432,968,566	3,139,173
Total assets	<u>297,956,207</u>	<u>317,105,768</u>	<u>615,061,975</u>	<u>10,719,799</u>
LIABILITIES				
Accounts payable	3,630,273	2,523,271	6,153,544	-
Escrow payable	-	12,000	12,000	-
Due to other governments	561,386	-	561,386	-
Customer deposits	93,630	2,322,923	2,416,553	-
Accrued interest payable	1,364,111	1,145,909	2,510,020	-
Unearned revenue	283,505	25,320	308,825	-
Accrued salaries payable	1,204,045	310,322	1,514,367	-
Noncurrent liabilities				
Due within one year	6,073,684	5,337,853	11,411,537	-
Due in more than one year	199,818,734	76,489,506	276,308,240	931,629
Total liabilities	<u>213,029,368</u>	<u>88,167,104</u>	<u>301,196,472</u>	<u>931,629</u>
NET POSITION				
Net investment in capital assets	62,867,902	188,453,458	251,321,360	-
Restricted for:				
Debt service	1,730,132	8,724,350	10,454,482	-
Capital projects	2,910,571	24,047,706	26,958,277	-
Other purposes	2,963,110	-	2,963,110	-
Economic development	-	-	-	9,788,170
Unrestricted	14,455,124	7,713,150	22,168,274	-
Total net position	<u>\$ 84,926,839</u>	<u>\$ 228,938,664</u>	<u>\$ 313,865,503</u>	<u>\$ 9,788,170</u>

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

**CITY OF KILLEEN, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 18,130,388	\$ 5,894,028	\$ 425,299	\$ 87,546
Police	28,386,944	684,624	660,448	168,802
Fire	19,085,563	2,406,709	38,347	51,592
Public works	10,041,012	-	4,878	5,178,182
Library	1,563,247	38,892	8,733	-
Parks and recreation	4,429,935	1,315,141	-	-
Community services	3,731,108	802,355	1,588,726	3,175
Golf	1,521,620	1,093,153	-	-
Interest on long-term debt	8,547,412	-	-	-
Total governmental activities	<u>95,437,229</u>	<u>12,234,902</u>	<u>2,726,431</u>	<u>5,489,297</u>
Business-type activities:				
Airport operations	7,287,062	4,573,403	-	6,361,435
Solid waste	12,871,668	15,053,351	-	-
Water and sewer	28,455,634	36,532,116	6,418	3,272,032
Drainage utility	2,949,262	3,779,799	-	10,527
Total business-type activities	<u>51,563,626</u>	<u>59,938,669</u>	<u>6,418</u>	<u>9,643,994</u>
Total primary government	<u>\$ 147,000,855</u>	<u>\$ 72,173,571</u>	<u>\$ 2,732,849</u>	<u>\$ 15,133,291</u>
Component Unit:				
Killeen Economic Development Corp.	<u>\$ 1,352,290</u>	<u>\$ 539,372</u>	<u>\$ 897,258</u>	<u>\$ -</u>

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

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

EXHIBIT A-2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business - Type Activities	Total	Killeen Economic Development Corp.
\$ (11,723,515)	\$ -	\$ (11,723,515)	\$ -
(26,873,070)	-	(26,873,070)	-
(16,588,915)	-	(16,588,915)	-
(4,857,952)	-	(4,857,952)	-
(1,515,622)	-	(1,515,622)	-
(3,114,794)	-	(3,114,794)	-
(1,336,852)	-	(1,336,852)	-
(428,467)	-	(428,467)	-
(8,547,412)	-	(8,547,412)	-
<u>(74,986,599)</u>	<u>-</u>	<u>(74,986,599)</u>	<u>-</u>
-	3,647,776	3,647,776	-
-	2,181,683	2,181,683	-
-	11,354,932	11,354,932	-
-	841,064	841,064	-
-	18,025,455	18,025,455	-
<u>(74,986,599)</u>	<u>18,025,455</u>	<u>(56,961,144)</u>	<u>-</u>
			<u>84,340</u>
34,611,293	-	34,611,293	-
236,548	-	236,548	-
179,856	-	179,856	-
5,269,332	-	5,269,332	-
22,058,498	-	22,058,498	-
218,595	-	218,595	-
314,478	168,372	482,850	4,433
-	212,404	212,404	-
153,092	48,096	201,188	-
7,419,542	(7,419,542)	-	-
<u>70,461,234</u>	<u>(6,990,670)</u>	<u>63,470,564</u>	<u>4,433</u>
(4,525,365)	11,034,785	6,509,420	88,773
89,452,204	217,903,879	307,356,083	9,699,397
<u>\$ 84,926,839</u>	<u>\$ 228,938,664</u>	<u>\$ 313,865,503</u>	<u>\$ 9,788,170</u>

CITY OF KILLEEN, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2013

	General Fund	2011A Pass Thru Financing 190/2410	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,003,461	\$ 17,895,015	\$ 26,990,581	\$ 53,889,057
Investments	12,500,000	5,000,000	4,250,000	21,750,000
Receivables (net of allowances for uncollectibles):				
Taxes	3,920,500	-	125,621	4,046,121
Accounts	1,813,129	-	141,530	1,954,659
Accrued interest	34,955	47,255	15,992	98,202
Intergovernmental receivable	179,662	-	626,534	806,196
Due from other funds	97,180	-	-	97,180
Restricted assets:				
Cash and cash equivalents	468,064	-	23,892	491,956
Inventories	509,387	-	4,905	514,292
Prepaid assets	106,615	-	-	106,615
Total assets	<u>28,632,953</u>	<u>22,942,270</u>	<u>32,179,055</u>	<u>83,754,278</u>
LIABILITIES				
Accounts payable	1,988,487	632,828	1,008,958	3,630,273
Due to other governments	550,921	-	10,465	561,386
Due to other funds	-	-	97,180	97,180
Customer deposits	93,630	-	-	93,630
Accrued salaries payable	1,172,837	12,718	18,490	1,204,045
Compensated absences	91,934	-	-	91,934
Unearned revenue	2,400,138	-	292,584	2,692,722
Total liabilities	<u>6,297,947</u>	<u>645,546</u>	<u>1,427,677</u>	<u>8,371,170</u>
FUND BALANCES				
Nonspendable:				
Inventories	509,387	-	4,905	514,292
Prepaid assets	106,615	-	-	106,615
Restricted for:				
Debt service	68,313	-	2,900,309	2,968,622
Capital projects	-	22,296,724	25,249,949	47,546,673
Other purposes	468,064	-	2,495,046	2,963,110
Committed to:				
Killeen Arts and Activities Center	-	-	101,169	101,169
Unassigned	21,182,627	-	-	21,182,627
Total fund balances	<u>22,335,006</u>	<u>22,296,724</u>	<u>30,751,378</u>	<u>75,383,108</u>
Total liabilities and fund balances	<u>\$ 28,632,953</u>	<u>\$ 22,942,270</u>	<u>\$ 32,179,055</u>	<u>\$ 83,754,278</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, 2013

Total fund balances - governmental funds balance sheet	\$ 75,383,108
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.	213,087,065
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(204,786,243)
The Other Post Employment Benefit Obligation (OPEB) is not due and payable in the current period and, therefore, is not reported in the funds	(1,166,308)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>2,409,217</u>
Net position of governmental activities - statement of net position	<u><u>\$ 84,926,839</u></u>

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

**CITY OF KILLEEN, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	2011A			Total Governmental Funds
	General Fund	Pass Thru Financing 190/2410	Other Governmental Funds	
REVENUES				
Taxes	\$49,575,864	\$ -	\$ 13,009,999	\$ 62,585,863
Licenses and permits	1,290,444	-	-	1,290,444
Intergovernmental	961,131	18,897	3,781,878	4,761,906
Charges for services	5,022,021	-	465,162	5,487,183
Fines	3,035,507	-	857,831	3,893,338
Contributions	513,433	-	-	513,433
Miscellaneous	1,003,786	74,331	633,405	1,711,522
Total revenues	<u>61,402,186</u>	<u>93,228</u>	<u>18,748,275</u>	<u>80,243,689</u>
EXPENDITURES				
Current:				
General government	9,552,639	-	1,640,907	11,193,546
Public safety	42,167,379	-	565,972	42,733,351
Public works	3,743,936	193,247	312,336	4,249,519
Community services	7,114,645	-	1,942,326	9,056,971
Miscellaneous	6,181,920	-	-	6,181,920
Capital outlay	1,638,211	5,596,990	23,145,326	30,380,527
Debt service:				
Principal	67,691	-	5,847,700	5,915,391
Interest	-	-	8,973,642	8,973,642
Fiscal charges	-	-	17,540	17,540
Costs of issuance	-	-	170,215	170,215
Total expenditures	<u>70,466,421</u>	<u>5,790,237</u>	<u>42,615,964</u>	<u>118,872,622</u>
Deficiency of revenues under expenditures	<u>(9,064,235)</u>	<u>(5,697,009)</u>	<u>(23,867,689)</u>	<u>(38,628,933)</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	258,936	-	-	258,936
Refunding bonds issued	-	-	37,290,000	37,290,000
Premium on issuance of debt	-	-	5,716,664	5,716,664
Payment to refunded bond escrow agent	-	-	(42,835,243)	(42,835,243)
Transfers in	7,588,166	-	3,628,070	11,216,236
Transfers out	(11,731)	-	(3,784,963)	(3,796,694)
Total other financing sources (uses)	<u>7,835,371</u>	<u>-</u>	<u>14,528</u>	<u>7,849,899</u>
Net change in fund balances	<u>(1,228,864)</u>	<u>(5,697,009)</u>	<u>(23,853,161)</u>	<u>(30,779,034)</u>
Fund balances, October 1	23,563,870	27,993,733	54,604,539	106,162,142
Fund balances, September 30	<u>\$22,335,006</u>	<u>\$ 22,296,724</u>	<u>\$ 30,751,378</u>	<u>\$ 75,383,108</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, 2013

Net change in fund balances - total governmental funds	\$ (30,779,034)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report all capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This reconciling item represents the amount by which capital outlays exceeded depreciation in the current period.</p>	21,259,851
<p>The issuance of long-term debt (i.e. bonds) provides current financial resources to the 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This reconciling item represents the net effect of these differences in the treatment of long-term debt and related items.</p>	5,652,667
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This reconciling item reflects the net of such expenses.</p>	(1,117,714)
<p>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.</p>	<u>458,865</u>
Change in net position of governmental activities - statement of activities	<u><u>\$ (4,525,365)</u></u>

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

**CITY OF KILLEEN, TEXAS
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
SEPTEMBER 30, 2013**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,406,411	\$ 2,907,616	\$ 8,899,550
Investments	-	-	16,500,000
Receivables (net of allowances for uncollectibles):			
Accounts	437,740	1,966,295	5,266,557
Accrued interest	-	-	88,412
Intergovernmental receivable	185,589	-	-
Inventories	115,707	-	247,454
Prepaid items	-	-	656,500
Restricted assets:			
Cash and cash equivalents	321,601	5,523	7,546,494
Investments	-	-	15,000,000
Deferred charges	-	116,227	618,434
Total current assets	<u>3,467,048</u>	<u>4,995,661</u>	<u>54,823,401</u>
Noncurrent assets:			
Property and equipment:			
Land	1,319,003	72,165	243,332
Buildings and improvements	106,507,337	12,144,579	94,537,805
Improvements other than buildings	-	-	99,620,402
Furniture and equipment	2,479,098	3,994,188	4,416,806
Vehicles	881,881	10,826,657	3,836,846
Construction in progress	287,594	42,600	1,902,186
Less accumulated depreciation	(34,489,654)	(16,202,987)	(52,804,730)
Net property and equipment	<u>76,985,259</u>	<u>10,877,202</u>	<u>151,752,647</u>
Total assets	<u>\$ 80,452,307</u>	<u>\$ 15,872,863</u>	<u>\$ 206,576,048</u>

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

EXHIBIT A-7

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 3,558,473	\$ 17,772,050
3,000,000	19,500,000
313,128	7,983,720
3,711	92,123
-	185,589
-	363,161
-	656,500
1,477,640	9,351,258
-	15,000,000
85,414	820,075
<u>8,438,366</u>	<u>71,724,476</u>
-	1,634,500
-	213,189,721
6,335,144	105,955,546
1,019,533	11,909,625
1,051,727	16,597,111
-	2,232,380
<u>(2,640,220)</u>	<u>(106,137,591)</u>
<u>5,766,184</u>	<u>245,381,292</u>
<u>\$ 14,204,550</u>	<u>\$ 317,105,768</u>

(Continued)

**CITY OF KILLEEN, TEXAS
STATEMENT OF NET POSITION
ENTERPRISE FUNDS (CONTINUED)
SEPTEMBER 30, 2013**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 628,886	\$ 378,834	\$ 1,457,836
Escrow payable	12,000	-	-
Customer deposits	-	-	2,322,923
Accrued salaries payable	44,803	108,491	128,186
Compensated absences	6,936	17,386	22,660
Unearned revenue	1,575	12,455	11,290
Current portion of general obligation bonds payable	-	16,282	-
Current portion of certificate of obligation bonds payable	-	348,715	4,592,896
Restricted accrued interest payable	-	60,760	1,046,113
Total current liabilities	<u>694,200</u>	<u>942,923</u>	<u>9,581,904</u>
Noncurrent liabilities:			
Compensated absences	108,673	272,374	355,001
General obligation bonds payable - long-term	-	6,508,075	-
Certificate of obligation bonds payable - long-term	-	1,953,714	62,062,679
Total non-current liabilities	<u>108,673</u>	<u>8,734,163</u>	<u>62,417,680</u>
Total liabilities	<u>802,873</u>	<u>9,677,086</u>	<u>71,999,584</u>
NET POSITION			
Net investment in capital assets	76,985,259	2,050,418	105,426,432
Restricted:			
Debt service	-	729,558	7,435,579
Capital projects	-	-	20,329,359
Unrestricted	<u>2,664,175</u>	<u>3,415,801</u>	<u>1,385,094</u>
Total net position	<u>79,649,434</u>	<u>6,195,777</u>	<u>134,576,464</u>
Total liabilities and net position	<u>\$ 80,452,307</u>	<u>\$ 15,872,863</u>	<u>\$ 206,576,048</u>

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

EXHIBIT A-7 (CONT'D)

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 57,715	\$ 2,523,271
-	12,000
-	2,322,923
28,842	310,322
4,127	51,109
-	25,320
13,852	30,134
314,999	5,256,610
39,036	1,145,909
<u>458,571</u>	<u>11,677,598</u>
64,658	800,706
4,129,335	10,637,410
<u>1,034,997</u>	<u>65,051,390</u>
<u>5,228,990</u>	<u>76,489,506</u>
<u>5,687,561</u>	<u>88,167,104</u>
3,991,349	188,453,458
559,213	8,724,350
3,718,347	24,047,706
248,080	7,713,150
<u>8,516,989</u>	<u>228,938,664</u>
<u>\$ 14,204,550</u>	<u>\$ 317,105,768</u>

CITY OF KILLEEN, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
OPERATING REVENUES			
Charges for services	\$ 4,573,403	\$ 15,012,439	\$ 36,381,532
Miscellaneous	-	40,912	150,584
Total operating revenues	<u>4,573,403</u>	<u>15,053,351</u>	<u>36,532,116</u>
OPERATING EXPENSES			
Purchase of water	-	-	6,897,853
Sewage treatment	-	-	5,553,338
Salaries	1,573,833	3,757,350	4,885,598
Employee benefits	396,718	1,009,126	1,271,031
Repairs and maintenance	294,203	1,352,768	707,465
Supplies	113,124	966,937	716,321
Depreciation	3,667,885	1,413,348	4,777,368
Miscellaneous services and charges	1,241,299	366,536	1,717,773
Refuse disposal costs	-	3,619,669	-
Total operating expenses	<u>7,287,062</u>	<u>12,485,734</u>	<u>26,526,747</u>
Operating income (loss)	<u>(2,713,659)</u>	<u>2,567,617</u>	<u>10,005,369</u>
NON-OPERATING REVENUES (EXPENSES)			
Gain on sale of capital assets	150,000	10,412	51,992
Lease revenue	-	48,096	-
Investment revenue	2,590	7,838	132,662
Industrial development	-	-	(784,227)
Interest and fiscal charges	-	(385,934)	(1,144,660)
Total non-operating revenues (expenses)	<u>152,590</u>	<u>(319,588)</u>	<u>(1,744,233)</u>
Income (loss) before contributions and transfers	<u>(2,561,069)</u>	<u>2,248,029</u>	<u>8,261,136</u>
CONTRIBUTIONS AND TRANSFERS			
Contributions - other	-	-	6,418
Contributions - capital	6,361,435	-	3,272,032
Transfers in	-	-	169,023
Transfers out	-	(2,282,624)	(5,041,844)
Total contributions and transfers	<u>6,361,435</u>	<u>(2,282,624)</u>	<u>(1,594,371)</u>
Change in net position	3,800,366	(34,595)	6,666,765
Beginning net position, October 1	<u>75,849,068</u>	<u>6,230,372</u>	<u>127,909,699</u>
Ending net position, September 30	<u>\$ 79,649,434</u>	<u>\$ 6,195,777</u>	<u>\$ 134,576,464</u>

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

EXHIBIT A-8

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 3,779,799	\$ 59,747,173
-	191,496
<u>3,779,799</u>	<u>59,938,669</u>
-	6,897,853
-	5,553,338
1,063,901	11,280,682
316,703	2,993,578
338,615	2,693,051
176,869	1,973,251
487,033	10,345,634
334,725	3,660,333
-	3,619,669
<u>2,717,846</u>	<u>49,017,389</u>
<u>1,061,953</u>	<u>10,921,280</u>
-	212,404
-	48,096
25,282	168,372
-	(784,227)
<u>(231,416)</u>	<u>(1,762,010)</u>
<u>(206,134)</u>	<u>(2,117,365)</u>
<u>855,819</u>	<u>8,803,915</u>
-	6,418
10,527	9,643,994
-	169,023
<u>(264,097)</u>	<u>(7,588,565)</u>
<u>(253,570)</u>	<u>2,230,870</u>
602,249	11,034,785
7,914,740	217,903,879
<u>\$ 8,516,989</u>	<u>\$ 228,938,664</u>

**CITY OF KILLEEN, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,040,413	\$ 14,993,915	\$ 36,634,417
Payments to suppliers	(1,173,684)	(6,282,778)	(15,837,104)
Payments to employees	(1,961,243)	(4,674,383)	(6,091,240)
Payments for interfund services used	-	-	(313)
Net cash provided by operating activities	<u>905,486</u>	<u>4,036,754</u>	<u>14,705,760</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Industrial development	-	-	(784,227)
Transfers in from other funds	-	-	169,023
Transfers out to other funds	-	(2,282,624)	(5,041,844)
Net cash used by noncapital financing activities	<u>-</u>	<u>(2,282,624)</u>	<u>(5,657,048)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions/grants	6,361,435	-	58,410
Purchase and construction of capital assets	(7,967,893)	(1,162,568)	(7,132,879)
Proceeds from sale of capital assets	150,000	10,412	-
Lease revenue	-	48,096	-
Proceeds from long-term debt	-	-	20,563,105
Principal paid on long-term debt	-	(350,000)	(4,567,300)
Interest and fees paid on long-term debt	-	(367,057)	(481,968)
Net cash provided (used) by capital and related financing activities	<u>(1,456,458)</u>	<u>(1,821,117)</u>	<u>8,439,368</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	-	-	(13,000,000)
Proceeds from sale of investments	-	1,500,000	-
Interest and dividends on investments	2,590	7,838	132,662
Net cash provided (used) by investing activities	<u>2,590</u>	<u>1,507,838</u>	<u>(12,867,338)</u>
Net increase (decrease) in cash and cash equivalents	(548,382)	1,440,851	4,620,742
Cash and cash equivalents at beginning of year (including \$448,899, \$9,230, \$2,875,670, and \$1,476,240 for the Airport, Solid Waste, Water and Sewer, and Drainage Utility funds, respectively, reported in restricted cash accounts)	<u>3,276,394</u>	<u>1,472,288</u>	<u>11,825,302</u>
Cash and cash equivalents at end of year (including \$321,601, \$5,523, \$7,546,494, and \$1,477,640 for the Airport, Solid Waste, Water and Sewer, and Drainage Utility funds, respectively, reported in restricted cash accounts)	<u>\$ 2,728,012</u>	<u>\$ 2,913,139</u>	<u>\$ 16,446,044</u>

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

EXHIBIT A-9

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 3,795,534	\$ 59,464,279
(861,352)	(24,154,918)
(1,344,278)	(14,071,144)
-	(313)
1,589,904	21,237,904
-	(784,227)
-	169,023
(264,097)	(7,588,565)
(264,097)	(8,203,769)
10,527	6,430,372
(596,560)	(16,859,900)
-	160,412
-	48,096
-	20,563,105
(370,000)	(5,287,300)
(209,175)	(1,058,200)
(1,165,208)	3,996,585
1,000,000	(12,000,000)
-	1,500,000
25,282	168,372
1,025,282	(10,331,628)
1,185,881	6,699,092
3,850,232	20,424,216
\$ 5,036,113	\$ 27,123,308

(Continued)

**CITY OF KILLEEN, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Airport Enterprise Fund	Solid Waste Enterprise Fund	Water and Sewer Enterprise Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (2,713,659)	\$ 2,567,617	\$ 10,005,369
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	3,667,885	1,413,348	4,777,368
Changes in assets and liabilities:			
Decrease (increase) in receivables	(532,990)	(59,436)	96,435
Decrease (increase) in inventories	(13,238)	-	36,085
Decrease (increase) in other assets	-	-	(31,500)
Increase (decrease) in payables	488,180	23,132	(261,413)
Increase (decrease) in due to other funds	-	-	(313)
Increase (decrease) in customer deposits	-	-	12,474
Increase (decrease) in accrued salaries payable	8,513	31,190	23,674
Increase (decrease) in compensated absences	795	60,903	41,715
Increase (decrease) in deferred revenue	-	-	5,866
Total adjustments	<u>3,619,145</u>	<u>1,469,137</u>	<u>4,700,391</u>
Net cash provided by operating activities	<u>\$ 905,486</u>	<u>\$ 4,036,754</u>	<u>\$ 14,705,760</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ -	\$ -	\$ 3,272,032
Refunding bonds issued	-	-	230,000

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

EXHIBIT A-9 (CONT'D)

Drainage Utility Enterprise Fund	Total Enterprise Funds
\$ 1,061,953	\$ 10,921,280
487,033	10,345,634
15,735	(480,256)
-	22,847
-	(31,500)
(11,143)	238,756
-	(313)
-	12,474
4,746	68,123
31,580	134,993
-	5,866
<u>527,951</u>	<u>10,316,624</u>
<u>\$ 1,589,904</u>	<u>\$ 21,237,904</u>

\$ -	\$ 3,272,032
(245,000)	(15,000)

**CITY OF KILLEEN, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
EMPLOYEE BENEFITS TRUST FUND
SEPTEMBER 30, 2013**

	Employee Benefits Trust Fund
ASSETS	
Cash and cash equivalents	\$ 35,008
Accounts receivable	486,554
Total assets	\$ 521,562
 LIABILITIES AND NET POSITION	
Liabilities:	
Distributions payable	\$ 490,491
Total liabilities	490,491
Net Position:	
Net position held in trust for employee benefits	31,071
Total net position	31,071
Total liabilities and net position	\$ 521,562

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

**CITY OF KILLEEN, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
EMPLOYEE BENEFITS TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Employee Benefits Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 3,741,358
Employee	1,763,264
Retiree	287,330
COBRA	64,863
Total contributions	<u>5,856,815</u>
 DEDUCTIONS	
Benefit payments	5,854,820
Administrative expenses	46
Total deductions	<u>5,854,866</u>
Change in net position	1,949
Net position - beginning of the year	<u>29,122</u>
Net position - end of the year	<u><u>\$ 31,071</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Statements The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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

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

The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component unit on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. The government-wide statement of activities reflects depreciation expenses on the City's capital assets. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In addition to the government-wide financial statements, the City has prepared governmental fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

Proprietary funds and fiduciary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, solid waste, drainage utility, and airport funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The City reports the following major governmental funds:

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

2011A Pass Thru Financing 190/2410 – is a capital projects fund that accounts for projects on the State highway system in the City financed through bond proceeds.

Additionally, the City reports the following fund types:

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

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

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

The City reports the following major enterprise funds:

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

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

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

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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

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

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

1) Deposits and Investments

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

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

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

2) Interfund Transactions and Receivables and Payables

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

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

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

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

3) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the general fund and the special revenue funds. Encumbrances outstanding at year-end lapse and are rolled into the following fiscal year budget.

4) Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5) Restricted Assets

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

6) Capital Assets

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

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

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

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

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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

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

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

7) Compensated Absences

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

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

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

8) Long-Term Obligations

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

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. This has been implemented in the government-wide financial statements prospectively.

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

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

9) Fund Balances

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

Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantors or contributors, laws or regulations of other governments, through constitutional provisions, or by enabling legislation.

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

Assigned fund balance – amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has authorized the City Manager to assign, remove or modify fund balance assigned constraints to a specific purpose.

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, it may be necessary to report a negative residual balance as unassigned.

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

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

10) Comparative Data/Reclassifications

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

11) Pension Plans

It is the policy of the City to fund annual pension costs, which are composed of normal cost and amortization of unfunded prior service cost.

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

12) Unearned Revenues

Unearned revenues are those where an asset has been recognized for revenue that has been earned, but not yet available to finance expenditures of the current fiscal period. The City has reported in the fund financial statements the following as unearned revenues:

	Fund			Total Governmental Funds
	General	Special Revenue	Debt Service	
Property taxes receivable	\$ 576,042	\$ -	\$ 125,621	\$ 701,663
Miscellaneous	199,861	-	-	199,861
Ambulance fees receivable	658,629	-	-	658,629
Municipal court receivable	878,101	96,298	-	974,399
Intergovernmental	-	70,665	-	70,665
Parks and recreation	87,505	-	-	87,505
Total unearned revenue	\$ 2,400,138	\$ 166,963	\$ 125,621	\$ 2,692,722

13) Other Post-Employment Benefits

In the government-wide financial statements, other post-employment benefit (OPEB) liabilities are reported as liabilities for the amount that the annual required contribution exceeds the amount funded by the City on a cumulative basis. The City began reporting this liability for fiscal year 2009 on a prospective basis.

14) Estimates

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

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation *between fund balance - total governmental funds and net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$204,786,243 difference are as follows:

General obligation bonds payable	\$ (92,135,000)
Certificates of obligation bonds payable	(98,420,000)
Capital lease payable	(191,245)
Less: Unamortized bond issuance costs - deferred charges	1,212,044
Less: Deferred amount on refunding	5,665,575
Plus: Unamortized premium (discount)	(11,106,401)
Accrued interest payable	(1,364,111)
Vacation, sick leave, and compensatory time payable (in excess of fund financial statement liability)	(8,447,105)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$ (204,786,243)

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation *between net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$21,259,851 difference are as follows:

Capital outlay	\$ 30,380,527
Developer contributions	2,789,768
Depreciation expense	(11,910,444)
Net adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	\$ 21,259,851

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

Another element of that reconciliation states that “the issuance of long-term debt 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$5,652,667 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (37,290,000)
Less: Refunded general obligation bonds	20,880,000
Less: Refunded certificates of obligation bonds	18,035,000
Issuance of capital lease	(258,936)
Less: Deferred amount on refunding	3,919,314
Less: Bond issuance costs	168,562
Less: Bond discount/premium	(5,716,664)
Principal repayments:	
General obligation debt	3,937,700
Certificate of obligation debt	1,910,000
Capital lease payable	<u>67,691</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 5,652,667</u></u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$1,117,714 difference are as follows:

Other Post Employment Benefits	\$ (364,502)
Vacation and sick leave	(943,642)
Accrued interest	214,290
Amortization of bond premium	606,246
Amortization of bond issuance costs	(288,324)
Amortization of amount deferred on refunding	<u>(341,782)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (1,117,714)</u></u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for salary accruals, sales tax receivables, and the use of encumbrances as discussed below. Annual appropriated budgets are adopted for the General, Special Revenue (except for Parks and Lion's Club Park) and Enterprise funds. Project-length financial plans are adopted for all Capital Projects funds.

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

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

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

During the year, general fund budgeted appropriations were increased by \$1.8 million due largely to the anticipation of design work on a project and the anticipated purchase of public safety vehicles. These appropriations were adopted prior to year-end.

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits

All of the City's demand depository accounts are held in a local banking institution under the terms of a written depository contract. The City's policy requires the depository bank to secure the City's funds on a day-to-day basis with approved pledged securities with a fair value equal to, but not less than, 102 percent of the uninsured deposit. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2013, the City's deposit balance was fully collateralized with securities held by the pledging financial institution. The City's policy is to maximize its earnings potential by keeping a majority of the City's funds on deposit with external investment pools. Funds are transferred from the pools, as needed, to ensure that the bank balance remains positive at all times.

Cash and Investments

Investments are made in accordance with the Investment Policy updated and adopted by the City on August 28, 2012 and subsequently on August 27, 2013 to comply with the Public Funds Investment Act. This policy, which is applicable to all City funds, permits investments that are in the Notes to the Financial Statements detailed at Note I. D. 1).

The Investment Policy is consistent with statutory limitations of the State of Texas, requiring collateralization of deposits on a dollar for dollar basis, or Treasury Issues, which are backed by the full faith and credit of the United States Government; therefore, the City was not exposed to custodial credit risk during the fiscal year ended September 30, 2013.

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

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

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

Credit Risk – Any securities which may be added should meet the requirements of the State of Texas as permissible investments for municipal governments which are in compliance with the Public Funds Investment Act. Investment pools must be continually rated AAA by at least one nationally recognized rating service or not lower than investment grade by at least one nationally recognized rating service with a weighted average maturity not greater than 90 days. Market

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

mutual funds must be registered with and regulated by the Securities and Exchange Commission and must provide the City with a prospectus and other information required by federal law. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.

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

The following summarizes investments of City Funds:

	Fair Value	Effective Duration (years)	Credit Rating
TexPool *	\$ 40,112,572	0.003	AAAm
TexStar *	3,642,894	0.003	AAAm
TexasTerm *	1,188,308	0.003	AAAm
Money Market Accounts *	38,626,784	0.003	AA+
Certificates of Deposit	56,421,142	0.792	AA+
Total fair value	<u>\$ 139,991,700</u>		
Portfolio weighted average maturity		0.321	

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

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

External Investment Pools:

The City uses the following external investment pools:

TexPool

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

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

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

Finally, as a requirement to maintain the credit rating, weekly portfolio information must be submitted to Standard & Poors, as well as the Office of the Comptroller of Public Accounts for review.

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

TexStar

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

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

TexasTerm

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

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

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

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

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

B. PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of the previous January 1 for all real and personal property located in the City. The assessed value for the roll of January 1, 2012, upon which the 2013 fiscal year levy was based, was \$4,811,938,035.

The tax assessment of October 1, 2012 set a tax levy at \$0.7428 per \$100 of assessed valuation at 100 percent of assumed market value. The City may levy a tax of up to \$1.50 per \$100 of assessed valuations for operations and maintenance purposes.

Taxes are due by January 1 following the October 1 levy date, at which time a lien attaches to the property. Tax collections during the fiscal year ended September 30, 2013, for the fiscal year 2013 tax levy, were 96.8 percent of the total tax levy for that year.

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

At September 30, 2013, delinquent property taxes receivable were \$933,577, net of allowance for uncollectible accounts of \$233,394.

Since 1982, the appraisal of property within the City has been the responsibility of the county-wide appraisal district. The appraisal district is required under the property tax code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed at least every five years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, and adjusted for new improvements, exceeds the rate of the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year.

C. RECEIVABLES

Receivables at September 30, 2013 for the City's individual major governmental funds, in the aggregate non-major governmental funds, proprietary funds, and fiduciary fund, net of allowances for uncollectible accounts, consist of the following:

	Receivables				
	Grants	Taxes	Accounts	Accrued Interest	Total Net
General	\$ 179,662	\$ 3,920,500	\$ 1,813,129	\$ 34,955	\$ 5,948,246
2011A Pass Thru Financing 190/2410	-	-	-	47,255	47,255
Other Governmental Funds	626,534	125,621	141,530	15,992	909,677
Airport	185,589	-	437,740	-	623,329
Solid Waste	-	-	1,966,295	-	1,966,295
Water & Sewer	-	-	5,266,557	88,412	5,354,969
Drainage Utility	-	-	313,128	3,711	316,839
Total	991,785	4,046,121	9,938,379	190,325	15,166,610
Employee Benefits Trust	-	-	486,554	-	486,554

The enterprise funds accounts receivable include unbilled charges for services rendered at September 30, 2013.

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

D. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 was as follows:

Primary Government

	Balance 9/30/2012	Additions	Deletions	Balance 9/30/2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 7,570,005	\$ -	\$ -	\$ 7,570,005
Construction in progress	17,503,092	28,420,821	(31,861,007)	14,062,906
Total capital assets not being depreciated	<u>25,073,097</u>	<u>28,420,821</u>	<u>(31,861,007)</u>	<u>21,632,911</u>
Capital assets, being depreciated:				
Buildings and improvements	97,221,267	35,064	-	97,256,331
Furniture and equipment	23,950,414	440,743	(500)	24,390,657
Vehicles	22,605,119	4,273,667	(101,678)	26,777,108
Infrastructure assets	194,554,989	31,861,007	-	226,415,996
Total capital assets being depreciated	<u>338,331,789</u>	<u>36,610,481</u>	<u>(102,178)</u>	<u>374,840,092</u>
Less accumulated depreciation for:				
Buildings and improvements	24,644,197	3,107,912	-	27,752,109
Furniture and equipment	21,120,199	1,174,434	(500)	22,294,133
Vehicles	17,336,010	2,272,549	(101,678)	19,506,881
Infrastructure assets	108,477,266	5,355,549	-	113,832,815
Total accumulated depreciation	<u>171,577,672</u>	<u>11,910,444</u>	<u>(102,178)</u>	<u>183,385,938</u>
Total capital assets being depreciated, net	<u>166,754,117</u>	<u>24,700,037</u>	<u>-</u>	<u>191,454,154</u>
Governmental activities capital assets, net	<u>\$ 191,827,214</u>	<u>\$ 53,120,858</u>	<u>\$ (31,861,007)</u>	<u>\$ 213,087,065</u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

	Balance 9/30/2012	Additions	Deletions	Balance 9/30/2013
Airport activities:				
Capital assets not being depreciated:				
Land	\$ 1,319,003	\$ -	\$ -	\$ 1,319,003
Construction in progress	553,550	287,594	(553,550)	287,594
Total capital assets not being depreciated	<u>1,872,553</u>	<u>287,594</u>	<u>(553,550)</u>	<u>1,606,597</u>
Capital assets being depreciated:				
Buildings and improvements	98,771,798	7,735,539	-	106,507,337
Furniture and equipment	1,994,295	484,803	-	2,479,098
Vehicles	868,374	13,507	-	881,881
Total capital assets being depreciated	<u>101,634,467</u>	<u>8,233,849</u>	<u>-</u>	<u>109,868,316</u>
Less accumulated depreciation for:				
Buildings and improvements	29,006,803	3,321,951	-	32,328,754
Furniture and equipment	1,013,356	325,118	-	1,338,474
Vehicles	801,610	20,816	-	822,426
Total accumulated depreciation	<u>30,821,769</u>	<u>3,667,885</u>	<u>-</u>	<u>34,489,654</u>
Total capital assets being depreciated, net	<u>70,812,698</u>	<u>4,565,964</u>	<u>-</u>	<u>75,378,662</u>
Aviation activities capital assets, net	<u>\$ 72,685,251</u>	<u>\$ 4,853,558</u>	<u>\$ (553,550)</u>	<u>\$ 76,985,259</u>

	Balance 9/30/2012	Additions	Deletions	Balance 9/30/2013
Solid Waste activities:				
Capital assets not being depreciated:				
Land	\$ 72,165	\$ -	\$ -	\$ 72,165
Construction in progress	-	42,600	-	42,600
Total capital assets not being depreciated	<u>72,165</u>	<u>42,600</u>	<u>-</u>	<u>114,765</u>
Capital assets being depreciated:				
Buildings and improvements	11,992,713	151,866	-	12,144,579
Furniture and equipment	3,961,568	32,620	-	3,994,188
Vehicles	9,917,838	935,482	(26,663)	10,826,657
Total capital assets being depreciated	<u>25,872,119</u>	<u>1,119,968</u>	<u>(26,663)</u>	<u>26,965,424</u>
Less accumulated depreciation for:				
Buildings and improvements	3,202,734	437,040	-	3,639,774
Furniture and equipment	3,795,469	105,203	-	3,900,672
Vehicles	7,818,099	871,105	(26,663)	8,662,541
Total accumulated depreciation	<u>14,816,302</u>	<u>1,413,348</u>	<u>(26,663)</u>	<u>16,202,987</u>
Total capital assets being depreciated, net	<u>11,055,817</u>	<u>(293,380)</u>	<u>-</u>	<u>10,762,437</u>
Solid waste activities capital assets, net	<u>\$ 11,127,982</u>	<u>\$ (250,780)</u>	<u>\$ -</u>	<u>\$ 10,877,202</u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

	Balance 9/30/2012	Additions	Deletions	Balance 9/30/2013
Water and Sewer activities:				
Capital assets not being depreciated:				
Land	\$ 243,332	\$ -	\$ -	\$ 243,332
Construction in progress	2,255,563	5,753,191	(6,106,568)	1,902,186
Total capital assets not being depreciated	2,498,895	5,753,191	(6,106,568)	2,145,518
Capital assets being depreciated:				
Buildings and improvements	93,692,116	845,689	-	94,537,805
Improvements - other	90,241,803	9,378,599	-	99,620,402
Furniture and equipment	4,299,855	116,951	-	4,416,806
Vehicles	3,563,580	417,049	(143,783)	3,836,846
Total capital assets being depreciated	191,797,354	10,758,288	(143,783)	202,411,859
Less accumulated depreciation for:				
Buildings and improvements	28,428,414	1,854,349	-	30,282,763
Improvements - other	13,089,461	2,503,999	-	15,593,460
Furniture and equipment	3,890,811	145,199	-	4,036,010
Vehicles	2,762,459	273,821	(143,783)	2,892,497
Total accumulated depreciation	48,171,145	4,777,368	(143,783)	52,804,730
Total capital assets being depreciated, net	143,626,209	5,980,920	-	149,607,129
Water and Sewer activities capital assets, net	\$ 146,125,104	\$ 11,734,111	\$ (6,106,568)	\$ 151,752,647
	Balance 9/30/2012	Additions	Deletions	Balance 9/30/2013
Drainage Utility activities:				
Capital assets being depreciated:				
Improvements - other	\$ 5,754,376	\$ 580,768	\$ -	\$ 6,335,144
Furniture and equipment	1,016,517	3,016	-	1,019,533
Vehicles	1,038,951	12,776	-	1,051,727
Total capital assets being depreciated	7,809,844	596,560	-	8,406,404
Less accumulated depreciation for:				
Improvements - other	880,016	289,749	-	1,169,765
Furniture and equipment	851,020	43,232	-	894,252
Vehicles	422,151	154,052	-	576,203
Total accumulated depreciation	2,153,187	487,033	-	2,640,220
Total capital assets being depreciated, net	5,656,657	109,527	-	5,766,184
Drainage Utility activities capital assets, net	\$ 5,656,657	\$ 109,527	\$ -	\$ 5,766,184

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

	Balance 9/30/2012	Additions	Deletions	Balance 9/30/2013
Total Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,634,500	\$ -	\$ -	\$ 1,634,500
Construction in progress	2,809,113	6,083,385	(6,660,118)	2,232,380
Total capital assets not being depreciated	4,443,613	6,083,385	(6,660,118)	3,866,880
Capital assets being depreciated:				
Buildings and improvements	204,456,627	8,733,094	-	213,189,721
Improvements - other	95,996,179	9,959,367	-	105,955,546
Furniture and equipment	11,272,235	637,390	-	11,909,625
Vehicles	15,388,743	1,378,814	(170,446)	16,597,111
Total capital assets being depreciated	327,113,784	20,708,665	(170,446)	347,652,003
Less accumulated depreciation for:				
Buildings and improvements	60,637,951	5,613,340	-	66,251,291
Improvements - other	13,969,477	2,793,748	-	16,763,225
Furniture and equipment	9,550,656	618,752	-	10,169,408
Vehicles	11,804,319	1,319,794	(170,446)	12,953,667
Total accumulated depreciation	95,962,403	10,345,634	(170,446)	106,137,591
Total capital assets being depreciated, net	231,151,381	10,363,031	-	241,514,412
Business-type activities capital assets, net	<u>\$ 235,594,994</u>	<u>\$ 16,446,416</u>	<u>\$ (6,660,118)</u>	<u>\$ 245,381,292</u>

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

Governmental activities:	
General government	\$ 496,180
Police	2,094,138
Fire	1,554,692
Public works	5,717,258
Community services	935,558
Parks and recreation	748,827
Library	241,445
Golf	122,346
Total governmental activities	<u>\$ 11,910,444</u>
Business-type activities:	
Airport	\$ 3,667,885
Solid waste	1,413,348
Water and sewer	4,777,368
Drainage utility	487,033
Total business-type activities	<u>\$ 10,345,634</u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

Construction Commitments

The City had active Water and Sewer, Drainage Utility, Aviation, and Governmental construction projects as of September 30, 2013. At year-end the City's commitments with contractors were as follows:

	Contract Amount	Spent-to-Date	Remaining Commitment
Water and Sewer	\$ 1,394,016	\$ 1,119,509	\$ 274,507
Drainage Utility	814,116	354,854	459,262
Aviation	8,129,008	7,102,685	1,026,323
Governmental Funds	52,224,975	32,253,712	19,971,263
	<u>\$ 62,562,115</u>	<u>\$ 40,830,760</u>	<u>\$ 21,731,355</u>

Discretely presented component unit

	Balance 9/30/2012	Additions	Deletions	Balance 9/30/2013
Killeen Economic Development Corp. (KEDC)				
Capital assets not being depreciated:				
Land				
KEDC - owned	\$ 280,007	\$ -	\$ -	\$ 280,007
Industrial Park	1,723,082	-	-	1,723,082
Convergys	110,000	-	-	110,000
Enterprise	100,000	-	-	100,000
First National Bank	90,303	-	-	90,303
Total capital assets not being depreciated	<u>2,303,392</u>	<u>-</u>	<u>-</u>	<u>2,303,392</u>
Capital assets being depreciated:				
Buildings				
Presidium	3,109,791	306,364	-	3,416,155
First National Bank/Raytheon	1,837,080	-	-	1,837,080
Entrance Sign	31,382	-	-	31,382
Total capital assets being depreciated	<u>4,978,253</u>	<u>306,364</u>	<u>-</u>	<u>5,284,617</u>
Less accumulated depreciation for:				
Buildings	<u>2,008,536</u>	<u>136,908</u>	<u>-</u>	<u>2,145,444</u>
Total accumulated depreciation	<u>2,008,536</u>	<u>136,908</u>	<u>-</u>	<u>2,145,444</u>
Total capital assets being depreciated, net	<u>2,969,717</u>	<u>169,456</u>	<u>-</u>	<u>3,139,173</u>
KEDC capital assets, net	<u>\$ 5,273,109</u>	<u>\$ 169,456</u>	<u>\$ -</u>	<u>\$ 5,442,565</u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables represent short term advances primarily to support debt service and operations of funds. A summary of interfund receivables and payables at September 30, 2013 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 97,180	\$ -
Other Governmental Funds:		
Special Revenue		
CDBG	-	78,341
Home	-	18,839
Total Interfund Balances	<u>97,180</u>	<u>97,180</u>

Transfers between funds were primarily to support debt service and operations of funds. Transfers during the year ended September 30, 2013 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 7,588,166	\$ 11,731
Other Governmental Funds:		
Special Revenue:		
Hotel Occupancy Tax	-	725,200
CDBG HOME Program	11,731	
Debt Service:		
Tax Interest and Sinking 2004	-	179,952
General Obligation Interest and Sinking 2004	-	654,779
Tax Interest and Sinking 2005	261,050	730,000
Tax Interest and Sinking 2006	-	80,000
General Obligation 2007	-	310,000
Certificates of Obligation 2007	-	430,000
General Obligation 2009	244,959	-
Refunding Bond 2009	-	413,982
Refunding Bond 2010	606,100	-
Certificates of Obligation 2011	119,100	-
General Obligation & Refunding 2012	1,210,000	261,050
General Obligation & Refunding 2013	1,175,130	-
Total Other Governmental Funds	<u>3,628,070</u>	<u>3,784,963</u>
Total Governmental Funds	<u>11,216,236</u>	<u>3,796,694</u>
Enterprise:		
Solid Waste	-	2,282,624
Water & Sewer	169,023	5,041,844
Drainage Utility	-	264,097
Total Enterprise Funds	<u>169,023</u>	<u>7,588,565</u>
Totals	<u>\$ 11,385,259</u>	<u>\$ 11,385,259</u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

F. LONG-TERM DEBT

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2013 is as follows:

Primary government:

	September 30, 2012	Additions	Deletions	September 30, 2013	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 79,662,700	\$ 37,290,000	\$ (24,817,700)	\$ 92,135,000	\$ 2,840,000
Certificates of obligation	118,365,000	-	(19,945,000)	98,420,000	1,520,000
Unamortized bond premiums/(discounts)	5,995,983	5,716,664	(606,246)	11,106,401	496,013
Deferred amount on refunding	(2,088,043)	(3,919,314)	341,782	(5,665,575)	(306,627)
Total bonds payable	201,935,640	39,087,350	(45,027,164)	195,995,826	4,549,386
Compensated absences	7,524,823	4,055,583	(3,041,367)	8,539,039	981,989
Net OPEB Obligation	801,806	620,424	(255,922)	1,166,308	480,519
Capital lease payable	-	258,936	(67,691)	191,245	61,790
Governmental activity long-term debt	<u>\$ 210,262,269</u>	<u>\$ 44,022,293</u>	<u>\$ (48,392,144)</u>	<u>\$ 205,892,418</u>	<u>\$ 6,073,684</u>
Business-Type Activities:					
Revenue bonds	\$ 50,945,000	\$ 37,300,000	\$ (22,815,000)	\$ 65,430,000	\$ 4,655,000
General obligation bonds	6,887,300	3,935,000	(727,300)	10,095,000	-
Certificates of obligation	8,570,000	-	(4,845,000)	3,725,000	690,000
Unamortized bond premiums/(discounts)	2,285,920	4,058,027	(274,579)	6,069,368	474,259
Deferred amount on refunding	(3,016,672)	(1,744,921)	417,769	(4,343,824)	(532,515)
Total bonds payable	65,671,548	43,548,106	(28,244,110)	80,975,544	5,286,744
Compensated absences	716,822	583,323	(448,330)	851,815	51,109
Business-type activity long-term debt	<u>\$ 66,388,370</u>	<u>\$ 44,131,429</u>	<u>\$ (28,692,440)</u>	<u>\$ 81,827,359</u>	<u>\$ 5,337,853</u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

Long-term debt at September 30, 2013 is comprised of the following:

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
Governmental Funds						
Capital Lease Payable:	3.40	7/16/2013	9/15/2016	\$ 258,936	\$ 67,691	\$ 191,245
General Obligation Bonds:						
2004 Refunding	2.00-5.00	10/01/04	08/01/29	24,325,000	24,325,000	-
2006 Various purpose	4.00-4.70	05/01/06	08/01/26	10,000,000	7,465,000	2,535,000
2007 Various purpose	4.00-4.63	10/01/07	08/01/32	17,665,000	14,655,000	3,010,000
2009 Refunding	1.00-2.00	08/15/09	08/01/13	744,600	744,600	-
2009 Various purpose	3.00-4.80	08/15/09	08/01/34	13,175,000	900,000	12,275,000
2010 Refunding HOT	2.00-4.00	05/15/10	08/01/30	8,500,000	1,090,000	7,410,000
2010 Refunding	2.00-4.00	05/15/10	08/01/30	4,830,000	600,000	4,230,000
2011 Refunding	3.25-5.00	07/01/11	08/01/23	6,875,000	455,000	6,420,000
2012 Various purpose & refunding	2.00-5.00	09/05/12	08/01/32	19,500,000	40,000	19,460,000
2013 Refunding	2.00-5.00	04/15/13	08/01/32	37,290,000	495,000	36,795,000
Total General Obligation Bonds				<u>142,904,600</u>	<u>50,769,600</u>	<u>92,135,000</u>
Tax/Revenue Certificates of Obligation:						
2004 Various purpose	2.00-4.75	10/01/04	08/01/29	6,000,000	6,000,000	-
2005 Various purpose	3.25-4.50	09/15/05	08/01/30	11,500,000	11,105,000	395,000
2007 Various purpose	4.00-5.00	10/01/07	08/01/32	24,120,000	20,205,000	3,915,000
2009 Various purpose	2.75-4.35	08/15/09	08/01/29	6,500,000	555,000	5,945,000
2011 Various purpose	2.00-5.00	06/15/11	08/01/36	32,040,000	100,000	31,940,000
2011 PTF 195/201	2.00-5.00	06/15/11	08/01/34	18,060,000	-	18,060,000
2011A PTF 190/2410	2.00-5.00	11/01/11	08/01/35	31,400,000	-	31,400,000
2012 Various Purpose & Refunding	2.00-3.00	08/22/12	08/01/32	6,765,000	-	6,765,000
Total Tax/Revenue Certificates of Obligation				<u>136,385,000</u>	<u>37,965,000</u>	<u>98,420,000</u>
Total Governmental Funds				<u>\$ 279,548,536</u>	<u>\$ 88,802,291</u>	<u>\$ 190,746,245</u>
Proprietary Funds						
Revenue Bonds:						
2004 Various purpose	2.25-5.00	10/01/04	08/15/24	\$ 20,200,000	\$ 20,200,000	\$ -
2005 Refunding	3.25-4.50	09/15/05	08/15/19	16,875,000	14,945,000	1,930,000
2007 Various purpose	4.00-5.00	10/01/07	08/15/27	21,165,000	18,855,000	2,310,000
2010 Refunding	2.00-4.00	05/15/10	08/15/21	6,870,000	1,285,000	5,585,000
2011 Refunding	3.75-5.00	07/01/11	08/15/22	11,135,000	35,000	11,100,000
2012 Refunding	2.98	07/12/12	08/15/27	7,365,000	30,000	7,335,000
2013 Refunding and Improvement	2.00-5.00	03/15/13	08/15/33	29,030,000	-	29,030,000
2013 Refunding	0.40-1.62	03/15/13	08/15/19	8,270,000	130,000	8,140,000
Total Revenue Bonds				<u>120,910,000</u>	<u>55,480,000</u>	<u>65,430,000</u>
General Obligation Bonds:						
2009 Refunding	1.00-2.00	08/15/09	08/01/13	3,635,400	3,635,400	-
2012 Various Purpose & Refunding	2.00-5.00	08/01/12	08/01/32	6,215,000	-	6,215,000
2013 Refunding	2.00-5.00	04/15/13	08/01/32	3,935,000	55,000	3,880,000
Total General Obligation Bonds				<u>13,785,400</u>	<u>3,690,400</u>	<u>10,095,000</u>
Tax/Revenue Certificates of Obligation:						
2005 Various purpose	3.25-4.50	09/15/05	08/01/30	9,100,000	8,510,000	590,000
2009 Various purpose	2.75-4.35	08/15/09	08/01/29	2,000,000	255,000	1,745,000
2006 Various purpose	4.00-4.70	05/01/06	08/01/26	8,000,000	6,610,000	1,390,000
Total Tax/Revenue Certificates of Obligation				<u>19,100,000</u>	<u>15,375,000</u>	<u>3,725,000</u>
Total Proprietary Funds				<u>\$ 153,795,400</u>	<u>\$ 74,545,400</u>	<u>\$ 79,250,000</u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

Capital Lease Payable

A capital lease was issued during the fiscal year to acquire \$258,936 of police vehicles. Annual debt service requirements to maturity for the Capital Lease Payable are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2014	\$ 61,790	\$ 6,523
2015	63,892	4,421
2016	65,563	2,750
Total	<u>\$ 191,245</u>	<u>\$ 13,694</u>

General Obligation Bonds

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

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 2,840,000	\$ 3,951,850	\$ -	\$ 446,713
2015	3,485,000	3,854,150	-	446,713
2016	3,500,000	3,737,750	305,000	446,713
2017	3,805,000	3,612,250	315,000	437,563
2018	3,970,000	3,468,663	690,000	424,963
2019-2023	27,310,000	14,486,563	3,880,000	1,698,613
2024-2028	27,820,000	7,962,558	3,810,000	686,313
2029-2033	18,475,000	2,040,681	1,095,000	52,950
2034	930,000	44,640	-	-
Total	<u>\$ 92,135,000</u>	<u>\$ 43,159,105</u>	<u>\$ 10,095,000</u>	<u>\$ 4,640,541</u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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, 2013. Revenue Bond debt service requirements to maturity are as follows:

Year Ending September 30	Business-type Activities	
	Principal	Interest
2014	\$ 4,655,000	\$ 2,780,579
2015	4,955,000	2,204,430
2016	5,075,000	2,088,175
2017	5,205,000	1,956,301
2018	4,335,000	1,830,871
2019-2023	20,095,000	6,801,500
2024-2028	14,065,000	3,097,864
2029-2033	7,045,000	1,019,200
Total	<u>\$ 65,430,000</u>	<u>\$ 21,778,920</u>

Tax and Revenue Certificates of Obligation

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

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 1,520,000	\$ 4,232,813	\$ 690,000	\$ 152,058
2015	2,170,000	4,175,538	720,000	123,758
2016	3,945,000	4,114,538	440,000	92,558
2017	4,065,000	4,002,238	455,000	74,920
2018	4,195,000	3,874,613	90,000	56,433
2019-2023	19,160,000	16,906,035	520,000	232,808
2024-2028	23,880,000	12,340,570	660,000	119,410
2029-2033	27,090,000	6,526,850	150,000	6,525
2034-2036	12,395,000	986,813	-	-
Total	<u>\$ 98,420,000</u>	<u>\$ 57,160,008</u>	<u>\$ 3,725,000</u>	<u>\$ 858,470</u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

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.

During fiscal year ended 2013, the City issued \$41,225,000 in General Obligation Refunding Bonds with an average interest rate of 3.5% to refund and legally defease \$3,710,000 of General Obligation Refunding Bonds, Series 2004, \$4,460,000 of General Obligation Bonds, Series 2006, \$12,710,000 of General Obligation Bonds, Series 2007, \$1,065,000 of Certificates of Obligation Bonds, Series 2004, \$415,000 of Certificates of Obligation Bonds, Series 2005, \$16,555,000 of Certificates of Obligation Bonds, Series 2007, and \$4,180,000 of Drainage Utility Revenue Certificates of Obligation, Series 2006. The net proceeds of \$47,354,374 (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt. It is bond counsel's opinion that the advance refunding is a legal defeasance.

During fiscal year ended 2013, the City issued \$8,270,000 in Revenue Refunding Bonds with an average interest rate of 1.01% to refund and legally defease \$7,620,000 of Water & Sewer Revenue Bonds, Series 2005. The net proceeds of \$8,149,307 (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt. It is bond counsel's opinion that the advance refunding is a legal defeasance.

During fiscal year ended 2013, the City issued \$29,030,000 in Revenue Refunding and Improvement Bonds with an average interest rate of 3.5% to fund water and sewer improvements and to refund and legally defease \$1,100,000 of Revenue Bonds, Series 2004, and \$10,200,000 of Revenue Bonds, Series 2007. The net proceeds of \$32,610,554 (after payment of underwriting fees, insurance, and other issuance costs) were used to purchase U.S. securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt. It is bond counsel's opinion that the advance refunding is a legal defeasance.

Due to the refundings, the City's debt service requirements are decreased by \$4,107,313 over a period beginning fiscal year 2012-2013 and ending with the fiscal year 2031-2032. These refundings allowed the City of Killeen to obtain an economic gain of \$5,664,235.

V. OTHER INFORMATION

A. RISK MANAGEMENT

The City has insurable risks in various areas, including property, casualty, automobile, airport, surety bonding, comprehensive liability and workmen's compensation. The City has obtained insurance against risks through commercial carriers for airport liability and surety bonding. There were no related settlements in excess of insurance coverage during the past three fiscal years. All other insurance against

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

risk is through the Texas Municipal League (TML) Intergovernmental Risk Pool, as discussed below. Management believes the amount and types of coverage are adequate to protect the City from losses which could reasonably be expected to occur.

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

B. COMMITMENTS AND CONTINGENCIES

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

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

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

C. EMPLOYEE BENEFITS

EMPLOYEE PENSION PLAN

Plan Description

The City provides pension benefits for all of its eligible employees, except firemen, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from the TMRS website at www.TMRS.com.

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2013</u>	<u>Plan Year 2012</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100%, Transfers	100%, Transfers
Annuity Increase (to retirees)	70% of CPI	70% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows in a three year trend format:

Schedule of Net Pension Obligation

	<u>9/30/2013</u>	<u>9/30/2012</u>	<u>9/30/2011</u>
Net Pension Obligation (NPO) at the Beginning of Period	\$ -	\$ -	\$ -
Annual Pension Cost:			
Annual Required Contribution (ARC)	3,134,221	4,410,989	4,132,298
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Subtotal	<u>3,134,221</u>	<u>4,410,989</u>	<u>4,132,298</u>
Contributions Made	3,134,221	4,410,989	4,132,298
Increase in NPO	-	-	-
NPO at the end of the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Valuation Date	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>12/31/2010</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	14.9 years; closed period	15.8 years; closed period	17.7 years; closed period
Amortization Period for New Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.0%
Project Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	0.0%	2.1%	2.1%

Funded Status and Funding Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follows:

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>12/31/2010</u>
Actuarial Value of Assets	\$ 118,799,860	\$ 110,610,374	\$ 100,826,919
Actuarial Accrued Liability	\$ 130,042,356	\$ 122,287,747	\$ 113,138,919
Percentage Funded	91.35%	90.45%	89.12%
Unfunded Actuarial			
Accrued Liability (UAAL)	\$ 11,242,496	\$ 11,677,673	\$ 12,312,000
Annual Covered Payroll	\$ 41,575,749	\$ 41,425,056	\$ 38,174,700
UAAL as a Percentage of Covered Payroll	27.04%	28.19%	32.25%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability of benefits.

SUPPLEMENTAL DEATH BENEFITS FUND

Plan Description

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

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

The City of Killeen offers supplemental death to:	<u>Plan Year 2013</u>	<u>Plan Year 2012</u>
Active employees	Yes	Yes
Retirees	Yes	Yes

Contributions

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

The City's contribution to the TMRS SDBF for the years ended 2013, 2012 and 2011 were \$62,363, \$62,138, and \$57,262, respectively, which equaled the required contributions each year.

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

<u>Plan/Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percentage of ARC Contributed</u>
2011	0.03%	0.03%	100.00%
2012	0.03%	0.03%	100.00%
2013	0.03%	0.03%	100.00%

**CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013**

DEFERRED COMPENSATION FUND

Plan Description

The City offers its employees 2 deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are administered by Nationwide Retirement Solutions and ICMA. In accordance with the requirements of GASB Statement No. 32, "Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" and recent tax law changes, the City's trust agreements establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustee. Accordingly, the City has not presented the assets and income from the plan in these financial statements. Deferred compensation investments are held by an outside trustee, and plan investments are chosen by the individual participant (employee).

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

FIREFIGHTER'S RELIEF AND RETIREMENT SYSTEM

Plan Description

The Board of Trustees of the Killeen Firefighter's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan. It is a legally separate entity from the City. Complete financial statements for the Killeen Firefighter's Relief and Retirement Fund can be obtained by contacting the Fund Administrator at P.O. Box 497, Conroe, TX 77305.

Both paid and volunteer firefighters in the Killeen Fire Department are covered by the Killeen Firefighter's Relief and Retirement Fund. The table below summarizes the membership of the fund at September 30, 2012, the date of the most recent actuarial valuation.

	September 30, 2012
1. Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	58
2. Current employees	
a. Fully vested	21
b. Partially vested	48
c. Nonvested	135
3. Total	262

The Killeen Firefighter's Relief and Retirement Fund provides service retirement, death, disability, and withdrawal benefits for both paid and volunteer firefighters. These benefits fully vest after 20 years of credited service. Paid firefighters may retire at the earlier of age 55 with 20 years of service or age 50 with 25 years of service. A partially vested benefit is provided for paid firefighters with at least 10 years of service. Volunteer firefighters may retire at age 55 with 20 years of service. The fund, effective July 1, 2007 provides a monthly benefit for paid firefighters at retirement, payable in a Joint and Two-Thirds

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

to Spouse form of annuity, equal to 58.4% of Highest 60-Month Average Salary plus 2.275% of Highest 60-Month Average Salary for each year of service in excess of 20 years. The monthly benefit for volunteer firefighters at retirement is equal to \$155 per month payable in a Joint and Two-Thirds to Spouse form of annuity.

There is no provision for automatic post retirement benefit increases. The fund has the authority to provide, and has periodically in the past provided for, ad hoc post retirement benefit increases. The benefit provisions of this fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

Summary of Significant Accounting Policies and Plan Asset Matters

The Killeen Firefighter's Relief and Retirement Fund financial statements are prepared using the accrual basis of accounting. The fund's fiscal year began October 1, 2012 and ended September 30, 2013. Employee and employer contributions are recognized as revenues in the period in which the salaries are earned. Investment income is recognized as it is earned. All unrealized gains/losses on sales of assets are recognized on the transaction date.

Contributions Required and Contributions Made

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

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides 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), and the number of years needed to amortize the plan's UAAL is determined using a level percentage of payroll method. The costs of administering the plan are financed from the fund.

The funding policy of the Killeen Firefighter's Relief and Retirement Fund currently requires contributions equal to 10% of pay by the paid firefighters and 13% of payroll by the City. Contributions by the City of \$102 per year per active volunteer and \$16,010 per year for all active and retired volunteers are also required.

For the fiscal year ending September 30, 2013, the City of Killeen's Annual Pension Cost (APC) was \$1,482,496 for the Killeen Firefighter's Relief and Retirement Fund. Based on the results of the September 30, 2012 actuarial valuation of the Plan effective July 1, 2007, the Board's actuary found that the fund has an adequate contribution arrangement based on the current level of the firefighter and City of Killeen contribution rates. The schedules of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements in the required supplementary information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

The annual required contributions (ARC) by the city for the fiscal year ending September 30, 2013 were based on the results of the September 30, 2012 actuarial valuation and were determined in compliance with the Governmental Accounting Standards Board (GASB) Statement No. 27 parameters. The actuarial methods and assumptions used for the two most recent valuations are shown below. This information is also included in the required supplementary information immediately following the notes.

Valuation date	September 30, 2010	September 30, 2012
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level percent of payroll, open	Level percent of payroll, open
Amotization period	27 years	30 years
Asset valuation method	5-year adjusted market value	5-year adjusted market value
Actuarial assumptions:		
- Investment rate of return, net of expenses	7.75% per year	7.75% per year
- Inflation	4.00% per year	4.00% per year
- Projected salary increases		
- general salary increase	4.00% per year	4.00% per year
- promotion and longevity increase	0% to 7% per year	0% to 7% per year
- total increase	4% to 11.3% per year	4.00% to 11.3% per year
- Payroll growth rate	4.00% per year	4.00% per year
- Postretirement cost-of-living adjustments	None	None
ARC	13.00%	13.63%
Fiscal years ending September 30	2011 and 2012	2013 and 2014

The following is a schedule of the funding progress for the Firefighter's Relief and Retirement fund for the three most recent actuarial valuations that presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. This information is also included in the required supplementary information immediately following the notes.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll ¹	UAAL as a Percentage of Covered Payroll
9/30/2008	^{2,3} 20,223,436	31,663,825	63.9%	11,440,389	9,534,549	120.0%
9/30/2010	^{2,3} 23,980,822	37,161,946	64.5%	13,181,124	10,564,186	124.8%
9/30/2012	^{2,3} 27,528,834	41,142,502	66.9%	13,613,668	11,025,643	123.5%

¹ The covered payroll is based on estimated annualized salaries for the year following the valuation date.

² Economic and demographic assumptions were revised.

³ Reflects plan benefit provisions effective July 1, 2007.

Schedule of Net Pension Obligation

Reporting Year Ended September 30	Annual Pension Cost (APC)	% Funded	Net Pension Obligation
2011	1,425,767	100%	-
2012	1,439,762	100%	-
2013	1,482,496	100%	-

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Plan Description

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

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

Funding Policy

Current retirees contribute to the health plan 100% of the total blended premium for active and retired participants. Retiree contribution rates for fiscal year 2013 were \$4,483 to \$19,485 per year depending on coverage levels selected.

The City’s annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City’s annual OPEB cost for the fiscal year ending September 30, 2013, is as follows:

Annual required contribution (ARC)	\$ 617,772
Interest on OPEB obligation	36,081
Adjustment to ARC	<u>(33,429)</u>
End of year annual OPEB cost (expense)	620,424
Net estimated employer contributions	<u>(255,922)</u>
Increase in net OPEB obligation	364,502
Net OPEB Obligation, beginning of year	801,806
Net OPEB Obligation, end of year	<u><u>\$ 1,166,308</u></u>

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2013 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Oligation
9/30/2011	464,038	253,013	54.5%	608,526
9/30/2012	478,618	285,338	59.6%	801,806
9/30/2013	620,424	255,922	41.2%	1,166,308

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2012 and the preceding two fiscal years were as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	\$ -	\$ 3,227,494	\$ 3,227,494	0.0%	\$ 44,390,812	7.3%
12/31/2010	-	4,409,664	4,409,664	0.0%	52,374,642	8.4%
12/31/2012	-	5,560,589	5,560,589	0.0%	52,601,392	10.6%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$5,560,589 at December 31, 2012. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 10.6%. The schedule of funding progress presented above is also presented as Required Supplementary Information following the notes to the financial statements.

Actuarial Methods and Assumptions

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

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

CITY OF KILLEEN, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

Actuarial Methods and Assumptions

Actuarial valuation date	December 31, 2012
Inflation rate	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll growth	3.00% per annum
Health care cost trend rate	Initial rate of 7.5% declining to an ultimate rate of 4.5% after 8 years

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

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF KILLEEN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013**

TEXAS MUNICIPAL RETIREMENT SYSTEM (UNAUDITED):**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2010 ¹	100,826,919	113,138,919	89.1%	12,312,000	38,174,700	32.3%
12/31/2011 ²	110,610,374	120,815,449	91.6%	10,205,075	41,425,056	24.6%
12/31/2012 ²	118,799,860	130,042,356	91.4%	11,242,496	41,575,749	27.0%

FIREFIGHTER'S RELIEF AND RETIREMENT FUND (UNAUDITED):**Schedule of Funding Progress****Schedule of Actuarial Liabilities and Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll ¹	UAAL as a Percentage of Covered Payroll
9/30/2008 ^{2,3}	20,223,436	31,663,825	63.9%	11,440,389	9,534,549	120.0%
9/30/2010 ^{2,3}	23,980,822	37,161,946	64.5%	13,181,124	10,564,186	124.8%
9/30/2012 ^{2,3}	27,528,834	41,142,502	66.9%	13,613,668	11,025,643	123.5%

¹ The covered payroll is based on estimated annualized salaries for the year following the valuation date.

² Economic and demographic assumptions were revised.

³ Reflects plan benefit provisions effective July 1, 2007.

Schedule of Employer Contributions

Reporting Year Ended September 30	Annual Required Contribution (ARC) ¹	Actual Contribution	Percentage of Required Contribution Contributed ²
2011	1,425,767	1,425,767	100%
2012	1,439,762	1,439,762	100%
2013	1,482,496	1,482,496	100%

¹ The annual required contributions (ARC) is equal to the actual city contributions and equal to the budgeted contribution rate times the actual covered payroll for paid firefighters plus \$16,010 for volunteer firefighters plus \$102 per active volunteer firefighter.

² The percentage of the ARC contributed should be determine by dividing the actual contribution by the ARC.

(CONTINUED)

**CITY OF KILLEEN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013**

Notes to Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. The actuarial methods and assumptions used for the two most recent valuations are shown below.

Valuation date	September 30, 2010	September 30, 2012
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level percent of payroll, open	Level percent of payroll, open
Amortization period	27 years	30 years
Asset valuation method	5-year adjusted market value	5-year adjusted market value
Actuarial assumptions:		
- Investment rate of return, net of expenses	7.75% per year	7.75% per year
- Inflation	4.00% per year	4.00% per year
- Projected salary increases		
- general salary increase	4.00% per year	4.00% per year
- promotion and longevity increase	0% to 7% per year	0% to 7% per year
- total increase	4% to 11.3% per year	4.00% to 11.3% per year
- Payroll growth rate	4.00% per year	4.00% per year
- Postretirement cost-of-living adjustments	None	None
ARC	13.00%	13.63%
Fiscal years ending September 30	2011 and 2012	2013 and 2014

**CITY OF KILLEEN, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013**

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	\$ -	\$ 3,227,494	\$ 3,227,494	0.0%	\$ 44,390,812	7.3%
12/31/2010	-	4,409,664	4,409,664	0.0%	52,374,642	8.4%
12/31/2012	-	5,560,589	5,560,589	0.0%	52,601,392	10.6%

CITY OF KILLEEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Adjustments	Actual	Budgeted Amounts		Variance -
	GAAP	Budget	Budget	Original	Final	Positive
	Basis	Basis	Basis			(Negative)
REVENUES						
Taxes	\$49,575,864	\$ 22,127	\$49,597,991	\$49,378,981	\$49,378,981	\$ 219,010
Licenses and permits	1,290,444	-	1,290,444	1,345,745	1,345,745	(55,301)
Intergovernmental	961,131	-	961,131	1,094,803	1,263,603	(302,472)
Charges for services	5,022,021	-	5,022,021	5,416,524	5,416,524	(394,503)
Fines	3,035,507	-	3,035,507	2,685,892	2,685,892	349,615
Contributions	513,433	-	513,433	137,250	191,846	321,587
Miscellaneous	1,003,786	-	1,003,786	932,800	932,800	70,986
Total revenues	<u>61,402,186</u>	<u>22,127</u>	<u>61,424,313</u>	<u>60,991,995</u>	<u>61,215,391</u>	<u>208,922</u>
EXPENDITURES						
General government	15,868,704	(336,304)	15,532,400	16,685,283	17,733,492	2,201,092
Public safety	43,742,164	-	43,742,164	43,565,621	44,337,946	595,782
Public works	3,488,617	-	3,488,617	4,188,259	4,188,259	699,642
Community services	7,366,936	-	7,366,936	7,717,087	7,755,913	388,977
Total expenditures	<u>70,466,421</u>	<u>(336,304)</u>	<u>70,130,117</u>	<u>72,156,250</u>	<u>74,015,610</u>	<u>3,885,493</u>
Deficiency of revenues under expenditures	(9,064,235)	358,431	(8,705,804)	(11,164,255)	(12,800,219)	4,094,415
OTHER FINANCING SOURCES (USES)						
Capital lease	258,936	-	258,936	-	-	258,936
Transfers in	7,588,166	-	7,588,166	6,674,452	6,701,435	886,731
Transfers out	(11,731)	-	(11,731)	(913,714)	(886,731)	875,000
Total other financing sources (uses)	<u>7,835,371</u>	<u>-</u>	<u>7,835,371</u>	<u>5,760,738</u>	<u>5,814,704</u>	<u>2,020,667</u>
Net change in fund balance	(1,228,864)	358,431	(870,433)	(5,403,517)	(6,985,515)	6,115,082
Fund balance, October 1	<u>23,563,870</u>	<u>(65,939)</u>	<u>23,497,931</u>	<u>23,497,931</u>	<u>23,497,931</u>	<u>-</u>
Fund balance, September 30	<u>\$22,335,006</u>	<u>\$ 292,492</u>	<u>\$22,627,498</u>	<u>\$18,094,414</u>	<u>\$16,512,416</u>	<u>\$ 6,115,082</u>

COMBINING STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

**CITY OF KILLEEN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS				
Cash and cash equivalents	\$ 3,435,513	\$ 2,422,759	\$ 21,132,309	\$ 26,990,581
Investments	-	-	4,250,000	4,250,000
Receivables (net of allowances for uncollectibles):				
Taxes	-	125,621	-	125,621
Accounts	141,530	-	-	141,530
Accrued interest	-	-	15,992	15,992
Intergovernmental receivable	162,731	-	463,803	626,534
Restricted assets:				
Cash and cash equivalents	23,892	-	-	23,892
Inventories	4,905	-	-	4,905
Total assets	<u>\$ 3,768,571</u>	<u>\$ 2,548,380</u>	<u>\$ 25,862,104</u>	<u>\$ 32,179,055</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 396,803	\$ -	\$ 612,155	\$ 1,008,958
Due to other governments	10,465	-	-	10,465
Due to other funds	97,180	-	-	97,180
Accrued salaries payable	18,490	-	-	18,490
Unearned revenue	166,963	125,621	-	292,584
Total liabilities	<u>689,901</u>	<u>125,621</u>	<u>612,155</u>	<u>1,427,677</u>
Fund Balances:				
Nonspendable:				
Inventories	4,905	-	-	4,905
Restricted for:				
Debt service	477,550	2,422,759	-	2,900,309
Capital projects	-	-	25,249,949	25,249,949
Other purposes	2,495,046	-	-	2,495,046
Committed to:				
Killeen Arts and Activities Center	101,169	-	-	101,169
Total fund balances	<u>3,078,670</u>	<u>2,422,759</u>	<u>25,249,949</u>	<u>30,751,378</u>
Total liabilities and fund balances	<u>\$ 3,768,571</u>	<u>\$ 2,548,380</u>	<u>\$ 25,862,104</u>	<u>\$ 32,179,055</u>

CITY OF KILLEEN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
REVENUES				
Taxes	\$ 1,995,942	\$ 11,014,057	\$ -	\$ 13,009,999
Intergovernmental	1,447,369	-	2,334,509	3,781,878
Charges for services	465,162	-	-	465,162
Fines	857,831	-	-	857,831
Miscellaneous	487,915	33,104	112,386	633,405
Total revenues	<u>5,254,219</u>	<u>11,047,161</u>	<u>2,446,895</u>	<u>18,748,275</u>
EXPENDITURES				
Current:				
General government	1,640,907	-	-	1,640,907
Public safety	565,972	-	-	565,972
Public works	-	-	312,336	312,336
Community services	1,942,326	-	-	1,942,326
Capital outlay	566,847	-	22,578,479	23,145,326
Debt service:				
Principal	-	5,847,700	-	5,847,700
Interest	-	8,973,642	-	8,973,642
Fiscal charges	-	17,540	-	17,540
Costs of issuance	-	170,215	-	170,215
Total expenditures	<u>4,716,052</u>	<u>15,009,097</u>	<u>22,890,815</u>	<u>42,615,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>538,167</u>	<u>(3,961,936)</u>	<u>(20,443,920)</u>	<u>(23,867,689)</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	37,290,000	-	37,290,000
Premium on issuance of debt	-	5,716,664	-	5,716,664
Payment to refunded bond escrow agent	-	(42,835,243)	-	(42,835,243)
Transfers in	11,731	3,616,339	-	3,628,070
Transfers out	(725,200)	(3,059,763)	-	(3,784,963)
Total other financing sources (uses)	<u>(713,469)</u>	<u>727,997</u>	<u>-</u>	<u>14,528</u>
Net changes in fund balances	(175,302)	(3,233,939)	(20,443,920)	(23,853,161)
Fund balances, October 1	3,253,972	5,656,698	45,693,869	54,604,539
Fund balances, September 30	<u>\$ 3,078,670</u>	<u>\$ 2,422,759</u>	<u>\$ 25,249,949</u>	<u>\$ 30,751,378</u>

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SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Cablesystem Improvements Fund: To Account for resources contributed to the City, the use of which is restricted to the acquisition of appropriate equipment and other expenditure items for the benefit of the cable franchise system.

Library Memorial Fund: To account for revenues that are restricted for use for the Public Library.

Parks Fund: To account for funds to be used for the development and improvement of City park land.

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

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

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

Lion's Club Park Fund: To account for resources contributed to the City and received from the Texas Parks and Wildlife Department, restricted to the development of a public park.

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

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

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

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

KAAC: To account for revenues and expenditures related to the Killeen Arts & Activity Center.

**CITY OF KILLEEN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2013**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Fire State Seizure
ASSETS					
Cash and cash equivalents	\$ 131,735	\$ 111,223	\$ 22,191	\$ 27,447	\$ 581
Receivables (net of allowances for uncollectibles):					
Accounts	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 131,735</u>	<u>\$ 111,223</u>	<u>\$ 22,191</u>	<u>\$ 27,447</u>	<u>\$ 581</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 47,733	\$ -	\$ -	\$ 13,497	\$ -
Due to other governments	10,465	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued salaries payable	-	-	-	-	-
Unearned revenue	70,665	-	-	-	-
Total liabilities	<u>128,863</u>	<u>-</u>	<u>-</u>	<u>13,497</u>	<u>-</u>
Fund Balances:					
Nonspendable:					
Inventories	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Other purposes	2,872	111,223	22,191	13,950	581
Committed to:					
Killeen Arts and Activities Center	-	-	-	-	-
Total fund balances	<u>2,872</u>	<u>111,223</u>	<u>22,191</u>	<u>13,950</u>	<u>581</u>
Total liabilities and fund balances	<u>\$ 131,735</u>	<u>\$ 111,223</u>	<u>\$ 22,191</u>	<u>\$ 27,447</u>	<u>\$ 581</u>

EXHIBIT C-3

Hotel Occupancy Tax	Special Events Center	Cablesystem Improvements	Library Memorial	Parks	Community Development	CDBG Home Program
\$ 488,931	\$ 89,379	\$ 699,160	\$ 3,343	\$ 12,328	\$ -	\$ -
15,047	-	-	-	-	-	-
-	-	-	-	-	120,296	42,435
23,892	-	-	-	-	-	-
4,905	-	-	-	-	-	-
<u>\$ 532,775</u>	<u>\$ 89,379</u>	<u>\$ 699,160</u>	<u>\$ 3,343</u>	<u>\$ 12,328</u>	<u>\$ 120,296</u>	<u>\$ 42,435</u>
\$ 36,179	\$ 17,380	\$ -	\$ -	\$ -	\$ 32,885	\$ 17,203
-	-	-	-	-	-	-
-	-	-	-	-	78,341	18,839
14,141	-	2,704	-	-	1,308	337
-	-	-	-	-	-	-
<u>50,320</u>	<u>17,380</u>	<u>2,704</u>	<u>-</u>	<u>-</u>	<u>112,534</u>	<u>36,379</u>
4,905	-	-	-	-	-	-
477,550	-	-	-	-	-	-
-	71,999	696,456	3,343	12,328	7,762	6,056
-	-	-	-	-	-	-
<u>482,455</u>	<u>71,999</u>	<u>696,456</u>	<u>3,343</u>	<u>12,328</u>	<u>7,762</u>	<u>6,056</u>
<u>\$ 532,775</u>	<u>\$ 89,379</u>	<u>\$ 699,160</u>	<u>\$ 3,343</u>	<u>\$ 12,328</u>	<u>\$ 120,296</u>	<u>\$ 42,435</u>

(CONTINUED)

**CITY OF KILLEEN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
SEPTEMBER 30, 2013**

	<u>Tax Increment</u>	<u>Lion's Club Park</u>	<u>Court Technology</u>	<u>Court Security</u>	<u>Juvenile Case Manager</u>
ASSETS					
Cash and cash equivalents	\$ 122,771	\$ 1,359	\$ 607,892	\$ 161,820	\$ 405,572
Receivables (net of allowances for uncollectibles):					
Accounts	-	-	39,491	11,559	45,248
Intergovernmental receivable	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Inventories	-	-	-	-	-
Total assets	<u>\$ 122,771</u>	<u>\$ 1,359</u>	<u>\$ 647,383</u>	<u>\$ 173,379</u>	<u>\$ 450,820</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,229	\$ -	\$ -
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued salaries payable	-	-	-	-	-
Unearned revenue	-	-	39,491	11,559	45,248
Total liabilities	<u>-</u>	<u>-</u>	<u>40,720</u>	<u>11,559</u>	<u>45,248</u>
Fund Balances:					
Nonspendable:					
Inventories	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Other purposes	122,771	1,359	606,663	161,820	405,572
Committed to:					
Killeen Arts and Activities Center	-	-	-	-	-
Total fund balances	<u>122,771</u>	<u>1,359</u>	<u>606,663</u>	<u>161,820</u>	<u>405,572</u>
Total liabilities and fund balances	<u>\$ 122,771</u>	<u>\$ 1,359</u>	<u>\$ 647,383</u>	<u>\$ 173,379</u>	<u>\$ 450,820</u>

EXHIBIT C-3 (CONT'D)

Photo Red Light Enforcement	KAAC	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 447,209	\$ 102,572	\$ 3,435,513
30,185	-	141,530
-	-	162,731
-	-	23,892
-	-	4,905
<u>\$ 477,394</u>	<u>\$ 102,572</u>	<u>\$ 3,768,571</u>
\$ 229,294	\$ 1,403	\$ 396,803
-	-	10,465
-	-	97,180
-	-	18,490
-	-	166,963
<u>229,294</u>	<u>1,403</u>	<u>689,901</u>
-	-	4,905
-	-	477,550
248,100	-	2,495,046
-	101,169	101,169
<u>248,100</u>	<u>101,169</u>	<u>3,078,670</u>
<u>\$ 477,394</u>	<u>\$ 102,572</u>	<u>\$ 3,768,571</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, 2013

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Fire State Seizure
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	114,476	54,327	-	-	-
Charges for services	-	-	-	-	-
Fines	-	-	-	-	-
Miscellaneous	-	26	12	28	-
Total revenues	<u>114,476</u>	<u>54,353</u>	<u>12</u>	<u>28</u>	<u>-</u>
EXPENDITURES					
Current:					
General government	-	-	-	18,105	-
Public safety	114,476	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	49,035	-	5,160	-
Total expenditures	<u>114,476</u>	<u>49,035</u>	<u>-</u>	<u>23,265</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>5,318</u>	<u>12</u>	<u>(23,237)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	5,318	12	(23,237)	-
Fund balances, October 1	<u>2,872</u>	<u>105,905</u>	<u>22,179</u>	<u>37,187</u>	<u>581</u>
Fund balances, September 30	<u>\$ 2,872</u>	<u>\$ 111,223</u>	<u>\$ 22,191</u>	<u>\$ 13,950</u>	<u>\$ 581</u>

EXHIBIT C-4

Hotel Occupancy Tax	Special Events Center	Cablesystem Improvements	Library Memorial	Parks	Community Development	CDBG Home Program
\$ 1,696,609	\$ -	\$ 228,391	\$ -	\$ -	\$ -	\$ -
3,175	-	-	-	-	967,162	308,229
412,673	-	-	-	-	-	-
-	-	-	-	-	-	-
221,423	90	528	8,733	-	10,735	49,191
<u>2,333,880</u>	<u>90</u>	<u>228,919</u>	<u>8,733</u>	<u>-</u>	<u>977,897</u>	<u>357,420</u>
1,540,785	-	-	-	-	-	-
-	-	-	-	-	-	-
252,097	-	134,329	26,930	-	976,702	369,488
-	-	-	2,402	-	-	-
<u>1,792,882</u>	<u>-</u>	<u>134,329</u>	<u>29,332</u>	<u>-</u>	<u>976,702</u>	<u>369,488</u>
540,998	90	94,590	(20,599)	-	1,195	(12,068)
-	-	-	-	-	-	11,731
(725,200)	-	-	-	-	-	-
<u>(725,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,731</u>
(184,202)	90	94,590	(20,599)	-	1,195	(337)
<u>666,657</u>	<u>71,909</u>	<u>601,866</u>	<u>23,942</u>	<u>12,328</u>	<u>6,567</u>	<u>6,393</u>
<u>\$ 482,455</u>	<u>\$ 71,999</u>	<u>\$ 696,456</u>	<u>\$ 3,343</u>	<u>\$ 12,328</u>	<u>\$ 7,762</u>	<u>\$ 6,056</u>

(CONTINUED)

CITY OF KILLEEN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Tax Increment	Lion's Club Park	Court Technology	Court Security	Juvenile Case Manager
REVENUES					
Taxes	\$ 70,942	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines	-	-	108,468	81,403	134,546
Miscellaneous	-	-	-	-	-
Total revenues	<u>70,942</u>	<u>-</u>	<u>108,468</u>	<u>81,403</u>	<u>134,546</u>
EXPENDITURES					
Current:					
General government	-	-	9,371	25,815	46,831
Public safety	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	34,356	49,026	-
Total expenditures	<u>-</u>	<u>-</u>	<u>43,727</u>	<u>74,841</u>	<u>46,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,942</u>	<u>-</u>	<u>64,741</u>	<u>6,562</u>	<u>87,715</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	70,942	-	64,741	6,562	87,715
Fund balances, October 1	<u>51,829</u>	<u>1,359</u>	<u>541,922</u>	<u>155,258</u>	<u>317,857</u>
Fund balances, September 30	<u>\$ 122,771</u>	<u>\$ 1,359</u>	<u>\$ 606,663</u>	<u>\$ 161,820</u>	<u>\$ 405,572</u>

EXHIBIT C-4 (CONT'D)

Photo Red Light Enforcement	KAAC	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
\$ -	\$ -	\$ 1,995,942
-	-	1,447,369
-	52,489	465,162
533,414	-	857,831
-	197,149	487,915
<u>533,414</u>	<u>249,638</u>	<u>5,254,219</u>
-	-	1,640,907
451,496	-	565,972
-	182,780	1,942,326
426,868	-	566,847
<u>878,364</u>	<u>182,780</u>	<u>4,716,052</u>
<u>(344,950)</u>	<u>66,858</u>	<u>538,167</u>
-	-	11,731
<u>-</u>	<u>-</u>	<u>(725,200)</u>
<u>-</u>	<u>-</u>	<u>(713,469)</u>
(344,950)	66,858	(175,302)
<u>593,050</u>	<u>34,311</u>	<u>3,253,972</u>
<u>\$ 248,100</u>	<u>\$ 101,169</u>	<u>\$ 3,078,670</u>

CITY OF KILLEEN, TEXAS
LAW ENFORCEMENT GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ 114,476	\$ 842,284	\$ 842,284	\$ (727,808)
Total revenues	114,476	842,284	842,284	(727,808)
EXPENDITURES				
Current:				
Public safety	114,476	-	114,476	-
Capital outlay	-	842,284	727,808	727,808
Total expenditures	114,476	842,284	842,284	727,808
Net change in fund balance	-	\$ -	\$ -	\$ -
Fund balance, October 1	2,872			
Fund balance, September 30	\$ 2,872			

CITY OF KILLEEN, TEXAS
STATE SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ 54,327	\$ 75,615	\$ 75,615	\$ (21,288)
Miscellaneous	26	60	60	(34)
Total revenues	<u>54,353</u>	<u>75,675</u>	<u>75,675</u>	<u>(21,322)</u>
EXPENDITURES				
Current:				
Public safety	-	100	100	100
Capital outlay	49,035	75,615	75,615	26,580
Total expenditures	<u>49,035</u>	<u>75,715</u>	<u>75,715</u>	<u>26,680</u>
Net change in fund balance	5,318	<u>\$ (40)</u>	<u>\$ (40)</u>	<u>\$ 5,358</u>
Fund balance, October 1	<u>105,905</u>			
Fund balance, September 30	<u>\$ 111,223</u>			

**CITY OF KILLEEN, TEXAS
FEDERAL SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance -
		Original	Final	Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 18,647	\$ 18,647	\$ (18,647)
Miscellaneous	12	-	-	12
Total revenues	12	18,647	18,647	(18,635)
EXPENDITURES				
Capital outlay	-	20,000	20,000	20,000
Total expenditures	-	20,000	20,000	20,000
Net change in fund balance	12	\$ (1,353)	\$ (1,353)	\$ 1,365
Fund balance, October 1	22,179			
Fund balance, September 30	\$ 22,191			

CITY OF KILLEEN, TEXAS
EMERGENCY MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Miscellaneous	\$ 28	\$ -	\$ -	\$ 28
Total revenues	28	-	-	28
EXPENDITURES				
Current:				
General government	18,105	35,376	18,276	171
Capital outlay	5,160	-	17,100	11,940
Total expenditures	23,265	35,376	35,376	12,111
Net change in fund balance	(23,237)	\$ (35,376)	\$ (35,376)	\$ 12,139
Fund balance, October 1	37,187			
Fund balance, September 30	\$ 13,950			

**CITY OF KILLEEN, TEXAS
FIRE STATE SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Public safety	-	581	581	581
Total expenditures	-	581	581	581
Net change in fund balance	-	\$ (581)	\$ (581)	\$ 581
Fund balance, October 1	581			
Fund balance, September 30	\$ 581			

CITY OF KILLEEN, TEXAS
HOTEL OCCUPANCY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 1,696,609	\$ 1,661,000	\$ 1,661,000	\$ 35,609
Intergovernmental	3,175	-	2,338	837
Charges for services	412,673	506,000	506,000	(93,327)
Miscellaneous	221,423	241,600	241,600	(20,177)
Total revenues	<u>2,333,880</u>	<u>2,408,600</u>	<u>2,410,938</u>	<u>(77,058)</u>
EXPENDITURES				
Current:				
General government	1,540,785	1,814,990	1,857,137	316,352
Community services	252,097	283,740	389,537	137,440
Total expenditures	<u>1,792,882</u>	<u>2,098,730</u>	<u>2,246,674</u>	<u>453,792</u>
Excess of revenues over expenditures	<u>540,998</u>	<u>309,870</u>	<u>164,264</u>	<u>376,734</u>
OTHER FINANCING USES				
Transfers out	<u>(725,200)</u>	<u>(725,200)</u>	<u>(725,200)</u>	-
Total other financing uses	<u>(725,200)</u>	<u>(725,200)</u>	<u>(725,200)</u>	-
Net change in fund balance	(184,202)	<u>\$ (415,330)</u>	<u>\$ (560,936)</u>	<u>\$ 376,734</u>
Fund balance, October 1	<u>666,657</u>			
Fund balance, September 30	<u>\$ 482,455</u>			

CITY OF KILLEEN, TEXAS
SPECIAL EVENTS CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Miscellaneous	\$ 90	\$ -	\$ -	\$ 90
Total revenues	90	-	-	90
EXPENDITURES				
Current:				
Community services	-	71,959	71,959	71,959
Total expenditures	-	71,959	71,959	71,959
Net change in fund balance	90	<u>\$ (71,959)</u>	<u>\$ (71,959)</u>	<u>\$ 72,049</u>
Fund balance, October 1	<u>71,909</u>			
Fund balance, September 30	<u>\$ 71,999</u>			

CITY OF KILLEEN, TEXAS
CABLESYSTEM IMPROVEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 228,391	\$ 230,000	\$ 230,000	\$ (1,609)
Miscellaneous	528	400	400	128
Total revenues	<u>228,919</u>	<u>230,400</u>	<u>230,400</u>	<u>(1,481)</u>
EXPENDITURES				
Current:				
Community services	<u>134,329</u>	<u>244,852</u>	<u>247,477</u>	<u>113,148</u>
Total expenditures	<u>134,329</u>	<u>244,852</u>	<u>247,477</u>	<u>113,148</u>
Net change in fund balance	94,590	<u>\$ (14,452)</u>	<u>\$ (17,077)</u>	<u>\$ 111,667</u>
Fund balance, October 1	<u>601,866</u>			
Fund balance, September 30	<u>\$ 696,456</u>			

**CITY OF KILLEEN, TEXAS
LIBRARY MEMORIAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance -
		Original	Final	Positive (Negative)
REVENUES				
Miscellaneous	\$ 8,733	\$ 7,500	\$ 7,500	\$ 1,233
Total revenues	8,733	7,500	7,500	1,233
EXPENDITURES				
Current:				
Community services	26,930	27,500	27,500	570
Capital outlay	2,402	2,427	2,427	25
Total expenditures	29,332	29,927	29,927	595
Net change in fund balance	(20,599)	\$ (22,427)	\$ (22,427)	\$ 1,828
Fund balance, October 1	23,942			
Fund balance, September 30	\$ 3,343			

CITY OF KILLEEN, TEXAS
COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ 967,162	\$ 1,102,802	\$ 1,102,802	\$ (135,640)
Miscellaneous	10,735	3,000	3,000	7,735
Total revenues	<u>977,897</u>	<u>1,105,802</u>	<u>1,105,802</u>	<u>(127,905)</u>
EXPENDITURES				
Current:				
Community services	976,702	1,193,615	1,427,037	450,335
Total expenditures	<u>976,702</u>	<u>1,193,615</u>	<u>1,427,037</u>	<u>450,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,195</u>	<u>(87,813)</u>	<u>(321,235)</u>	<u>322,430</u>
OTHER FINANCING SOURCES				
Transfers in	-	73,976	73,976	(73,976)
Total other financing sources	<u>-</u>	<u>73,976</u>	<u>73,976</u>	<u>(73,976)</u>
Net change in fund balance	1,195	<u>\$ (13,837)</u>	<u>\$ (247,259)</u>	<u>\$ 248,454</u>
Fund balance, October 1	<u>6,567</u>			
Fund balance, September 30	<u>\$ 7,762</u>			

CITY OF KILLEEN, TEXAS
CDBG HOME PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Intergovernmental	\$ 308,229	\$ 1,097,491	\$ 1,097,491	\$ (789,262)
Miscellaneous	49,191	38,000	38,000	11,191
Total revenues	<u>357,420</u>	<u>1,135,491</u>	<u>1,135,491</u>	<u>(778,071)</u>
EXPENDITURES				
Current:				
Community services	369,488	1,154,980	953,280	583,792
Total expenditures	<u>369,488</u>	<u>1,154,980</u>	<u>953,280</u>	<u>583,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,068)</u>	<u>(19,489)</u>	<u>182,211</u>	<u>(194,279)</u>
OTHER FINANCING SOURCES				
Transfers in	11,731	19,342	19,342	(7,611)
Total other financing sources	<u>11,731</u>	<u>19,342</u>	<u>19,342</u>	<u>(7,611)</u>
Net change in fund balance	(337)	<u>\$ (147)</u>	<u>\$ 201,553</u>	<u>\$ (201,890)</u>
Fund balance, October 1	<u>6,393</u>			
Fund balance, September 30	<u>\$ 6,056</u>			

**CITY OF KILLEEN, TEXAS
TAX INCREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 70,942	\$ 31,000	\$ 31,000	\$ 39,942
Total revenues	<u>70,942</u>	<u>31,000</u>	<u>31,000</u>	<u>39,942</u>
EXPENDITURES				
Current:				
General government	-	40,000	40,000	40,000
Total expenditures	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Net change in fund balance	70,942	<u>\$ (9,000)</u>	<u>\$ (9,000)</u>	<u>\$ 79,942</u>
Fund balance, October 1	<u>51,829</u>			
Fund balance, September 30	<u>\$ 122,771</u>			

**CITY OF KILLEEN, TEXAS
COURT TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Fines	\$ 108,468	\$ 80,000	\$ 80,000	\$ 28,468
Total revenues	108,468	80,000	80,000	28,468
EXPENDITURES				
Current:				
General government	9,371	-	-	(9,371)
Capital outlay	34,356	23,130	47,178	12,822
Total expenditures	43,727	23,130	47,178	3,451
Net change in fund balance	64,741	\$ 56,870	\$ 32,822	\$ 31,919
Fund balance, October 1	541,922			
Fund balance, September 30	\$ 606,663			

CITY OF KILLEEN, TEXAS
COURT SECURITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Fines	\$ 81,403	\$ 50,000	\$ 50,000	\$ 31,403
Total revenues	81,403	50,000	50,000	31,403
EXPENDITURES				
Current:				
General government	25,815	54,568	54,568	28,753
Capital outlay	49,026	-	49,027	1
Total expenditures	74,841	54,568	103,595	28,754
Net change in fund balance	6,562	\$ (4,568)	\$ (53,595)	\$ 60,157
Fund balance, October 1	155,258			
Fund balance, September 30	\$ 161,820			

CITY OF KILLEEN, TEXAS
JUVENILE CASE MANAGER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Fines	\$ 134,546	\$ 2,000	\$ 2,000	\$ 132,546
Total revenues	134,546	2,000	2,000	132,546
EXPENDITURES				
Current:				
General government	46,831	49,262	49,262	2,431
Total expenditures	46,831	49,262	49,262	2,431
Net change in fund balance	87,715	<u>\$ (47,262)</u>	<u>\$ (47,262)</u>	<u>\$ 134,977</u>
Fund balance, October 1	<u>317,857</u>			
Fund balance, September 30	<u>\$ 405,572</u>			

CITY OF KILLEEN, TEXAS
PHOTO RED LIGHT ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Fines	\$ 533,414	\$ 590,000	\$ 590,000	\$ (56,586)
Total revenues	533,414	590,000	590,000	(56,586)
EXPENDITURES				
Current:				
Public safety	451,496	244,601	564,181	112,685
Capital outlay	426,868	733,750	433,750	6,882
Total expenditures	878,364	978,351	997,931	119,567
Net change in fund balance	(344,950)	\$ (388,351)	\$ (407,931)	\$ 62,981
Fund balance, October 1	593,050			
Fund balance, September 30	\$ 248,100			

CITY OF KILLEEN, TEXAS
KAAC FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Charges for services	\$ 52,489	\$ 42,500	\$ 42,500	\$ 9,989
Miscellaneous	197,149	178,813	178,813	18,336
Total revenues	<u>249,638</u>	<u>221,313</u>	<u>221,313</u>	<u>28,325</u>
EXPENDITURES				
Current:				
Community services	182,780	189,901	189,901	7,121
Total expenditures	<u>182,780</u>	<u>189,901</u>	<u>189,901</u>	<u>7,121</u>
Net change in fund balance	66,858	<u>\$ 31,412</u>	<u>\$ 31,412</u>	<u>\$ 35,446</u>
Fund balance, October 1	<u>34,311</u>			
Fund balance, September 30	<u>\$ 101,169</u>			

DEBT SERVICE FUNDS

The Debt Service Fund is used to account for the accumulation of resources and payment of general, certificate, and contractual obligation bond principal and interest from government resources.

- Tax Interest and Sinking 2004
- General Obligation Interest and Sinking 2004
- Tax Interest and Sinking 2005
- Tax Interest and Sinking 2006
- General Obligation 2007
- Certificates of Obligation 2007
- General Obligation 2009
- Certificates of Obligation 2009
- Refunding Bond 2009
- Refunding Bond 2010
- Certificates of Obligation 2011
- Refunding Bond 2011
- Pass Thru Financing 195/201 2011
- Pass Thru Financing 190/2410 2011A
- Certificates of Obligation 2012
- General Obligation & Refunding 2012
- Refunding Bonds 2013

**CITY OF KILLEEN, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 SEPTEMBER 30, 2013**

	Tax Interest and Sinking 2004	General Obligation Interest and Sinking 2004	Tax Interest and Sinking 2005	Tax Interest and Sinking 2006	General Obligation 2007	Certificates of Obligation 2007
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 222,120	\$ 172,160	\$ 126,450	\$ 161,222
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	14,255	18,311	18,461	27,268
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,375</u>	<u>\$ 190,471</u>	<u>\$ 144,911</u>	<u>\$ 188,490</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Unearned revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,255</u>	<u>\$ 18,311</u>	<u>\$ 18,461</u>	<u>\$ 27,268</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>14,255</u>	<u>18,311</u>	<u>18,461</u>	<u>27,268</u>
Fund balances:						
Restricted for:						
Debt service	<u>-</u>	<u>-</u>	<u>222,120</u>	<u>172,160</u>	<u>126,450</u>	<u>161,222</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>222,120</u>	<u>172,160</u>	<u>126,450</u>	<u>161,222</u>
 Total liabilities and fund balances	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 236,375</u>	 <u>\$ 190,471</u>	 <u>\$ 144,911</u>	 <u>\$ 188,490</u>

EXHIBIT C-22

General Obligation 2009	Certificates of Obligation 2009	Refunding Bond 2009	Refunding Bond 2010	Certificates of Obligation 2011	Refunding Bond 2011	Pass Thru Financing 195/201 2011
\$ 356,020	\$ 100,874	\$ -	\$ 175,329	\$ 191,226	\$ 91,065	\$ 99,985
11,696	4,935	-	4,486	12,062	4,110	3,031
<u>\$ 367,716</u>	<u>\$ 105,809</u>	<u>\$ -</u>	<u>\$ 179,815</u>	<u>\$ 203,288</u>	<u>\$ 95,175</u>	<u>\$ 103,016</u>
\$ 11,696	\$ 4,935	\$ -	\$ 4,486	\$ 12,062	\$ 4,110	\$ 3,031
<u>11,696</u>	<u>4,935</u>	<u>-</u>	<u>4,486</u>	<u>12,062</u>	<u>4,110</u>	<u>3,031</u>
356,020	100,874	-	175,329	191,226	91,065	99,985
<u>356,020</u>	<u>100,874</u>	<u>-</u>	<u>175,329</u>	<u>191,226</u>	<u>91,065</u>	<u>99,985</u>
<u>\$ 367,716</u>	<u>\$ 105,809</u>	<u>\$ -</u>	<u>\$ 179,815</u>	<u>\$ 203,288</u>	<u>\$ 95,175</u>	<u>\$ 103,016</u>

(CONTINUED)

**CITY OF KILLEEN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS (CONTINUED)
SEPTEMBER 30, 2013**

	Pass Thru Financing 190/2410 2011A	Certificates of Obligation 2012	General Obligation & Refunding 2012	General Obligation & Refunding 2013	Total Nonmajor Debt Service Funds (See Exhibit C-1)
ASSETS					
Cash and cash equivalents	\$ 127,732	\$ 146,059	\$ 159,100	\$ 293,417	\$ 2,422,759
Receivables (net of allowances for uncollectibles):					
Taxes	3,503	3,503	-	-	125,621
Total assets	<u>\$ 131,235</u>	<u>\$ 149,562</u>	<u>\$ 159,100</u>	<u>\$ 293,417</u>	<u>\$ 2,548,380</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Unearned revenue	\$ 3,503	\$ 3,503	\$ -	\$ -	\$ 125,621
Total liabilities	<u>3,503</u>	<u>3,503</u>	<u>-</u>	<u>-</u>	<u>125,621</u>
Fund balances:					
Restricted for:					
Debt service	127,732	146,059	159,100	293,417	2,422,759
Total fund balances	<u>127,732</u>	<u>146,059</u>	<u>159,100</u>	<u>293,417</u>	<u>2,422,759</u>
 Total liabilities and fund balances	 <u>\$ 131,235</u>	 <u>\$ 149,562</u>	 <u>\$ 159,100</u>	 <u>\$ 293,417</u>	 <u>\$ 2,548,380</u>

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CITY OF KILLEEN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Tax Interest and Sinking 2004	General Obligation Interest and Sinking 2004	Tax Interest and Sinking 2005	Tax Interest and Sinking 2006	General Obligation 2007	Certificates of Obligation 2007
REVENUES						
Taxes	\$ 601,628	\$ 1,097,602	\$ 736,654	\$ 1,129,674	\$ 1,175,692	\$ 1,544,421
Miscellaneous	451	712	679	851	805	1,065
Total revenues	<u>602,079</u>	<u>1,098,314</u>	<u>737,333</u>	<u>1,130,525</u>	<u>1,176,497</u>	<u>1,545,486</u>
EXPENDITURES						
Debt service:						
Principal	500,000	555,000	380,000	850,000	535,000	695,000
Interest	42,690	105,038	42,313	244,696	426,338	568,427
Fiscal charges	-	1,260	1,560	1,560	1,910	500
Costs of issuance	-	-	-	-	-	-
Total expenditures	<u>542,690</u>	<u>661,298</u>	<u>423,873</u>	<u>1,096,256</u>	<u>963,248</u>	<u>1,263,927</u>
Excess (deficiency) of revenues over (under) expenditures	59,389	437,016	313,460	34,269	213,249	281,559
OTHER FINANCING SOURCES (USES)						
Refunding bonds issued	-	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers in	-	-	261,050	-	-	-
Transfers out	(179,952)	(654,779)	(730,000)	(80,000)	(310,000)	(430,000)
Total other financing sources (uses)	<u>(179,952)</u>	<u>(654,779)</u>	<u>(468,950)</u>	<u>(80,000)</u>	<u>(310,000)</u>	<u>(430,000)</u>
Net changes in fund balances	(120,563)	(217,763)	(155,490)	(45,731)	(96,751)	(148,441)
Fund balances, October 1	<u>120,563</u>	<u>217,763</u>	<u>377,610</u>	<u>217,891</u>	<u>223,201</u>	<u>309,663</u>
Fund balances, September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,120</u>	<u>\$ 172,160</u>	<u>\$ 126,450</u>	<u>\$ 161,222</u>

EXHIBIT C-23

General Obligation 2009	Certificates of Obligation 2009	Refunding Bond 2009	Refunding Bond 2010	Certificates of Obligation 2011	Refunding Bond 2011	Pass Thru Financing 195/201 2011
\$ 812,771	\$ 444,148	\$ 114,298	\$ 382,865	\$ 1,038,209	\$ 628,272	\$ 463,351
551	368	555	347	918	498	568
<u>813,322</u>	<u>444,516</u>	<u>114,853</u>	<u>383,212</u>	<u>1,039,127</u>	<u>628,770</u>	<u>463,919</u>
315,000	235,000	137,700	555,000	100,000	455,000	-
538,863	233,112	1,377	465,150	1,516,425	242,750	861,500
1,460	200	200	1,760	2,015	1,965	500
-	-	-	-	-	-	-
<u>855,323</u>	<u>468,312</u>	<u>139,277</u>	<u>1,021,910</u>	<u>1,618,440</u>	<u>699,715</u>	<u>862,000</u>
(42,001)	(23,796)	(24,424)	(638,698)	(579,313)	(70,945)	(398,081)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
244,959	-	-	606,100	119,100	-	-
-	-	(413,982)	-	-	-	-
<u>244,959</u>	<u>-</u>	<u>(413,982)</u>	<u>606,100</u>	<u>119,100</u>	<u>-</u>	<u>-</u>
202,958	(23,796)	(438,406)	(32,598)	(460,213)	(70,945)	(398,081)
153,062	124,670	438,406	207,927	651,439	162,010	498,066
<u>\$ 356,020</u>	<u>\$ 100,874</u>	<u>\$ -</u>	<u>\$ 175,329</u>	<u>\$ 191,226</u>	<u>\$ 91,065</u>	<u>\$ 99,985</u>

(CONTINUED)

CITY OF KILLEEN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Pass Thru Financing 190/2410 2011A	Certificates of Obligation 2012	General Obligation & Refunding 2012	Refunding Bond 2013	Total Nonmajor Debt Service Funds (See Exhibit C-2)
REVENUES					
Taxes	\$ 535,417	\$ 309,055	\$ -	\$ -	\$ 11,014,057
Miscellaneous	1,347	10,589	12,800	-	33,104
Total revenues	<u>536,764</u>	<u>319,644</u>	<u>12,800</u>	<u>-</u>	<u>11,047,161</u>
EXPENDITURES					
Debt service:					
Principal	-	-	40,000	495,000	5,847,700
Interest	2,297,203	183,496	814,692	389,572	8,973,642
Fiscal charges	1,650	500	500	-	17,540
Costs of issuance	-	883	770	168,562	170,215
Total expenditures	<u>2,298,853</u>	<u>184,879</u>	<u>855,962</u>	<u>1,053,134</u>	<u>15,009,097</u>
Excess (deficiency) of revenues over (under) expenditures	(1,762,089)	134,765	(843,162)	(1,053,134)	(3,961,936)
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	-	-	-	37,290,000	37,290,000
Premium on issuance of debt	-	-	-	5,716,664	5,716,664
Payment to refunded bond escrow agent	-	-	-	(42,835,243)	(42,835,243)
Transfers in	-	-	1,210,000	1,175,130	3,616,339
Transfers out	-	-	(261,050)	-	(3,059,763)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>948,950</u>	<u>1,346,551</u>	<u>727,997</u>
Net changes in fund balances	(1,762,089)	134,765	105,788	293,417	(3,233,939)
Fund balances, October 1	<u>1,889,821</u>	<u>11,294</u>	<u>53,312</u>	<u>-</u>	<u>5,656,698</u>
Fund balances, September 30	<u>\$ 127,732</u>	<u>\$ 146,059</u>	<u>\$ 159,100</u>	<u>\$ 293,417</u>	<u>\$ 2,422,759</u>

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CITY OF KILLEEN, TEXAS
TAX INTEREST & SINKING SERIES 2004 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 601,628	\$ 580,000	\$ 580,000	\$ 21,628
Miscellaneous	451	500	500	(49)
Total revenues	<u>602,079</u>	<u>580,500</u>	<u>580,500</u>	<u>21,579</u>
EXPENDITURES				
Debt service:				
Principal	500,000	500,000	500,000	-
Interest	42,690	136,773	42,690	-
Fiscal charges	-	4,000	-	-
Total expenditures	<u>542,690</u>	<u>640,773</u>	<u>542,690</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	59,389	(60,273)	37,810	21,579
OTHER FINANCING USES				
Transfers out	(179,952)	-	-	(179,952)
Total other financing uses	<u>(179,952)</u>	<u>-</u>	<u>-</u>	<u>(179,952)</u>
Net change in fund balance	(120,563)	<u>(60,273)</u>	<u>37,810</u>	<u>(158,373)</u>
Fund balance, October 1	<u>120,563</u>			
Fund balance, September 30	<u>\$ -</u>			

CITY OF KILLEEN, TEXAS
GENERAL OBLIGATION INTEREST & SINKING SERIES 2004 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 1,097,602	\$ 1,055,000	\$ 1,055,000	\$ 42,602
Miscellaneous	712	800	800	(88)
Total revenues	<u>1,098,314</u>	<u>1,055,800</u>	<u>1,055,800</u>	<u>42,514</u>
EXPENDITURES				
Debt service:				
Principal	555,000	555,000	555,000	-
Interest	105,038	605,450	105,038	-
Fiscal charges	1,260	4,000	1,260	-
Total expenditures	<u>661,298</u>	<u>1,164,450</u>	<u>661,298</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	437,016	(108,650)	394,502	42,514
OTHER FINANCING USES				
Transfers out	(654,779)	-	(647,152)	\$ (7,627)
Total other financing uses	<u>(654,779)</u>	<u>-</u>	<u>(647,152)</u>	<u>(7,627)</u>
Net change in fund balance	(217,763)	<u>\$ (108,650)</u>	<u>\$ (252,650)</u>	<u>\$ 34,887</u>
Fund balance, October 1	<u>217,763</u>			
Fund balance, September 30	<u>\$ -</u>			

CITY OF KILLEEN, TEXAS
TAX INTEREST & SINKING SERIES 2005 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 736,654	\$ 710,000	\$ 710,000	\$ 26,654
Miscellaneous	679	900	900	(221)
Total revenues	<u>737,333</u>	<u>710,900</u>	<u>710,900</u>	<u>26,433</u>
EXPENDITURES				
Debt service:				
Principal	380,000	655,000	655,000	275,000
Interest	42,313	777,598	126,598	84,285
Fiscal charges	1,560	4,000	4,000	2,440
Total expenditures	<u>423,873</u>	<u>1,436,598</u>	<u>785,598</u>	<u>361,725</u>
Excess (deficiency) of revenues over (under) expenditures	313,460	(725,698)	(74,698)	388,158
OTHER FINANCING SOURCES (USES)				
Transfers in	261,050	602,244	602,244	(341,194)
Transfers out	(730,000)	-	(730,000)	-
Total other financing sources (uses)	<u>(468,950)</u>	<u>602,244</u>	<u>(127,756)</u>	<u>(341,194)</u>
Net change in fund balance	(155,490)	<u>\$ (123,454)</u>	<u>\$ (202,454)</u>	<u>\$ 46,964</u>
Fund balance, October 1	<u>377,610</u>			
Fund balance, September 30	<u>\$ 222,120</u>			

CITY OF KILLEEN, TEXAS
TAX INTEREST & SINKING SERIES 2006 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 1,129,674	\$ 1,090,000	\$ 1,090,000	\$ 39,674
Miscellaneous	851	800	800	51
Total revenues	<u>1,130,525</u>	<u>1,090,800</u>	<u>1,090,800</u>	<u>39,725</u>
EXPENDITURES				
Debt service:				
Principal	850,000	850,000	850,000	-
Interest	244,696	347,604	251,032	6,336
Fiscal charges	1,560	4,000	4,000	2,440
Total expenditures	<u>1,096,256</u>	<u>1,201,604</u>	<u>1,105,032</u>	<u>8,776</u>
Excess (deficiency) of revenues over (under) expenditures	34,269	(110,804)	(14,232)	48,501
OTHER FINANCING USES				
Transfers out	(80,000)	-	(80,000)	-
Total other financing uses	<u>(80,000)</u>	<u>-</u>	<u>(80,000)</u>	<u>-</u>
Net change in fund balance	(45,731)	<u>\$ (110,804)</u>	<u>\$ (94,232)</u>	<u>\$ 48,501</u>
Fund balance, October 1	<u>217,891</u>			
Fund balance, September 30	<u>\$ 172,160</u>			

CITY OF KILLEEN, TEXAS
GENERAL OBLIGATION SERIES 2007 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 1,175,692	\$ 1,135,000	\$ 1,135,000	\$ 40,692
Miscellaneous	805	800	800	5
Total revenues	<u>1,176,497</u>	<u>1,135,800</u>	<u>1,135,800</u>	<u>40,697</u>
EXPENDITURES				
Debt service:				
Principal	535,000	535,000	535,000	-
Interest	426,338	710,877	426,877	539
Fiscal charges	1,910	4,000	4,000	2,090
Total expenditures	<u>963,248</u>	<u>1,249,877</u>	<u>965,877</u>	<u>2,629</u>
Excess (deficiency) of revenues over (under) expenditures	213,249	(114,077)	169,923	43,326
OTHER FINANCING USES				
Transfers out	(310,000)	-	(310,000)	-
Total other financing uses	<u>(310,000)</u>	<u>-</u>	<u>(310,000)</u>	<u>-</u>
Net change in fund balance	(96,751)	<u>\$ (114,077)</u>	<u>\$ (140,077)</u>	<u>\$ 43,326</u>
Fund balance, October 1	<u>223,201</u>			
Fund balance, September 30	<u>\$ 126,450</u>			

CITY OF KILLEEN, TEXAS
CERTIFICATES OF OBLIGATION SERIES 2007 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 1,544,421	\$ 1,490,000	\$ 1,490,000	\$ 54,421
Miscellaneous	1,065	1,200	1,200	(135)
Total revenues	<u>1,545,486</u>	<u>1,491,200</u>	<u>1,491,200</u>	<u>54,286</u>
EXPENDITURES				
Debt service:				
Principal	695,000	695,000	695,000	-
Interest	568,427	952,454	568,454	27
Fiscal charges	500	4,000	4,000	3,500
Total expenditures	<u>1,263,927</u>	<u>1,651,454</u>	<u>1,267,454</u>	<u>3,527</u>
Excess (deficiency) of revenues over (under) expenditures	281,559	(160,254)	223,746	57,813
OTHER FINANCING USES				
Transfers out	(430,000)	-	(430,000)	-
Total other financing uses	<u>(430,000)</u>	<u>-</u>	<u>(430,000)</u>	<u>-</u>
Net change in fund balance	(148,441)	<u>\$ (160,254)</u>	<u>\$ (206,254)</u>	<u>\$ 57,813</u>
Fund balance, October 1	<u>309,663</u>			
Fund balance, September 30	<u>\$ 161,222</u>			

CITY OF KILLEEN, TEXAS
GENERAL OBLIGATION SERIES 2009 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 812,771	\$ 785,000	\$ 785,000	\$ 27,771
Miscellaneous	551	600	600	(49)
Total revenues	<u>813,322</u>	<u>785,600</u>	<u>785,600</u>	<u>27,722</u>
EXPENDITURES				
Debt service:				
Principal	315,000	315,000	315,000	-
Interest	538,863	538,863	538,863	-
Fiscal charges	1,460	4,000	4,000	2,540
Total expenditures	<u>855,323</u>	<u>857,863</u>	<u>857,863</u>	<u>2,540</u>
Deficiency of revenues under expenditures	(42,001)	(72,263)	(72,263)	30,262
OTHER FINANCING SOURCES				
Transfers in	244,959	-	240,000	4,959
Total other financing sources	<u>244,959</u>	<u>-</u>	<u>240,000</u>	<u>4,959</u>
Net change in fund balance	202,958	<u>\$ (72,263)</u>	<u>\$ 167,737</u>	<u>\$ 35,221</u>
Fund balance, October 1	<u>153,062</u>			
Fund balance, September 30	<u>\$ 356,020</u>			

CITY OF KILLEEN, TEXAS
CERTIFICATES OF OBLIGATION SERIES 2009 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 444,148	\$ 430,000	\$ 430,000	\$ 14,148
Miscellaneous	368	400	400	(32)
Total revenues	<u>444,516</u>	<u>430,400</u>	<u>430,400</u>	<u>14,116</u>
EXPENDITURES				
Debt service:				
Principal	235,000	310,000	310,000	75,000
Interest	233,112	301,571	301,571	68,459
Fiscal charges	200	4,000	4,000	3,800
Total expenditures	<u>468,312</u>	<u>615,571</u>	<u>615,571</u>	<u>147,259</u>
Net change in fund balance	(23,796)	<u>\$ (185,171)</u>	<u>\$ (185,171)</u>	<u>\$ 161,375</u>
Fund balance, October 1	<u>124,670</u>			
Fund balance, September 30	<u>\$ 100,874</u>			

CITY OF KILLEEN, TEXAS
REFUNDING BOND SERIES 2009 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 114,298	\$ 110,000	\$ 110,000	\$ 4,298
Miscellaneous	555	600	600	(45)
Total revenues	<u>114,853</u>	<u>110,600</u>	<u>110,600</u>	<u>4,253</u>
EXPENDITURES				
Debt service:				
Principal	137,700	810,000	810,000	672,300
Interest	1,377	8,100	8,100	6,723
Fiscal charges	200	5,714	755	555
Total expenditures	<u>139,277</u>	<u>823,814</u>	<u>818,855</u>	<u>679,578</u>
Deficiency of revenues under expenditures	(24,424)	(713,214)	(708,255)	683,831
OTHER FINANCING SOURCES (USES)				
Transfers in	-	510,000	510,000	(510,000)
Transfers out	(413,982)	-	(244,959)	(169,023)
Total other financing sources (uses)	<u>(413,982)</u>	<u>510,000</u>	<u>265,041</u>	<u>(679,023)</u>
Net change in fund balance	(438,406)	<u>\$ (203,214)</u>	<u>\$ (443,214)</u>	<u>\$ 4,808</u>
Fund balance, October 1	<u>438,406</u>			
Fund balance, September 30	<u>\$ -</u>			

CITY OF KILLEEN, TEXAS
REFUNDING BOND SERIES 2010 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 382,865	\$ 370,000	\$ 370,000	\$ 12,865
Miscellaneous	347	300	300	47
Total revenues	<u>383,212</u>	<u>370,300</u>	<u>370,300</u>	<u>12,912</u>
EXPENDITURES				
Debt service				
Principal	555,000	555,000	555,000	-
Interest	465,150	465,150	465,150	-
Fiscal charges	1,760	4,000	4,000	2,240
Total expenditures	<u>1,021,910</u>	<u>1,024,150</u>	<u>1,024,150</u>	<u>2,240</u>
Deficiency of revenues under expenditures	(638,698)	(653,850)	(653,850)	15,152
OTHER FINANCING SOURCES				
Transfers in	606,100	606,100	606,100	-
Total other financing sources	<u>606,100</u>	<u>606,100</u>	<u>606,100</u>	<u>-</u>
Net change in fund balance	(32,598)	<u>\$ (47,750)</u>	<u>\$ (47,750)</u>	<u>\$ 15,152</u>
Fund balance, October 1	<u>207,927</u>			
Fund balance, September 30	<u>\$ 175,329</u>			

CITY OF KILLEEN, TEXAS
CERTIFICATES OF OBLIGATION SERIES 2011 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 1,038,209	\$ 1,005,000	\$ 1,005,000	\$ 33,209
Miscellaneous	918	2,000	2,000	(1,082)
Total revenues	<u>1,039,127</u>	<u>1,007,000</u>	<u>1,007,000</u>	<u>32,127</u>
EXPENDITURES				
Debt service				
Principal	100,000	100,000	100,000	-
Interest	1,516,425	1,516,425	1,516,425	-
Fiscal charges	2,015	4,000	4,000	1,985
Total expenditures	<u>1,618,440</u>	<u>1,620,425</u>	<u>1,620,425</u>	<u>1,985</u>
Deficiency of revenues under expenditures	(579,313)	(613,425)	(613,425)	34,112
OTHER FINANCING SOURCES				
Transfers in	119,100	119,100	119,100	-
Total other financing sources	<u>119,100</u>	<u>119,100</u>	<u>119,100</u>	<u>-</u>
Net change in fund balance	(460,213)	<u>\$ (494,325)</u>	<u>\$ (494,325)</u>	<u>\$ 34,112</u>
Fund balance, October 1	<u>651,439</u>			
Fund balance, September 30	<u>\$ 191,226</u>			

CITY OF KILLEEN, TEXAS
REFUNDING BOND SERIES 2011 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 628,272	\$ 610,000	\$ 610,000	\$ 18,272
Miscellaneous	498	160	160	338
Total revenues	<u>628,770</u>	<u>610,160</u>	<u>610,160</u>	<u>18,610</u>
EXPENDITURES				
Debt service				
Principal	455,000	455,000	455,000	-
Interest	242,750	242,750	242,750	-
Fiscal charges	1,965	4,000	4,000	2,035
Total expenditures	<u>699,715</u>	<u>701,750</u>	<u>701,750</u>	<u>2,035</u>
Net change in fund balance	(70,945)	<u>\$ (91,590)</u>	<u>\$ (91,590)</u>	<u>\$ 20,645</u>
Fund balance, October 1	<u>162,010</u>			
Fund balance, September 30	<u>\$ 91,065</u>			

CITY OF KILLEEN, TEXAS
PASS THRU FINANCING 195/201 SERIES 2011 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 463,351	\$ 450,000	\$ 450,000	\$ 13,351
Miscellaneous	568	900	900	(332)
Total revenues	<u>463,919</u>	<u>450,900</u>	<u>450,900</u>	<u>13,019</u>
EXPENDITURES				
Debt service				
Interest	861,500	861,500	861,500	-
Fiscal charges	500	4,000	4,000	3,500
Total expenditures	<u>862,000</u>	<u>865,500</u>	<u>865,500</u>	<u>3,500</u>
Net change in fund balance	(398,081)	<u>\$ (414,600)</u>	<u>\$ (414,600)</u>	<u>\$ 16,519</u>
Fund balance, October 1	<u>498,066</u>			
Fund balance, September 30	<u>\$ 99,985</u>			

CITY OF KILLEEN, TEXAS
PASS THRU FINANCING 190/2410 SERIES 2011A FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 535,417	\$ 520,000	\$ 520,000	\$ 15,417
Miscellaneous	1,347	1,200	1,200	147
Total revenues	<u>536,764</u>	<u>521,200</u>	<u>521,200</u>	<u>15,564</u>
EXPENDITURES				
Debt service				
Interest	2,297,203	2,297,203	2,297,203	-
Fiscal charges	1,650	4,000	4,000	2,350
Total expenditures	<u>2,298,853</u>	<u>2,301,203</u>	<u>2,301,203</u>	<u>2,350</u>
Net change in fund balance	(1,762,089)	<u>\$ (1,780,003)</u>	<u>\$ (1,780,003)</u>	<u>\$ 17,914</u>
Fund balance, October 1	<u>1,889,821</u>			
Fund balance, September 30	<u>\$ 127,732</u>			

CITY OF KILLEEN, TEXAS
CERTIFICATES OF OBLIGATION SERIES 2012 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Taxes	\$ 309,055	\$ 300,000	\$ 300,000	\$ 9,055
Miscellaneous	10,589	200	200	10,389
Total revenues	<u>319,644</u>	<u>300,200</u>	<u>300,200</u>	<u>19,444</u>
EXPENDITURES				
Debt service				
Interest	183,496	267,705	266,822	83,326
Fiscal charges	500	4,000	4,000	3,500
Costs of issuance	883	-	883	-
Total expenditures	<u>184,879</u>	<u>271,705</u>	<u>271,705</u>	<u>86,826</u>
Net change in fund balance	134,765	<u>\$ 28,495</u>	<u>\$ 28,495</u>	<u>\$ 106,270</u>
Fund balance, October 1	<u>11,294</u>			
Fund balance, September 30	<u>\$ 146,059</u>			

CITY OF KILLEEN, TEXAS
GENERAL OBLIGATION & REFUNDING SERIES 2012 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Miscellaneous	\$ 12,800	\$ -	\$ -	\$ 12,800
Total revenues	12,800	-	-	12,800
EXPENDITURES				
Debt service				
Principal	40,000	-	40,000	-
Interest	814,692	-	1,076,000	261,308
Fiscal charges	500	-	4,000	3,500
Costs of issuance	770	-	1,000	230
Total expenditures	855,962	-	1,121,000	265,038
Deficiency of revenues under expenditures	(843,162)	-	(1,121,000)	277,838
OTHER FINANCING SOURCES (USES)				
Transfers in	1,210,000	-	1,210,000	-
Transfers out	(261,050)	-	-	(261,050)
Total other financing sources (uses)	948,950	-	1,210,000	(261,050)
Net change in fund balance	105,788	\$ -	\$ 89,000	\$ 16,788
Fund balance, October 1	53,312			
Fund balance, September 30	\$ 159,100			

CITY OF KILLEEN, TEXAS
REFUNDING BOND SERIES 2013 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 9,500	\$ (9,500)
Total revenues	-	-	9,500	(9,500)
EXPENDITURES				
Debt service				
Principal	495,000	-	40,000	(455,000)
Interest	389,572	-	430,686	41,114
Fiscal charges	-	-	3,070	3,070
Costs of issuance	168,562	-	10,429	(158,133)
Total expenditures	1,053,134	-	484,185	(568,949)
Deficiency of revenues under expenditures	(1,053,134)	-	(474,685)	(578,449)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	37,290,000	-	-	37,290,000
Premium on issuance of debt	5,716,664	-	-	5,716,664
Payment to bond escrow agent	(42,835,243)	-	-	(42,835,243)
Transfers in	1,175,130	-	1,253,113	(77,983)
Total other financing sources (uses)	1,346,551	-	1,253,113	93,438
Net change in fund balance	293,417	\$ -	\$ 778,428	\$ (485,011)
Fund balance, October 1	-			
Fund balance, September 30	\$ 293,417			

CAPITAL PROJECTS FUNDS

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

1993 G.O. Bonds: To account for improving streets, constructing public service and animal control facilities, and improving the library building. Financing was provided by the sale of \$ 3,750,000 of general obligation bonds.

1995 G.O. Bonds: To account for constructing and improving streets, and constructing and improving public service buildings. Financing was provided by the sale of \$ 6,745,000 of general obligation bonds.

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

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

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

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

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

2007 G.O. and C.O. Bonds: To account for expenditures for the construction of various projects. Financing was provided by the sale of \$17,665,000 of general obligation bonds and \$24,120,000 of certificates of obligation bonds.

2009 G.O. Bonds: To account for expenditures of funds to be used for street improvements and parks and recreation building and facility improvements. Financing was provided by the sale of \$13,175,000 of general obligation bonds.

2009 C.O. Bonds: To account for expenditures of funds to be used for street improvements, acquiring and purchasing vehicles and equipment for public works, improving city parks and recreation facilities, acquiring and purchasing information technology, and improving the city landfill. Financing was provided by the sale of \$8,500,000 of certificates of obligations bonds.

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

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

2011 C.O. Bonds: To account for expenditures of funds to be used for street improvements.

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

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

**CITY OF KILLEEN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2013**

	1993	1995	2000	2004	2004	2005	2006
	<u>G.O. Bonds</u>	<u>G.O. Bonds</u>	<u>Limited Tax Note</u>	<u>C.O. Bonds</u>	<u>G.O. Bonds</u>	<u>C.O. Bonds</u>	<u>G.O. Bonds</u>
ASSETS							
Cash and cash equivalents	\$ 7,071	\$ 14,907	\$ 157,825	\$ 986	\$ 19,393	\$ 496,783	\$ 1,084
Investments	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles):							
Accrued interest	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 7,071</u>	<u>\$ 14,907</u>	<u>\$ 157,825</u>	<u>\$ 986</u>	<u>\$ 19,393</u>	<u>\$ 496,783</u>	<u>\$ 1,084</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted for:							
Capital projects	<u>7,071</u>	<u>14,907</u>	<u>157,825</u>	<u>986</u>	<u>19,393</u>	<u>496,783</u>	<u>1,084</u>
Total fund balances	<u>7,071</u>	<u>14,907</u>	<u>157,825</u>	<u>986</u>	<u>19,393</u>	<u>496,783</u>	<u>1,084</u>
Total liabilities and fund balances	<u>\$ 7,071</u>	<u>\$ 14,907</u>	<u>\$ 157,825</u>	<u>\$ 986</u>	<u>\$ 19,393</u>	<u>\$ 496,783</u>	<u>\$ 1,084</u>

EXHIBIT C-41

2007 G.O. & C.O. Bonds	2009 G.O. Bonds	2009 C.O. Bonds	2011 Pass Thru Financing 195/201	2011 C.O. Bonds	2012 C.O. Bonds	2012 G.O. Bonds	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 872,370	\$ 140,897	\$ 771,159	\$ 3,248,622	\$ 14,045,626	\$ 89,250	\$ 1,266,336	\$ 21,132,309
-	-	-	-	4,250,000	-	-	4,250,000
-	-	-	-	15,992	-	-	15,992
3,162	460,641	-	-	-	-	-	463,803
<u>\$ 875,532</u>	<u>\$ 601,538</u>	<u>\$ 771,159</u>	<u>\$ 3,248,622</u>	<u>\$ 18,311,618</u>	<u>\$ 89,250</u>	<u>\$ 1,266,336</u>	<u>\$ 25,862,104</u>
\$ 292,482	\$ 186,537	\$ 8,193	\$ 5,767	\$ 119,176	\$ -	\$ -	\$ 612,155
<u>292,482</u>	<u>186,537</u>	<u>8,193</u>	<u>5,767</u>	<u>119,176</u>	<u>-</u>	<u>-</u>	<u>612,155</u>
583,050	415,001	762,966	3,242,855	18,192,442	89,250	1,266,336	25,249,949
<u>583,050</u>	<u>415,001</u>	<u>762,966</u>	<u>3,242,855</u>	<u>18,192,442</u>	<u>89,250</u>	<u>1,266,336</u>	<u>25,249,949</u>
<u>\$ 875,532</u>	<u>\$ 601,538</u>	<u>\$ 771,159</u>	<u>\$ 3,248,622</u>	<u>\$ 18,311,618</u>	<u>\$ 89,250</u>	<u>\$ 1,266,336</u>	<u>\$ 25,862,104</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, 2013

	1993	1995	2000 Limited	2004	2004	2005	2006
	G.O. Bonds	G.O. Bonds	Tax Note	C.O. Bonds	G.O. Bonds	C.O. Bonds	G.O. Bonds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	7	23	283	34	478	615	-
Total revenues	<u>7</u>	<u>23</u>	<u>283</u>	<u>34</u>	<u>478</u>	<u>615</u>	<u>-</u>
EXPENDITURES							
Public works	-	-	9,056	-	-	-	-
Capital outlay	-	27,071	188,824	59,591	765,748	228,253	-
Total expenditures	<u>-</u>	<u>27,071</u>	<u>197,880</u>	<u>59,591</u>	<u>765,748</u>	<u>228,253</u>	<u>-</u>
Net change in fund balances	7	(27,048)	(197,597)	(59,557)	(765,270)	(227,638)	-
Fund balances, October 1	<u>7,064</u>	<u>41,955</u>	<u>355,422</u>	<u>60,543</u>	<u>784,663</u>	<u>724,421</u>	<u>1,084</u>
Fund balances, September 30	<u>\$ 7,071</u>	<u>\$ 14,907</u>	<u>\$ 157,825</u>	<u>\$ 986</u>	<u>\$ 19,393</u>	<u>\$ 496,783</u>	<u>\$ 1,084</u>

EXHIBIT C-42

2007 G.O. & C.O. Bonds	2009 G.O. Bonds	2009 C.O. Bonds	2011 Pass Thru Financing 195/201	2011 C.O. Bonds	2012 C.O. Bonds	2012 G.O. Bonds	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ 7,099	1,644,040	\$ -	\$ -	\$ 683,370	\$ -	\$ -	\$ 2,334,509
3,554	5,725	733	29,982	67,594	2,160	1,198	112,386
<u>10,653</u>	<u>1,649,765</u>	<u>733</u>	<u>29,982</u>	<u>750,964</u>	<u>2,160</u>	<u>1,198</u>	<u>2,446,895</u>
-	-	8,713	106,493	188,074	-	-	312,336
<u>1,424,521</u>	<u>4,889,526</u>	<u>374,440</u>	<u>6,649,931</u>	<u>6,293,631</u>	<u>1,676,943</u>	<u>-</u>	<u>22,578,479</u>
<u>1,424,521</u>	<u>4,889,526</u>	<u>383,153</u>	<u>6,756,424</u>	<u>6,481,705</u>	<u>1,676,943</u>	<u>-</u>	<u>22,890,815</u>
(1,413,868)	(3,239,761)	(382,420)	(6,726,442)	(5,730,741)	(1,674,783)	1,198	(20,443,920)
<u>1,996,918</u>	<u>3,654,762</u>	<u>1,145,386</u>	<u>9,969,297</u>	<u>23,923,183</u>	<u>1,764,033</u>	<u>1,265,138</u>	<u>45,693,869</u>
<u>\$ 583,050</u>	<u>\$ 415,001</u>	<u>\$ 762,966</u>	<u>\$ 3,242,855</u>	<u>\$ 18,192,442</u>	<u>\$ 89,250</u>	<u>\$ 1,266,336</u>	<u>\$ 25,249,949</u>

**CITY OF KILLEEN, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budgeted Amounts		Variance - Positive (Negative)
				Original	Final	
Taxes:						
Ad valorem	\$ 23,538,035	\$ -	\$ 23,538,035	\$ 22,986,148	\$ 22,986,148	\$ 551,887
Penalty and interest	236,548	-	236,548	233,000	233,000	3,548
Mixed beverage	179,856	-	179,856	220,000	220,000	(40,144)
Franchise	5,040,941	-	5,040,941	5,606,582	5,606,582	(565,641)
Sales and occupancy	20,361,889	22,127	20,384,016	20,117,251	20,117,251	266,765
Bingo	218,595	-	218,595	216,000	216,000	2,595
Total taxes	49,575,864	22,127	49,597,991	49,378,981	49,378,981	219,010
Licenses, permits and fees:						
Building permits and inspections	543,629	-	543,629	590,000	590,000	(46,371)
Electrical permits and inspections	97,720	-	97,720	129,060	129,060	(31,340)
Plumbing permits and inspections	93,528	-	93,528	110,000	110,000	(16,472)
Miscellaneous licenses	207,970	-	207,970	251,185	251,185	(43,215)
Taxi operators licenses	4,345	-	4,345	4,500	4,500	(155)
Food handlers permits	24,400	-	24,400	19,000	19,000	5,400
Trailer court licenses	9,220	-	9,220	9,000	9,000	220
Building plans review	69,792	-	69,792	90,000	90,000	(20,208)
Mechanical inspections	31,522	-	31,522	48,000	48,000	(16,478)
Code enforcement abatement	208,318	-	208,318	95,000	95,000	113,318
Total licenses, permits and fees	1,290,444	-	1,290,444	1,345,745	1,345,745	(55,301)
Intergovernmental:						
Bell County contribution - ambulance service	-	-	-	3,500	3,500	(3,500)
Civil defense matching funds	32,347	-	32,347	24,505	24,505	7,842
Community assistance	240,360	-	240,360	242,009	242,009	(1,649)
Public safety	664,354	-	664,354	824,789	993,589	(329,235)
Traffic reimbursement	24,070	-	24,070	-	-	24,070
Total intergovernmental	961,131	-	961,131	1,094,803	1,263,603	(302,472)
Charges for Services:						
Ambulance service fees	2,406,709	-	2,406,709	2,870,000	2,870,000	(463,291)
Miscellaneous police receipts	57,407	-	57,407	98,100	98,100	(40,693)
Planning and zoning fees	32,590	-	32,590	35,000	35,000	(2,410)
Cemetery lots	46,130	-	46,130	32,200	32,200	13,930
Golf course receipts	1,093,153	-	1,093,153	1,213,974	1,213,974	(120,821)
Recreation receipts	936,917	-	936,917	763,500	763,500	173,417
Family aquatics center	326,941	-	326,941	314,750	314,750	12,191
Library charges and contributions	38,892	-	38,892	29,000	29,000	9,892
Swimming pool receipts and lessons	83,282	-	83,282	60,000	60,000	23,282
Total charges for services	5,022,021	-	5,022,021	5,416,524	5,416,524	(394,503)
Fines:						
Municipal court fines	2,541,058	-	2,541,058	2,232,892	2,232,892	308,166
Arrest fines	322,434	-	322,434	330,000	330,000	(7,566)
Parking fines	13,351	-	13,351	15,000	15,000	(1,649)
Court tax service fee	158,664	-	158,664	108,000	108,000	50,664
Total fines	3,035,507	-	3,035,507	2,685,892	2,685,892	349,615
Miscellaneous:						
Contributions	513,433	-	513,433	137,250	191,846	321,587
Miscellaneous receipts	1,003,786	-	1,003,786	932,800	932,800	70,986
Total miscellaneous	1,517,219	-	1,517,219	1,070,050	1,124,646	392,573
Totals	\$ 61,402,186	\$ 22,127	\$ 61,424,313	\$ 60,991,995	\$ 61,215,391	\$ 208,922

**CITY OF KILLEEN, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budgeted Amounts		Variance - Positive (Negative)
				Original	Final	
General Government:						
City council	\$ 39,239	\$ -	\$ 39,239	\$ 63,288	\$ 63,288	\$ 24,049
City manager	396,908	-	396,908	408,538	410,038	13,130
ACM - external services	216,536	-	216,536	247,627	246,127	29,591
ACM - internal services	174,934	-	174,934	220,399	220,399	45,465
City auditor	106,260	-	106,260	109,469	109,469	3,209
Municipal court	867,030	-	867,030	936,009	1,005,470	138,440
Public information	144,348	-	144,348	204,526	207,524	63,176
City attorney	790,327	-	790,327	837,662	824,838	34,511
City secretary	139,330	-	139,330	99,242	139,409	79
Financial services	2,386,873	-	2,386,873	2,669,332	2,696,605	309,732
Human resources	822,074	-	822,074	956,225	956,225	134,151
Information systems	889,407	-	889,407	1,076,805	1,087,186	197,779
Planning and development	2,706,117	-	2,706,117	2,875,480	2,903,590	197,473
Non-departmental	6,189,321	(336,304)	5,853,017	5,980,681	6,863,324	1,010,307
Total general government	15,868,704	(336,304)	15,532,400	16,685,283	17,733,492	2,201,092
Public Safety:						
Police	25,909,759	-	25,909,759	25,637,143	26,240,393	330,634
Animal control	560,276	-	560,276	596,723	601,403	41,127
Fire	17,272,129	-	17,272,129	17,331,755	17,496,150	224,021
Total public safety	43,742,164	-	43,742,164	43,565,621	44,337,946	595,782
Public Works:						
Public works	187,758	-	187,758	220,637	220,637	32,879
Traffic	423,483	-	423,483	485,754	481,018	57,535
Street	2,877,376	-	2,877,376	3,481,868	3,486,604	609,228
Total public works	3,488,617	-	3,488,617	4,188,259	4,188,259	699,642
Community Services:						
Senior citizens	229,480	-	229,480	267,201	267,201	37,721
Library	1,466,431	-	1,466,431	1,504,926	1,526,708	60,277
Parks	2,531,932	-	2,531,932	2,644,397	2,667,078	135,146
Recreation	235,412	-	235,412	265,492	265,492	30,080
Athletics	384,230	-	384,230	386,524	389,537	5,307
Swimming pools	25,936	-	25,936	116,642	33,004	7,068
Family aquatics center	461,244	-	461,244	402,486	475,353	14,109
Golf course	1,397,893	-	1,397,893	1,439,177	1,440,799	42,906
Cemetery	315,180	-	315,180	333,576	333,576	18,396
Killeen arts and activities center	150,096	-	150,096	182,502	183,001	32,905
Volunteer services	169,102	-	169,102	174,164	174,164	5,062
Total community services	7,366,936	-	7,366,936	7,717,087	7,755,913	388,977
Totals	\$ 70,466,421	\$ (336,304)	\$ 70,130,117	\$ 72,156,250	\$ 74,015,610	\$ 3,885,493

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STATISTICAL SECTION

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

This part of the City of Killeen’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City’s overall financial health. This information has not been audited by the independent auditors.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	150
Revenue Capacity	
These schedules contain information to help the reader assess the City’s significant local revenue sources, the property and sales tax.	162
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City’s currently outstanding debt and the City’s ability to issue additional debt in the future.	168
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	178
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information contained in the City’s financial report relates to the services the City provides and the activities it performs.	180

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

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 6,214,132	\$ 61,202,734	\$ 64,943,647	\$ 66,407,909
Restricted for:				
Debt service	1,770,519	1,805,892	1,834,087	2,358,132
Capital projects	1,319,532	1,959,944	3,375,187	5,336,131
Other purposes	-	1,045,638	1,753,412	1,976,662
Unrestricted	2,351,308	15,361,775	17,089,942	17,780,708
Total governmental activities net position	\$ 11,655,491	\$ 81,375,983	\$ 88,996,275	\$ 93,859,542
Business-type activities				
Net investment in capital assets	\$ 103,780,206	\$ 122,964,598	\$ 146,389,308	\$ 153,152,207
Restricted for:				
Debt service	3,258,464	6,130,078	8,246,358	6,277,051
Capital projects	1,542,978	9,067,780	3,836,414	-
Unrestricted	23,524,097	16,045,497	23,048,333	32,582,310
Total business-type activities net position	\$ 132,105,745	\$ 154,207,953	\$ 181,520,413	\$ 192,011,568
Primary government				
Net investment in capital assets	\$ 109,994,338	\$ 184,167,332	\$ 211,332,955	\$ 219,560,116
Restricted for:				
Debt service	5,028,983	7,935,970	10,080,445	8,635,183
Capital projects	2,862,510	11,027,724	7,211,601	5,336,131
Other purposes	-	1,045,638	1,753,412	1,976,662
Unrestricted	25,875,405	31,407,272	40,138,275	50,363,018
Total primary government activities net position	\$ 143,761,236	\$ 235,583,936	\$ 270,516,688	\$ 285,871,110

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

TABLE I

2008	2009	2010	2011	2012	2013
\$ 71,779,033	\$ 70,086,573	\$ 66,697,447	\$ 67,024,699	\$ 62,566,576	\$ 62,867,902
3,440,517	3,359,077	3,008,055	6,033,367	4,893,750	1,730,132
5,073,720	9,269,562	8,085,411	7,134,634	2,089,363	2,910,571
2,976,016	3,944,130	3,271,170	2,768,621	3,045,444	2,963,110
19,250,157	17,417,463	16,516,531	12,126,100	16,857,071	14,455,124
<u>\$ 102,519,443</u>	<u>\$ 104,076,805</u>	<u>\$ 97,578,614</u>	<u>\$ 95,087,421</u>	<u>\$ 89,452,204</u>	<u>\$ 84,926,839</u>
\$ 157,885,676	\$ 160,788,607	\$ 164,542,836	\$ 171,472,647	\$ 176,347,544	\$ 188,453,458
6,466,505	9,025,106	7,987,426	7,963,550	7,999,802	8,724,350
-	3,016,080	14,536,005	10,665,886	6,666,298	24,047,706
36,562,391	28,216,103	17,959,851	22,652,313	26,890,235	7,713,150
<u>\$ 200,914,572</u>	<u>\$ 201,045,896</u>	<u>\$ 205,026,118</u>	<u>\$ 212,754,396</u>	<u>\$ 217,903,879</u>	<u>\$ 228,938,664</u>
\$ 229,664,709	\$ 230,875,180	\$ 231,240,283	\$ 238,497,346	\$ 238,914,120	\$ 251,321,360
9,907,022	12,384,183	10,995,481	13,996,917	12,893,552	10,454,482
5,073,720	12,285,642	22,621,416	17,800,520	8,755,661	26,958,277
2,976,016	3,944,130	3,271,170	2,768,621	3,045,444	2,963,110
55,812,548	45,633,566	34,476,382	34,778,413	43,747,306	22,168,274
<u>\$ 303,434,015</u>	<u>\$ 305,122,701</u>	<u>\$ 302,604,732</u>	<u>\$ 307,841,817</u>	<u>\$ 307,356,083</u>	<u>\$ 313,865,503</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 5,842,809	\$ 10,682,868	\$ 8,999,154	\$ 13,059,352
Police	13,089,343	13,832,604	16,409,733	18,035,487
Fire	8,486,901	8,821,118	10,237,310	11,732,401
Public works	4,243,173	8,196,856	7,981,922	8,835,018
Library	1,114,788	1,191,165	1,251,417	1,324,670
Parks and recreation	2,260,543	2,275,674	2,343,001	2,602,046
Community services	2,313,403	1,978,699	1,249,783	4,201,866
Golf	938,219	-	-	1,470,975
Permits and inspections	809,547	660,593	831,036	1,402,169
Code enforcement	-	-	-	-
Miscellaneous	5,595,140	4,237,878	3,613,371	-
Interest in long-term debt	2,114,399	2,544,857	3,294,913	3,526,706
Total governmental activities expenses	<u>46,808,265</u>	<u>54,422,312</u>	<u>56,211,640</u>	<u>66,190,690</u>
Business-type activities				
Airport operations	2,411,035	4,882,236	5,433,754	6,032,956
Golf	-	1,217,555	1,300,493	-
Solid waste	7,273,485	7,485,257	9,235,406	9,923,685
Water and sewer	14,492,967	17,984,565	20,050,177	21,805,817
Drainage utility	286,990	430,436	526,775	1,354,988
Total business-type activities expenses	<u>24,464,477</u>	<u>32,000,049</u>	<u>36,546,605</u>	<u>39,117,446</u>
Total primary government expenses	<u>\$ 71,272,742</u>	<u>\$ 86,422,361</u>	<u>\$ 92,758,245</u>	<u>\$ 105,308,136</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ 915,400	\$ 1,074,124	\$ 1,449,310	\$ 1,845,447
Police	783,196	608,374	615,623	240,764
Fire	1,421,718	1,702,125	1,703,377	2,371,608
Library	34,160	53,122	51,355	41,944
Parks and recreation	117,064	101,373	130,891	233,265
Community services	605,946	523,335	541,789	-
Golf course	609,103	-	-	1,084,479
Permits and inspections	1,041,730	1,226,994	1,673,018	1,414,929
Code enforcement	-	-	-	-
Miscellaneous	285,150	384,367	596,207	-
Operating grants and contributions	1,517,458	2,433,893	1,743,344	5,088,196
Capital grants and contributions	201,616	154,573	5,230,912	4,293,671
Total governmental activities program revenues	<u>\$ 7,532,541</u>	<u>\$ 8,262,280</u>	<u>\$ 13,735,826</u>	<u>\$ 16,614,303</u>

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

TABLE II

	2008	2009	2010	2011	2012	2013
\$	14,662,853	\$ 13,873,564	\$ 16,580,327	\$ 18,165,769	\$ 16,841,919	\$ 18,130,388
	20,397,809	21,808,286	24,495,756	26,236,271	27,239,221	28,386,944
	14,337,399	16,272,177	16,345,268	18,226,647	17,869,191	19,085,563
	8,982,754	10,655,648	11,062,840	10,395,353	11,038,454	10,041,012
	1,454,180	1,683,583	1,481,728	1,607,797	1,494,038	1,563,247
	3,016,481	3,472,513	2,684,980	3,865,604	3,769,409	4,429,935
	4,499,962	5,625,155	5,711,591	5,327,023	4,250,488	3,731,108
	1,671,261	1,879,877	1,714,427	1,879,011	1,504,793	1,521,620
	1,116,316	-	-	-	-	-
	566,497	-	-	-	-	-
	-	-	-	-	-	-
	5,229,662	5,092,447	5,280,410	5,418,468	7,632,519	8,547,412
	<u>75,935,174</u>	<u>80,363,250</u>	<u>85,357,327</u>	<u>91,121,943</u>	<u>91,640,032</u>	<u>95,437,229</u>
	6,945,205	6,788,224	6,843,195	7,266,448	7,244,913	7,287,062
	-	-	-	-	-	-
	11,119,731	11,811,015	12,239,129	12,522,011	13,019,791	12,871,668
	23,228,947	24,610,252	25,586,685	26,689,831	27,525,085	28,455,634
	1,792,628	2,405,678	2,336,704	2,926,201	2,778,690	2,949,262
	<u>43,086,511</u>	<u>45,615,169</u>	<u>47,005,713</u>	<u>49,404,491</u>	<u>50,568,479</u>	<u>51,563,626</u>
\$	<u>119,021,685</u>	<u>125,978,419</u>	<u>132,363,040</u>	<u>140,526,434</u>	<u>142,208,511</u>	<u>147,000,855</u>
\$	2,262,954	\$ 4,501,278	\$ 4,185,056	\$ 4,613,298	\$ 5,340,754	\$ 5,894,028
	466,590	1,442,079	877,344	898,164	893,428	684,624
	2,548,848	2,674,030	2,724,017	2,886,744	2,884,153	2,406,709
	48,501	39,973	42,879	40,032	40,430	38,892
	244,901	756,496	1,049,252	1,097,994	1,185,028	1,315,141
	33,029	272,237	741,400	696,981	787,522	802,355
	1,267,776	1,294,705	1,210,900	1,303,724	1,220,856	1,093,153
	1,450,396	-	-	-	-	-
	67,685	-	-	-	-	-
	-	-	-	-	-	-
	3,402,527	3,079,605	2,816,838	3,398,318	2,143,652	2,726,431
	<u>6,400,992</u>	<u>2,348,835</u>	<u>1,842,757</u>	<u>5,300,013</u>	<u>954,919</u>	<u>5,489,297</u>
\$	<u>18,194,199</u>	<u>16,409,238</u>	<u>15,490,443</u>	<u>20,235,268</u>	<u>15,450,742</u>	<u>20,450,630</u>

(CONTINUED)

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

	Fiscal Year			
	2004	2005	2006	2007
Business-type activities:				
Charges for services:				
Airport operations	\$ 1,478,571	\$ 3,150,301	\$ 3,621,665	\$ 4,182,662
Golf	-	906,249	981,774	-
Solid waste	9,694,642	10,344,840	11,076,247	11,541,857
Water and sewer	20,742,089	31,422,147	27,036,300	26,898,319
Drainage utility	773,918	826,226	1,608,920	2,124,081
Operating grants and contributions	-	-	11,857	25,304
Capital grants and contributions	20,020,057	7,364,203	19,447,587	8,981,423
Total business-type activities program revenues	<u>52,709,277</u>	<u>54,013,966</u>	<u>63,784,350</u>	<u>53,753,646</u>
Total primary government program revenues	<u>\$ 60,241,818</u>	<u>\$ 62,276,246</u>	<u>\$ 77,520,176</u>	<u>\$ 70,367,949</u>
Net (expense)/revenue:				
Governmental activities	\$ (39,275,724)	\$ (46,160,032)	\$ (42,475,814)	\$ (49,576,387)
Business-type activities	28,244,800	22,013,917	27,237,745	14,636,200
Total primary government net expense	<u>\$ (11,030,924)</u>	<u>\$ (24,146,115)</u>	<u>\$ (15,238,069)</u>	<u>\$ (34,940,187)</u>
General revenues and other changes in net position				
Governmental activities:				
Ad valorem taxes	\$ 17,195,320	\$ 18,238,325	\$ 20,427,442	\$ 23,692,133
Penalties and interest	150,943	173,518	172,446	205,665
Mixed beverage taxes	163,675	183,734	188,977	240,268
Franchise taxes	3,933,838	4,231,604	4,739,736	4,960,867
Sales and occupancy taxes	15,634,498	17,395,394	18,452,935	20,009,130
Bingo taxes	129,452	159,131	199,000	199,589
Investment income	450,595	1,482,665	3,354,917	3,722,650
Gain on sale of capital assets	-	-	18,668	-
Lease revenue	-	-	-	-
Transfers	(56,113)	1,293,046	2,541,985	4,013,454
Total governmental activities	<u>37,602,208</u>	<u>43,157,417</u>	<u>50,096,106</u>	<u>57,043,756</u>
Business-type activities:				
Investment income	379,710	1,368,837	2,568,478	2,920,129
Gain on sale of capital assets	8,953	12,500	48,222	-
Lease revenue	-	-	-	-
Transfers	56,113	(1,293,046)	(2,541,985)	(4,013,454)
Total business-type activities	<u>444,776</u>	<u>88,291</u>	<u>74,715</u>	<u>(1,093,325)</u>
Total primary government	<u>\$ 38,046,984</u>	<u>\$ 43,245,708</u>	<u>\$ 50,170,821</u>	<u>\$ 55,950,431</u>
Changes in net position:				
Governmental activities	\$ (1,673,516)	\$ (3,002,615)	\$ 7,620,293	\$ 7,467,369
Business-type activities	28,689,576	22,102,208	27,312,460	13,542,875
Total primary government	<u>\$ 27,016,060</u>	<u>\$ 19,099,593</u>	<u>\$ 34,932,753</u>	<u>\$ 21,010,244</u>

TABLE II (CONT'D)

2008	2009	2010	2011	2012	2013
\$ 4,349,157	\$ 4,165,638	\$ 4,632,837	\$ 4,699,432	\$ 4,470,443	\$ 4,573,403
-	-	-	-	-	-
11,669,439	11,688,896	13,530,501	14,405,513	15,366,604	15,053,351
30,195,389	30,603,258	30,001,656	35,659,361	37,571,221	36,532,116
2,807,992	2,909,004	3,016,767	3,597,206	3,732,993	3,779,799
49,885	-	-	-	21,759	6,418
6,263,495	4,590,343	5,125,074	6,195,071	2,322,768	9,643,994
55,335,357	53,957,139	56,306,835	64,556,583	63,485,788	69,589,081
\$ 73,529,556	\$ 70,366,377	\$ 71,797,278	\$ 84,791,851	\$ 78,936,530	\$ 90,039,711
\$ (57,740,975)	\$ (63,954,012)	\$ (69,866,884)	\$ (70,886,675)	\$ (76,189,290)	\$ (74,986,599)
12,248,846	8,341,970	9,301,122	15,152,092	12,917,309	18,025,455
\$ (45,492,129)	\$ (55,612,042)	\$ (60,565,762)	\$ (55,734,583)	\$ (63,271,981)	\$ (56,961,144)
\$ 26,916,750	\$ 29,735,458	\$ 30,779,266	\$ 33,109,001	\$ 34,033,003	\$ 34,611,293
222,122	238,617	250,000	256,765	254,874	236,548
310,536	268,902	293,119	254,405	202,262	179,856
5,078,001	5,203,332	5,406,007	6,277,179	5,621,923	5,269,332
21,220,074	19,850,152	20,648,682	20,306,910	21,557,147	22,058,498
222,237	221,231	220,694	213,972	218,269	218,595
3,380,735	1,013,032	211,699	353,738	502,041	314,478
-	-	-	-	27,600	-
-	-	-	-	166,113	153,092
5,877,838	7,697,188	5,559,226	7,623,512	7,970,841	7,419,542
63,228,293	64,227,912	63,368,693	68,395,482	70,554,073	70,461,234
2,500,202	747,651	203,576	128,751	144,151	168,372
31,794	22,353	34,750	21,334	31,364	212,404
-	-	-	49,613	27,500	48,096
(5,877,838)	(7,697,188)	(5,559,226)	(7,623,512)	(7,970,841)	(7,419,542)
(3,345,842)	(6,927,184)	(5,320,900)	(7,423,814)	(7,767,826)	(6,990,670)
\$ 59,882,451	\$ 57,300,728	\$ 58,047,793	\$ 60,971,668	\$ 62,786,247	\$ 63,470,564
\$ 5,487,318	\$ 273,900	\$ (6,498,191)	\$ (2,491,193)	\$ (5,635,217)	\$ (4,525,365)
8,903,004	1,414,786	3,980,222	7,728,278	5,149,483	11,034,785
\$ 14,390,322	\$ 1,688,686	\$ (2,517,969)	\$ 5,237,085	\$ (485,734)	\$ 6,509,420

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TABLE III

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

Fiscal Year	Ad Valorem Taxes*	Penalty and Interest	Mixed Beverage Tax	Franchise Tax	Sales and Occupancy Tax	Bingo	Total
2004	12,846,085	150,943	163,675	3,933,838	14,659,223	129,452	31,883,216
2005	13,702,865	173,518	183,734	4,231,603	16,240,984	159,132	34,691,836
2006	14,750,670	172,446	188,977	4,739,736	18,452,935	199,000	38,503,764
2007	23,692,133	205,665	240,268	4,960,867	20,009,130	199,589	49,307,652
2008	26,916,750	222,122	310,536	5,078,001	21,220,074	222,237	53,969,720
2009	29,735,458	238,617	268,902	5,203,332	19,850,152	221,231	55,517,692
2010	30,779,266	250,000	293,119	5,406,007	20,648,682	220,694	57,597,768
2011	33,109,001	256,765	254,405	6,277,179	20,306,910	213,972	60,418,232
2012	34,033,003	254,874	202,262	5,621,923	21,557,147	218,269	61,887,478
2013	34,611,293	236,548	179,856	5,269,332	22,058,498	218,595	62,574,122

*Includes General Fund tax revenues only for 2004-2006.

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

	Fiscal Year			
	2004	2005	2006	2007
General fund				
Reserved				
Encumbrances	\$ 528,803	\$ 1,194,710	\$ 930,956	\$ 1,716,100
Non-current portion of notes receivable	15,858	-	-	-
Inventories	485,253	291,166	282,285	361,620
Prepaid expenditures	-	-	-	-
Debt service	-	-	-	-
Unreserved				
Designated	1,525,000	1,525,000	1,525,000	1,525,000
Undesignated	12,954,178	14,880,099	17,896,691	18,186,697
Nonspendable:				
Inventories	-	-	-	-
Prepaid assets	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Other purposes	-	-	-	-
Committed to:				
Vehicle replacement	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 15,509,092</u>	<u>\$ 17,890,975</u>	<u>\$ 20,634,932</u>	<u>\$ 21,789,417</u>
All other governmental funds:				
Reserved for:				
Encumbrances	\$ 337,535	\$ 465,248	\$ 133,860	\$ 328,900
Inventories	-	-	-	-
Debt service	1,770,519	2,157,576	2,294,404	2,806,680
Capital projects	5,261,012	24,509,045	39,978,725	24,355,131
Unreserved:				
Other governmental funds	-	1,045,638	1,753,412	-
Undesignated - special revenue	757,107	-	-	1,976,662
Nonspendable:				
Inventories	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Committed to:				
Killeen Arts and Activities Center	-	-	-	-
Total all other governmental funds	<u>\$ 8,126,173</u>	<u>\$ 28,177,507</u>	<u>\$ 44,160,401</u>	<u>\$ 29,467,373</u>

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

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

TABLE IV

2008	2009	2010	2011	2012	2013
\$ 754,278	\$ 692,172	\$ 635,783	\$ -	\$ -	\$ -
-	-	-	-	-	-
414,624	368,180	404,478	-	-	-
-	-	-	-	-	-
240,170	240,170	240,170	-	-	-
1,525,000	1,837,688	1,891,405	-	-	-
21,177,858	19,825,761	19,029,602	-	-	-
-	-	-	417,664	449,156	509,387
-	-	-	170,891	105,188	106,615
-	-	-	240,171	-	68,313
-	-	-	380,641	492,440	468,064
-	-	-	63,383	-	-
-	-	-	17,977,741	22,517,086	21,182,627
<u>\$ 24,111,930</u>	<u>\$ 22,963,971</u>	<u>\$ 22,201,438</u>	<u>\$ 19,250,491</u>	<u>\$ 23,563,870</u>	<u>\$ 22,335,006</u>
\$ 101,922	\$ 116,078	\$ 244,044	\$ -	\$ -	\$ -
-	4,861	6,864	-	-	-
4,019,172	4,042,477	3,630,277	-	-	-
45,197,523	34,946,977	18,801,542	-	-	-
-	1,972	-	-	-	-
2,976,016	3,944,130	3,271,170	-	-	-
-	-	-	6,196	7,493	4,905
-	-	-	7,055,118	6,315,862	2,900,309
-	-	-	56,991,885	73,687,602	47,546,673
-	-	-	2,387,980	2,553,004	2,495,046
-	-	-	38,232	34,311	101,169
<u>\$ 52,294,633</u>	<u>\$ 43,056,495</u>	<u>\$ 25,953,897</u>	<u>\$ 66,479,411</u>	<u>\$ 82,598,272</u>	<u>\$ 53,048,102</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 37,236,747	\$ 40,374,681	\$ 44,209,826	\$ 49,259,941
Licenses and permits	1,041,730	1,226,994	1,673,018	1,292,332
Intergovernmental	1,719,074	2,544,806	1,808,426	5,088,196
Charges for services	2,787,143	2,478,713	2,896,794	4,034,110
Fines	894,038	1,036,688	1,346,557	1,845,447
Contributions	-	-	-	-
Developer contributions	-	-	5,152,753	3,305,484
Miscellaneous	1,347,704	2,542,252	4,573,737	4,711,079
Total revenues	<u>45,026,436</u>	<u>50,204,134</u>	<u>61,661,111</u>	<u>69,536,589</u>
Expenditures:				
General government	5,467,205	6,366,296	7,568,283	6,656,910
Public safety	20,389,613	21,486,251	25,346,243	28,487,534
Public works	4,042,427	4,517,392	4,303,518	4,881,644
Community services	6,469,184	5,196,402	4,704,721	9,822,757
Miscellaneous	4,706,548	5,690,519	4,851,202	4,652,358
Capital outlay	7,223,249	3,812,506	13,664,044	19,518,661
Debt service:				
Principal	2,842,567	2,907,350	3,066,407	4,528,400
Interest	2,154,860	2,531,840	3,167,191	3,507,615
Fiscal charges	18,559	18,677	19,089	6,227
Costs of issuance	-	120,732	-	-
Deferred amount on refunding	-	-	-	-
Total expenditures	<u>53,314,212</u>	<u>52,647,965</u>	<u>66,690,698</u>	<u>82,062,106</u>
Deficiency of revenues under expenditures	<u>(8,287,776)</u>	<u>(2,443,831)</u>	<u>(5,029,587)</u>	<u>(12,525,517)</u>
Other financing sources (uses):				
Issuance of capital-related debt	772,669	18,969,760	21,623,647	-
Capital lease	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium/discount on issuance of debt	-	-	(427,862)	-
Sale of capital assets	-	-	18,668	-
Payment to bond escrow agent	-	-	-	-
Transfers in	6,064,663	8,272,993	6,711,505	6,056,081
Transfers out	(6,120,776)	(2,940,146)	(4,169,520)	(2,042,627)
Total other financing sources (uses)	<u>716,556</u>	<u>24,302,607</u>	<u>23,756,438</u>	<u>4,013,454</u>
Net change in fund balances	<u>\$ (7,571,220)</u>	<u>\$ 21,858,776</u>	<u>\$ 18,726,851</u>	<u>\$ (8,512,063)</u>
Debt service as a percentage of noncapital expenditures	10.5%	11.5%	12.1%	13.1%

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

TABLE V

	2008	2009	2010	2011	2012	2013
\$	53,937,806	\$ 55,435,770	\$ 57,594,108	\$ 60,328,145	\$ 61,993,688	\$ 62,585,863
	1,438,989	1,100,819	1,365,200	1,284,569	1,396,708	1,290,444
	3,023,159	2,416,723	3,302,656	4,714,540	2,067,471	4,761,906
	4,857,966	5,474,140	5,581,992	5,896,989	5,952,211	5,487,183
	2,644,196	3,993,509	3,246,230	3,503,274	3,308,807	3,893,338
	-	465,885	446,996	549,145	450,532	513,433
	5,888,521	1,984,083	850,165	3,375,908	-	-
	3,755,908	2,021,935	905,216	1,220,296	1,931,194	1,711,522
	<u>75,546,545</u>	<u>72,892,864</u>	<u>73,292,563</u>	<u>80,872,866</u>	<u>77,100,611</u>	<u>80,243,689</u>
	7,096,970	8,709,995	10,465,499	10,794,299	10,704,020	11,193,546
	33,188,694	35,666,780	36,873,391	40,841,867	41,517,877	42,733,351
	5,100,406	4,672,140	4,047,734	4,340,764	5,097,995	4,249,519
	10,566,828	10,863,401	9,305,228	10,701,424	8,858,814	9,056,971
	5,468,436	4,247,495	5,531,595	6,412,904	5,451,968	6,181,920
	30,278,105	37,746,644	20,243,349	19,187,531	19,626,046	30,380,527
	5,120,434	5,005,274	4,985,911	5,366,470	5,575,102	5,915,391
	4,795,150	4,938,132	5,195,100	5,123,184	7,583,116	8,973,642
	259,376	18,924	25,732	13,395	14,245	17,540
	-	-	109,000	335,000	336,101	170,215
	-	-	546,097	140,981	-	-
	<u>101,874,399</u>	<u>111,868,785</u>	<u>97,328,636</u>	<u>103,257,819</u>	<u>104,765,284</u>	<u>118,872,622</u>
	<u>(26,327,854)</u>	<u>(38,975,921)</u>	<u>(24,036,073)</u>	<u>(22,384,953)</u>	<u>(27,664,673)</u>	<u>(38,628,933)</u>
	42,868,775	19,675,000	-	50,100,000	39,320,000	-
	-	-	-	-	-	258,936
	-	744,600	13,330,000	6,875,000	18,345,000	37,290,000
	(441,569)	(82,825)	365,808	2,451,008	3,391,957	5,716,664
	-	-	-	-	-	-
	-	(727,601)	(13,084,092)	(7,090,000)	(20,930,885)	(42,835,243)
	7,294,703	13,392,203	20,103,714	18,075,712	10,257,467	11,216,236
	(1,416,865)	(5,695,015)	(14,544,488)	(10,452,200)	(2,286,626)	(3,796,694)
	<u>48,305,044</u>	<u>27,306,362</u>	<u>6,170,942</u>	<u>59,959,520</u>	<u>48,096,913</u>	<u>7,849,899</u>
\$	<u>21,977,190</u>	<u>\$ (11,669,559)</u>	<u>\$ (17,865,131)</u>	<u>\$ 37,574,567</u>	<u>\$ 20,432,240</u>	<u>\$ (30,779,034)</u>
	14.1%	13.3%	12.8%	12.4%	15.5%	16.8%

TABLE VI

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

Fiscal Year Ended	Taxable Assessed Value		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property					
2004	2,522,768,679	320,734,650	307,256,037	2,536,247,292	0.6990	2,854,692,140	88.84%
2005	2,660,558,752	350,370,677	320,635,274	2,690,294,155	0.6950	3,018,010,096	89.14%
2006	2,998,256,599	360,965,321	335,207,423	3,024,014,497	0.6950	3,395,819,417	89.05%
2007	3,492,613,445	362,828,152	350,942,363	3,504,499,234	0.6950	3,904,819,744	89.75%
2008	3,977,228,893	370,077,827	371,725,172	3,975,581,548	0.6950	4,375,136,071	90.87%
2009	4,399,405,101	388,992,264	390,286,994	4,398,110,371	0.6950	4,810,217,058	91.43%
2010	4,697,341,556	381,864,985	513,563,290	4,565,643,251	0.6950	5,097,637,799	89.56%
2011	4,757,431,670	379,688,426	538,872,784	4,598,247,312	0.7428	5,153,883,639	89.22%
2012	4,910,126,647	372,499,175	555,982,344	4,726,643,478	0.7428	5,301,412,785	89.16%
2013	5,056,322,730	367,818,504	612,203,199	4,811,938,035	0.7428	5,439,453,166	88.46%

Source: Bell County Tax Appraisal District

TABLE VII

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

Fiscal Year	Tax Year	City of Killeen General Fund	City of Killeen Debt Service	Total City of Killeen	Bell County	Killeen ISD	Central Texas College	Total
2004	2003	0.52183	0.17317	0.6950	0.3650	1.5633	0.1475	2.7708
2005	2004	0.52183	0.17317	0.6950	0.3610	1.5583	0.1470	2.7613
2006	2005	0.50020	0.19480	0.6950	0.3760	1.5583	0.1460	2.7753
2007	2006	0.47625	0.21875	0.6950	0.3815	1.4191	0.1420	2.6376
2008	2007	0.46256	0.23244	0.6950	0.3795	1.1412	0.1420	2.3577
2009	2008	0.49281	0.20219	0.6950	0.3779	1.1412	0.1410	2.3551
2010	2009	0.49057	0.20443	0.6950	0.3759	1.1412	0.1409	2.3530
2011	2010	0.50872	0.23408	0.7428	0.3820	1.1412	0.1409	2.4069
2012	2011	0.54734	0.19546	0.7428	0.4096	1.1412	0.1409	2.4345
2013	2012	0.50563	0.23717	0.7428	0.4212	1.1310	0.1400	2.4350

Source: Bell County Tax Appraisal District

TABLE VIII

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

Name of Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery Co. LLC	\$ 47,509,047	1	0.99%	\$ 35,159,750	2	1.39%
Killeen Health System LLC	28,553,430	2	0.59%			
Wal-Mart Real Estate Business Trust	19,081,075	3	0.40%	8,013,187	8	0.32%
Killeen Mall LLC	16,555,404	4	0.34%			
Central Telephone Co. of Texas	14,539,279	5	0.30%	36,809,360	1	1.45%
Stone Creek Investment LLC	13,611,988	6	0.28%			
HEB Grocery Company LP	11,931,513	7	0.25%			
Watercrest Place LP	11,720,061	8	0.24%			
Feiga/Sierra Creek LP	9,639,867	9	0.20%	9,544,275	6	0.38%
Presidium HCO Killeen	9,584,613	10	0.20%			
Texas Cable Partners LP				13,845,740	3	0.55%
Sallie Mae Inc.				12,513,749	4	0.49%
GG&A Killeen Mall LP				12,287,510	5	0.48%
Wal-Mart Stores #0407				9,207,310	7	0.36%
Secretary of Veterans Affairs				7,726,761	9	0.30%
Arbors 2003 LP				6,646,346	10	0.26%
Subtotal	<u>182,726,277</u>		<u>3.79%</u>	<u>151,753,988</u>		<u>5.98%</u>
All other taxpayers	<u>4,629,211,758</u>		<u>96.21%</u>	<u>2,384,493,304</u>		<u>94.02%</u>
	<u>\$ 4,811,938,035</u>		<u>100.00%</u>	<u>\$ 2,536,247,292</u>		<u>100.00%</u>

Source: Bell County Tax Appraisal District

TABLE IX

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

Fiscal Year September 30	Total Tax Levy for Fiscal Year	Tax Levy	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years (1)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2003	17,728,368	16,959,606	95.66%	415,950	17,375,556	98.01%
2005	2004	18,697,545	17,957,697	96.04%	441,789	18,399,486	98.41%
2006	2005	21,016,898	20,179,257	96.01%	461,613	20,640,870	98.21%
2007	2006	24,348,127	23,386,242	96.05%	490,899	23,877,141	98.07%
2008	2007	27,630,290	26,697,567	96.62%	339,246	27,036,813	97.85%
2009	2008	30,566,865	29,523,348	96.59%	354,100	29,877,448	97.74%
2010	2009	31,715,948	30,605,848	96.50%	370,681	30,976,529	97.67%
2011	2010	34,067,649	32,916,498	96.62%	295,346	33,211,844	97.49%
2012	2011	35,011,924	33,901,259	96.83%	432,065	34,333,324	98.06%
2013	2012	35,654,174	34,501,855	96.77%	248,085	34,749,940	97.46%

(1) Information required by GASB #44 differs from information reported. Collections in subsequent years represent total delinquent amounts received during the fiscal year, regardless of the fiscal year of the tax levy. Data for delinquent tax collections by levy year is not available from the Bell County Tax Assessor's office.

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Assessed Valuation</u>	<u>Assessments Rate</u>	<u>Gross Tax Rate</u>
2004	2003	2,843,503,329	100%	0.6990
2005	2004	3,010,929,429	100%	0.6950
2006	2005	3,359,221,920	100%	0.6950
2007	2006	3,855,441,597	100%	0.6950
2008	2007	4,347,306,720	100%	0.6950
2009	2008	4,788,397,365	100%	0.6950
2010	2009	5,079,206,541	100%	0.6950
2011	2010	5,137,120,096	100%	0.7428
2012	2011	5,282,625,822	100%	0.7428
2013	2012	5,424,141,234	100%	0.7428

Source: Bell County Tax Appraisal District

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

Fiscal Year	Governmental Activities					General Obligation Bonds (1)	Revenue Bonds (1)
	General Obligation Bonds (1)	Certificates of Obligation (1)	Limited Tax Notes	Capital Lease Payable	Total Governmental Activities (1)		
2004	9,166,101	29,949,000	1,560,000	-	40,675,101	8,988,898	27,905,000
2005	25,784,251	29,718,500	1,065,000	-	56,567,751	7,905,749	46,665,000
2006	34,659,101	39,797,243	545,000	-	75,001,344	6,415,899	45,320,000
2007	31,963,701	41,421,743	-	-	73,385,444	5,486,299	43,670,000
2008	46,576,501	63,697,743	-	859,541	111,133,785	4,523,499	63,105,000
2009	56,829,600	68,331,973	-	658,937	125,820,510	3,635,400	60,390,000
2010	67,810,500	52,865,000	-	449,099	121,124,599	2,614,500	56,640,000
2011	72,163,200	93,250,000	-	229,602	165,642,802	1,626,800	53,570,000
2012	79,662,700	118,365,000	-	-	198,027,700	6,887,300	50,945,000
2013	92,135,000	98,420,000	-	191,245	190,746,245	10,095,000	65,430,000

- (1) Presented net of original issuance discounts and premiums
- (2) Personal income is disclosed on page 178
- (3) United States Census Bureau

TABLE XI

Business-Type Activities			Total Business-Type Activities (1)	Total Primary Government (1)	Percentage of Personal Income (2)	Per Capita (3)
Certificates of Obligation (1)	Notes Payable	Limited Tax Notes				
556,000	16,758	300,000	37,766,656	78,441,757	0.84%	760.02
3,406,500	-	-	57,977,249	114,545,000	1.13%	1,109.82
19,702,757	-	-	71,438,656	146,440,000	1.26%	1,418.85
16,203,257	-	-	65,359,556	138,745,000	1.08%	1,344.30
15,602,257	-	-	83,230,756	194,364,541	1.43%	1,728.70
17,073,027	-	-	81,098,427	206,918,937	1.41%	1,769.54
16,320,000	-	-	75,574,500	196,699,099	1.30%	1,645.88
15,710,000	-	-	70,906,800	236,549,602	1.44%	1,849.19
8,570,000	-	-	66,402,300	264,430,000	1.59%	2,033.80
3,725,000	-	-	79,250,000	269,996,245	*	2,005.11

* Personal income information is unavailable

TABLE XII

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

Fiscal Year Ended September 30	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2004	18,154,999	2,405,000	15,749,999	0.55%	153
2005	33,690,000	2,575,000	31,115,000	1.03%	301
2006	41,075,000	3,625,000	37,450,000	1.10%	363
2007	37,450,000	3,775,000	33,675,000	0.86%	326
2008	51,100,000	3,910,000	47,190,000	1.08%	420
2009	60,465,000	3,100,000	57,365,000	1.19%	491
2010	70,425,000	3,565,000	66,860,000	1.31%	559
2011	73,790,000	3,780,000	70,010,000	1.36%	547
2012	86,550,000	4,115,000	82,435,000	1.55%	634
2013	102,230,000	2,840,000	99,390,000	1.83%	738

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

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments.
- (3) See the Schedule of Assessed and Estimated Actual Value of Property on page 162 for property value data.
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 178.

TABLE XIII

**CITY OF KILLEEN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2013**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable *	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Bell County	\$ 122,035,000	32.96%	\$ 40,222,736
Killeen Independent School District	86,685,000	74.89%	<u>64,918,397</u>
Subtotal, overlapping debt			105,141,133
City of Killeen			<u>190,746,245</u>
Total direct and overlapping debt			<u><u>\$ 295,887,378</u></u>

Sources: Outstanding debt provided by each governmental unit.

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

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

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TABLE XIV

**CITY OF KILLEEN, TEXAS
REVENUE BOND COVERAGE – WATER AND SEWER FUND
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Operating Expenses *	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	20,742,089	11,431,228	9,310,861	1,585,000	1,582,452	3,167,452	2.94
2005	24,775,090	14,616,805	10,158,285	1,440,000	1,492,576	2,932,576	3.46
2006	27,036,300	15,531,689	11,504,611	1,490,000	2,349,391	3,839,391	3.00
2007	26,898,319	16,935,527	9,962,792	1,730,000	2,035,991	3,765,991	2.65
2008	30,195,389	17,735,554	12,459,835	2,715,000	2,881,361	5,596,361	2.23
2009	30,603,258	19,476,310	11,126,948	3,870,000	2,776,886	6,646,886	1.67
2010	30,001,656	20,290,881	9,710,775	3,050,000	2,298,482	5,348,482	1.82
2011	35,659,361	21,360,822	14,298,539	3,280,000	2,383,260	5,663,260	2.52
2012	37,571,221	21,373,966	16,197,255	3,765,000	2,259,114	6,024,114	2.69
2013	36,532,116	21,749,379	14,782,737	4,655,000	2,780,579	7,435,579	1.99

Source: Finance Department, City of Killeen

* Total operating expenses less depreciation

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

Fiscal Year	City of Killeen			Overlapping Bell County		
	Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen	Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen
2004	78,424,999	100.00%	78,424,999	52,030,000	28.24%	14,693,272
2005	114,545,000	100.00%	114,545,000	53,735,000	28.24%	15,174,764
2006	146,440,000	100.00%	146,440,000	98,050,000	28.24%	27,689,320
2007	138,745,000	100.00%	138,745,000	99,855,000	28.24%	28,199,052
2008	194,364,541	100.00%	194,364,541	131,625,000	28.24%	37,170,900
2009	206,918,937	100.00%	206,918,937	126,620,000	28.24%	35,757,488
2010	196,699,099	100.00%	196,699,099	130,835,000	28.24%	36,947,804
2011	236,549,602	100.00%	236,549,602	125,045,000	34.47%	43,103,012
2012	264,430,000	100.00%	236,549,602	118,200,000	32.98%	38,982,360
2013	269,996,245	100.00%	269,996,245	122,035,000	32.96%	40,222,736

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

TABLE XV

Debt						
Killeen Independent School District			Central Texas College			Total Amount Applicable to Killeen
Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen	Net Debt Outstanding	Percentage Applicable to Killeen	Amount Applicable to Killeen	
172,941,739	77.93%	134,773,497	10,440,000	67.16%	7,011,504	234,903,272
167,140,974	77.93%	130,252,961	8,530,000	67.16%	5,728,748	265,701,473
158,793,665	77.93%	123,747,903	6,530,000	67.16%	4,385,548	302,262,771
144,650,000	77.93%	112,725,745	4,445,000	67.16%	2,985,262	282,655,059
135,050,000	77.93%	105,244,465	-	N/A	-	336,779,906
127,110,000	77.93%	99,056,823	-	N/A	-	341,733,248
115,830,000	77.93%	90,266,319	-	N/A	-	323,913,222
107,105,000	74.87%	80,189,514	-	N/A	-	359,842,127
94,535,000	74.93%	70,835,076	-	N/A	-	346,367,038
86,685,000	74.89%	64,918,397	-	N/A	-	375,137,378

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

	Fiscal Year			
	2004	2005	2006	2007
Assessed Value, Tax Roll	\$ 2,536,247,292	\$ 2,690,294,155	\$ 3,024,014,497	\$ 3,504,499,234
	2.50%	2.50%	2.50%	2.50%
Legal Debt Limit	<u>\$ 63,406,182</u>	<u>\$ 67,257,354</u>	<u>\$ 75,600,362</u>	<u>\$ 87,612,481</u>
Actual amount expended for general obligation debt service during the year	\$ 2,886,082	\$ 3,269,538	\$ 4,075,825	\$ 5,470,766

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

TABLE XVI

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 3,975,581,548	\$ 4,398,110,371	\$ 4,565,643,251	\$ 4,598,247,312	\$ 4,726,643,478	\$ 4,811,938,035
<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>
<u>\$ 99,389,539</u>	<u>\$ 109,952,759</u>	<u>\$ 114,141,081</u>	<u>\$ 114,956,183</u>	<u>\$ 118,166,087</u>	<u>\$ 120,298,451</u>
\$ 5,449,036	\$ 6,162,242	\$ 6,100,636	\$ 6,407,155	\$ 6,834,172	\$ 8,202,360

TABLE XVII

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

Fiscal Year	City of Killeen Population (a)	Killeen-Temple Fort Hood Metropolitan Statistical Area Population (b)	Fort Hood Metropolitan Personal Income (amounts expressed in thousands) (b)	Killeen-Temple Fort Hood Metropolitan Per Capita Personal Income	Killeen-Temple Fort Hood Metropolitan Unemployment Rates (c)
2004	103,210	325,398	9,321,254	28,646	5.2
2005	103,210	341,797	10,162,000	29,731	5.2
2006	103,210	357,580	11,648,344	32,575	5.1
2007	103,210	370,755	12,845,443	34,647	4.7
2008	112,434	378,935	13,601,991	35,895	5.4
2009	116,934	379,231	14,697,693	38,757	7.1
2010	119,510	408,366	15,167,523	37,142	7.8
2011	127,921	411,595	16,475,894	40,029	8.5
2012	130,018	420,375	16,592,415	39,471	7.1
2013	134,654	*	*	*	7.3

Sources: (a) U. S. Census Bureau.

(b) U. S. Department of Commerce, Bureau of Economic Analysis.

(c) U. S. Department of Labor, Bureau of Labor Statistics.

* Information is unavailable.

TABLE XVIII

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

Name of Employer	2013			2004		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Fort Hood (includes Soldiers and Civilians)	66,400	1	84.57%	50,151	1	80.83%
Killeen ISD	6,000	2	7.64%	5,145	2	8.29%
Central Texas College	1,487	3	1.89%	1,100	4	1.77%
City of Killeen	1,271	4	1.62%	865	6	1.39%
Metroplex Hospital	1,200	5	1.53%	935	5	1.51%
Aegis Communications	880	6	1.12%			
ESP, Inc.	420	7	0.53%			
Scott & White Clinic	361	8	0.46%			
Camber Corporation	270	9	0.34%			
Blackboard Student Services	238	10	0.30%			
Fort Hood Exchange				1,218	3	1.96%
Killeen Mall				800	7	1.29%
Wal-Mart				700	8	1.13%
Sallie Mae				627	9	1.01%
First National Bank				507	10	0.82%
Subtotal	<u>78,527</u>		<u>100.00%</u>	<u>62,048</u>		<u>100.00%</u>

Source: Greater Killeen Chamber of Commerce

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
City Manager	3	3	3	4	4	4	4	4	3	3
Assistant City Manager - External	0	0	0	0	3	3	3	3	2	2
Assistant City Manager - Internal	0	0	0	0	0	0	0	0	0	2
Downtown Revitalization	0	0	0	1	1	0	0	0	1	0
City Auditor	0	0	0	1	1	1	1	1	1	1
Grant Administration	0	0	0	0	0	0	1	1	0	0
Municipal Court	19	19	19	23	23	24	24	24	24	24
Public Information	1	1	2	1.50	1.50	2.50	1.95	1.95	2.50	2.50
Killeen Volunteer Services	3	3	3	3	3	3	3	3	3	3
City Attorney	6	7	7	7	7	7	7	8	8	7
City Secretary	1	1	1	1	1	1	1	1	1	1
Finance	5	6	6	6	6	6	5	6	6	7
Accounting	7	7	7	7	7	7	7	7	7	8
Purchasing	4	4	4	4	4	4	4	5	2	5
Building Services	2	2	3	3	3	3.50	3.50	3.50	3.50	6
Custodial Services	8	8	8	9	10	10	13	13	12	18
Printing Services	2	2	2	2	2	2.50	2.50	2.50	2.50	3
Purchasing - General Administratic	0	0	0	0	0	0	0	0	3	0
Support Services	0	0	0	0	0	0	0	0	0	1
Human Resources	8	8	10	10	11	12	12	12	12	13
Information Technology	10	10	12	12	14	15	15	15	14	17
Library Services	30	30	30	31	32	32	32	32	32	29
Golf Course	12	13	17	17	18	18	19	19	19	20
Golf Course Food & Beverage	0	0	0	5	5	5	5	5	0	0
Community Center Operations	0	0	0	0	6	6	6	6	6	3
Parks	31	31	31	37	33	33	33	33	33	33
Lions Club Park	0	0	0	0	14	14	14	14	14	13
Family Aquatics Center	0	0	0	0	0	2	2	2	2	2
Killeen Arts and Activities Center	0	0	0	0	0	0	0	0	4	4
Recreation	3	3	3	3	6	6	2	2	2	2
Athletics	3	3	3	3	3	3	3	3	3	3
Cemetery	6	6	6	6	6	6	6	6	6	6
Senior Citizens	3	3	3	5	6	6	6	6	6	4
Public Works	2	2	2	2	2	2	2	2	2	2
Engineering	2	2	2	2	2	2	2	2	0	0
Traffic	10	10	10	9	10	10	10	10	10	7
Streets	35	35	39	39	43	47	47	47	48	52
Planning & Development	6	7	8	9	9	9	10	10	10	7
Building Inspections	11	12	14	16	14	14	15	15	15	15
Code Enforcement	7	7	8	8	8	9	9	11	11	13
Community Development	4	4	4	3	3	3	3	3	3	4
Home Program	2	2	2	1	1	1	1	1	1	1
Police	214	230	249	267	287	305	314	316	327	341
Animal Control	8	8	8	8	11	11	11	11	11	12
Fire	128	137	143	194	194	200	200	200	200	200
Emergency Management & Homeland Security	0	0	0	1	1	1	1	1	1	1
EMS Billing & Collections	5	5	5	5	5	5	5	0	6	6
Total General Fund	601	631	674	765.5	820.5	855.5	865.95	867.95	879.5	903.5

Source: Finance Department, City of Killeen

TABLE XIX

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Killeen-Fort Hood Regional Airport										
Killeen-Fort Hood										
Regional Airport	14	37.5	37.5	40	41	41	41	41	41	41
Total Killeen-Fort Hood										
Regional Airport Fund	14	37.5	37.5	40	41	41	41	41	41	41
Skylark Field										
Skylark Field										
Skylark Field	20	5.5	5.5	4	4	4	4	4	4	4
Total Skylark Field Fund	20	5.5	5.5	4	4	4	4	4	4	4
Solid Waste										
Custodial										
Custodial	0	0	0	1	1	1	1	1	1	0
Accounting										
Accounting	0	0	0	0	0	4	4	4	4	4
Residential Services										
Residential Services	35	35	38	38	40	41.2	41.2	42.2	44	44
Commercial Services										
Commercial Services	19	19	19	20	21	20	20	20	20	20
Recycle Center										
Recycle Center	7	7	7	7	7	7	7	7	7	7
Transfer Station										
Transfer Station	11	11	11	13	13	15	15	16	16	16
Mowing										
Mowing	0	0	11	11	19	22	22	22	17.5	22.5
Total Solid Waste Fund	72	72	86	90	101	110.2	110.2	112.2	109.5	113.5
Water and Sewer										
Fleet Services										
Fleet Services	19	19	19	22	23	23	23	23	26	26
Utility Collections										
Utility Collections	30	30	32	34	35	38	38	38	40	40
GIS										
GIS	0	0	0	0	0	5	5	5	5	5
Water Distribution										
Water Distribution	15	15	15	15	19	19	19	19	19	19
Sanitary Sewer										
Sanitary Sewer	11	11	13	13	13	15	15	15	15	15
Water and Sewer Operations										
Water and Sewer Operations	20	20	24	20	24	24	24	26	27	28
Engineering										
Engineering	0	0	0	8	9	9.6	9.6	10.6	11.8	10.8
Total Water and Sewer Fund	95	95	103	112	123	133.6	133.6	136.6	143.8	143.8
Drainage Utility Fund										
Engineering										
Engineering	3	3	9	3	3	3.2	3.2	4.2	4.2	3
Environmental Services										
Environmental Services	0	0	0	0	0	0	0	0	0	1.2
Maintenance										
Maintenance	0	0	0	12	21	30	30	31	32.5	32.5
Total Drainage Utility Fund	3	3	9	15	24	33.2	33.2	35.2	36.7	36.7
Special Revenue Fund										
Cablesystem PEG										
Cablesystem PEG	1	1	0	1.5	1.5	1.5	1.5	3.05	3.5	3.5
Civic and Conference Center										
Civic and Conference Center	15	16	15	14	14	14	14	14	14	14
Community Development										
Block Grant	4	4	4	4	4	5	5	2	2	2
Home Program	1	1	1	1	1	1	1	1	1	1
Total Special Revenue Fund	21	22	20	20.5	20.5	21.5	21.5	20.05	20.5	20.5
Capital Improvement										
Bond Construction										
Bond Construction	5	5	0	0	0	1	1	1	1	1
Pass Thru Finance Construction										
Pass Thru Finance Construction	0	0	0	0	0	0	0	5	5	7
Total Capital Improvement Fund	5	5	0	0	0	1	1	6	6	8
Total all funds	831	871	935	1047	1134	1200	1210.45	1223	1241	1271

**CITY OF KILLEEN, TEXAS
WATERWORKS SYSTEM
SEPTEMBER 30, 2013**

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

Fiscal Year	Peak Day Usage	Average Day Usage	Total Usage
2004	16.75	11.07	4069
2005	21.17	11.48	4194
2006	22.31	12.99	4747
2007	18.72	11.99	4378
2008	23.37	14.47	5299
2009	26.28	14.93	5460
2010	25.74	14.64	5350
2011	24.96	15.25	5566
2012	25.82	15.16	5553
2013	25.12	15.06	5497

TEN LARGEST WATER CUSTOMERS (IN THOUSANDS OF GALLONS)

Customer	Annual Water Usage	Annual Amount Billed	% of Total Water Usage
City of Killeen - Golf IRR	169,540,900	\$101,724.54	3.66384%
Independence Place at Fort Hood	23,343,000	75,417.99	0.50445%
Metroplex Hospital	21,236,200	76,872.71	0.45892%
Premier Cemetery Service Inc	15,787,900	45,942.78	0.34118%
KISD - Ellison High School SPR	12,009,400	38,217.79	0.25953%
Stone Hill Apartments	11,017,400	33,225.12	0.23809%
Texas A&M University - Central Texas	10,941,900	35,357.47	0.23646%
Ratliff Ready Mix LP	10,191,400	32,563.84	0.22024%
TGFT Enterprise Inc DBA Zip	9,817,300	30,891.09	0.21216%
City of Killeen - Parks	9,730,200	30,906.53	0.21027%

Note: Percent of total consumption based on 4,627,404,948 gallons annual consumption.

MONTHLY WATER RATES

The following rates apply to all classes of users inside the city limits.
0 to 2,000 gallons based on meter size:

	<u>Residential and Multi-Family</u>	<u>Commercial</u>
5/8" and 3/4"	\$ 12.03	\$ 12.46
1"	13.32	13.83
1-1/2"	16.54	17.17
2"	20.41	21.19
3"	29.45	30.59
4"	42.38	44.04
6"	75.61	78.60
8"	113.36	117.98
10"	158.56	164.86
<u>Residential</u>		<u>Commercial</u>
2,001 - 25,000 gals	\$3.00/1,000	All over 2,000 gals \$3.11/1,000
Over 25,000 gals	\$3.58/1,000	All over 2,000 gals \$3.00/1,000 Multi-Family & MHP

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

TEN LARGEST WASTEWATER CUSTOMERS (MGD)

<u>Customer</u>	<u>Annual Water Usage</u>	<u>Annual Amount Billed</u>
CTC	36,278,430	\$133,950.13
Metroplex Hospital	19,410,870	75,011.65
Independence Place at Fort Hood	13,420,080	56,014.58
TGFT Enterprise Inc DBA Zip	8,839,170	32,706.76
Goode Goodnight	8,217,990	30,414.64
West River Oaks LTD	7,654,440	27,594.75
Blessing Stonegate MHP	7,039,400	44,602.23
Southern Hills MHP	7,006,800	40,847.74
Summerfield Community	6,935,800	38,902.70
Elm Grove Mobile Home	6,713,500	37,463.41

**CITY OF KILLEEN, TEXAS
MISCELLANEOUS STATISTICS
SEPTEMBER 30, 2013**

Date of Incorporation 1882
Date of Charter 1949
Legal Form of Government: Home Rule Municipal Corp.
Management Form of Government: Council - Manager
Area in Square Miles 55.56

Airport

Number of Airports 2
Number of Acres 289
Number of Airlines 3
Passengers Enplaning 175,353
Passengers Deplaning 174,961

Fire Protection

Number of Fire Stations 8
Fire Apparatus 23
Number of Fire Hydrants 5000+
Number of Firefighters 194
Number of Fire Runs 8,426
Number of Paramedic Runs 15,806
EMS Units 14

Libraries

Number of Libraries 2
Number of Visitors 271,495
Number of Volumes 128,791
Circulation of Volumes 262,835
Library Cards in Force 54,144
Story Time Attendance 9,425
Public Computer Sessions 100,560

Parks and Recreation

Number of Parks 21
Playgrounds 22
Municipal Golf Courses 1
Disc Golf Course 1
Swimming Pools 2
Tennis Courts 9
Recreation Centers 1
Baseball/Softball Fields 15
Soccer Fields 6
Jogging/Walking Trails 7
Senior Center 2
Aquatics Center 1

Police Protection

Number of Facilities 5
Number of Commissioned
Police Officers 256
Number of Employees-Other 87

Public Works

Paved Streets 539 miles
Unpaved Streets 1 mile
Arterial Streets (State) 38.9 miles
Storm Water Piping 150,000 linear ft
Inlets and Outfalls 3,173 structures
Curb and Gutter 878 miles
Open Channels 312 miles
Signalized Intersections 88

Wastewater Systems

Sanitary Sewer Mains 535 miles
Sewer Connections 52,636
Number of Manholes 7,230
Sewer Treatment Plant is Activated Sludge

	<u>38th St. Plant</u>	<u>South Plant</u>
Average Permitted Capacity	18 MGD	6 MGD

Water System

Average Daily Consumption 16,256,458 gpd
Rated Daily Capacity 32,000,000 gpd
Water Mains 618 miles
Water Connections 54,935
Storage Capacity 41 mg

Facilities not included in the Reporting Entity:

Education*

Number of Elementary Schools 32
Number of Middle Schools 12
Number of High Schools 9

Number of Universities/Colleges 2

* Schools include all campuses in the Killeen Independent School District.



Fiscal Year Ended
September 30, 2013
**Comprehensive Annual
Financial Report**

www.killeentexas.gov