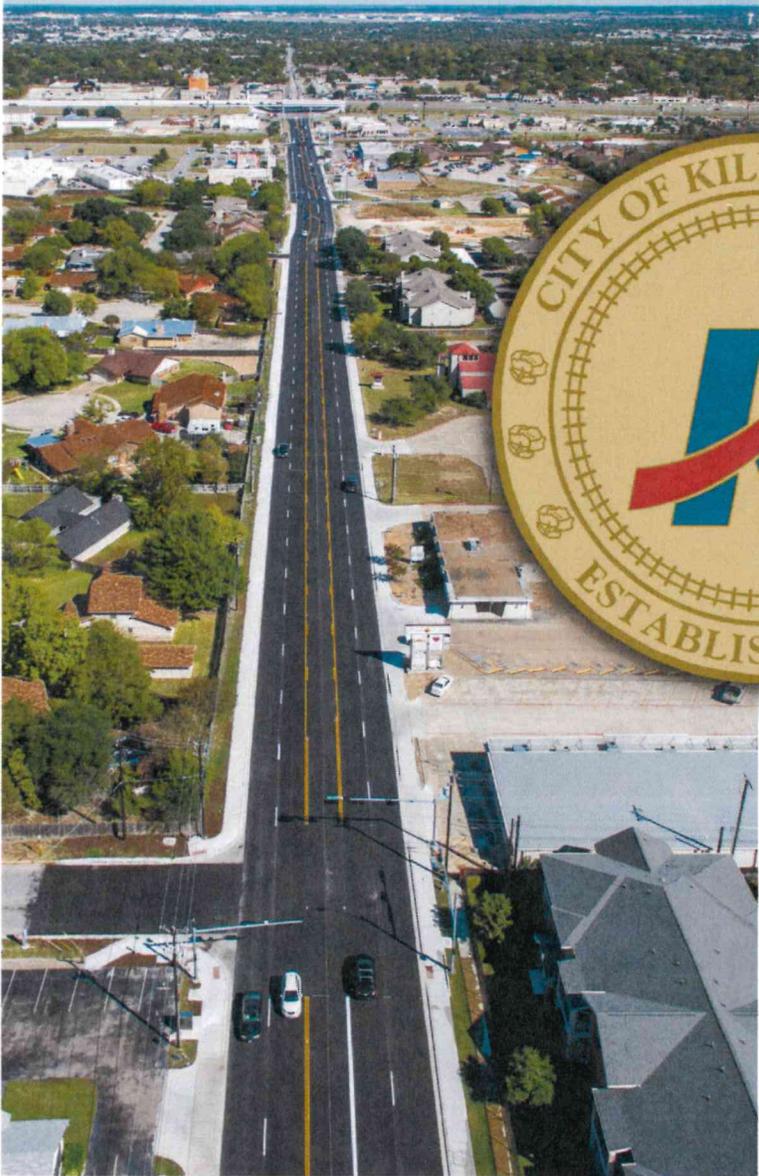


# FISCAL YEAR 2018



## Comprehensive Annual Financial Report

Fiscal Year Ended  
September 30, 2018

**City of Killeen, Texas**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
September 30, 2018**

Prepared by:

Finance Department

Jonathan Locke, CPA, CGFO  
Executive Director of Finance

Judith Tangalin, CPA, CGFO  
Controller



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March 29, 2019

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

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2018.

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

Belt Harris Pechacek, LLLP, a firm of licensed independent certified public accountants, has issued an unmodified (“clean”) opinion on the City financial statements for the year ended September 30, 2018. The independent auditors’ report is located at the front of the financial section of this report.

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

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

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

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

The City was founded on May 15, 1882 by the Santa Fe Railroad and named in honor of a civil employee of the railroad, Frank P. Killeen. In 1884, the City had a population of 350 and consisted of a post office, a cotton gin, and two grain mills. The 1941 population of 1,265 rose to 7,100 in 1950, due primarily to the activation of Fort Hood, a military base on the City’s northern border, which began functioning in 1943 and was designated a permanent military installation in 1950. The City was incorporated as a municipality on March 3, 1949. The City has since experienced a population boom and is now the most populated city in Bell County with an estimated population of 145,935.

Killeen is situated along Interstate 14 that intersects Interstate 35 approximately 17 miles east of the City and U.S. Highways 281 and 183 approximately 30 miles to the west of the City. Waco, Texas is located 65 miles to the north and Austin is 70 miles to the south of the City, which encompasses an area of 55.868 square miles. Two large lakes, Lake Belton and Lake Stillhouse Hollow, are located near the City. These lakes offer excellent fishing, camping, and water sports with 168 miles of shoreline.

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

In 2017, Killeen was named a Tree City USA by the Arbor Day Foundation for the eleventh consecutive year, recognizing the City's commitment to effective urban forest management. The Tree City USA program is sponsored by the Arbor Day Foundation, in partnership with the U.S. Forest Service and the National Association of State Foresters.

The City of Killeen has also been named a Playful City USA for nine consecutive years. This national designation is awarded by KaBOOM!, a non-profit dedicated to bringing play into the lives of children. KaBOOM! considers a number of factors in selecting communities for the honor of Playful City USA. Killeen's efforts to increase the quantity and quality of playgrounds, parks acreage per capita, and youth served earned its place on the list of just 258 cities in the country. This program took a break in 2018, so no designation was received.

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

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

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

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

## ***Local Economy***

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

- ***Military***

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

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

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

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

The Association of Defense Communities announced that Fort Hood – Central Texas Region, which includes Killeen, was named a 2017 Great American Defense Community. This honor is bestowed on communities that provide unwavering support to service members and military families.

- ***Education***

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

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

40 areas of study and CTC offers wide educational and training opportunities for those students who do not select a degree or certificate program.

- *Hospitals and Health Centers*

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

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

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

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

- *Housing Starts and Construction Permits*

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

- *ISO Rating*

In March 2015, the City of Killeen received a Class 1 Insurance Services Office (ISO) rating. This superior rating has only been achieved by 0.1% of communities within the United States and 26 Texas cities and results in lower fire insurance premiums within the City.

- *Rankings*

In January 2017, Wallethub.com ranked Killeen 4<sup>th</sup> Most Recession-Recovered Midsize City. The Bureau of Labor Statistics also ranked Killeen 10<sup>th</sup> nationally in Construction Job Growth.

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

In 2018, Killeen was ranked among the “125 Best Places to Live in the USA” by U.S. News and World Report. The study used different factors such as quality of life, job market and the value of living in each of the metropolitan areas. The U.S. News list cited Killeen's lower cost of living,

commute times lower than the national average, diverse population and access to major Texas metropolitan areas as part of the city's ranking. Killeen was also ranked among "The Best Places for Business and Careers" in 2018 by Forbes.

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

- *Public Safety*

The Killeen Fire Department received the 2017 Mission: Lifeline EMS Gold Award based on its level of emergency care including response time to scenes, transport time to hospitals, treatment of severe heart episodes, and equipment and skill administered by personnel.

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

- *Debt Administration*

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

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

- *Financial Governance Policies*

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

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

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

### ***Major initiatives***

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

### ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Killeen for its comprehensive annual financial report for the fiscal year ended September 30, 2017. This was the 27<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

The City of Killeen also received the GFOA's Distinguished Budget Presentation Award for the fiscal year ended September 30, 2017. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



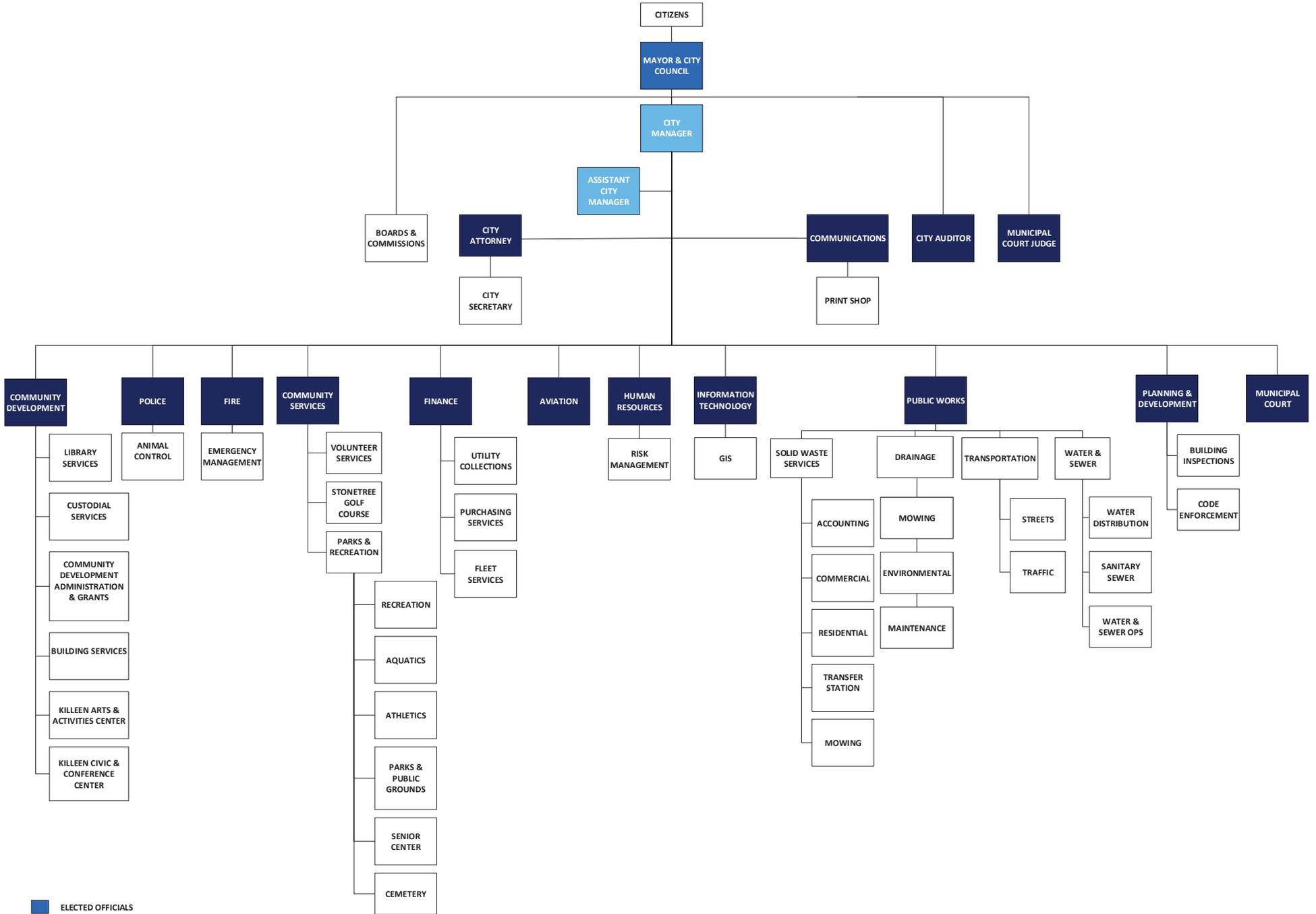
Jonathan Locke, CPA  
Executive Director of Finance



Judith Tangalin, CPA  
Controller



# CITY OF KILLEEN: ORGANIZATIONAL CHART



- ELECTED OFFICIALS
- CITY MANAGEMENT
- DEPARTMENT LEVEL

**City of Killeen, Texas**  
**List of Elected and Appointed Officials**  
**September 30, 2018**

**Elected Officials**

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

**Appointed Officials**

City Manager	Ronald L. Olson
Assistant City Manager	Dennis Baldwin
City Attorney	Kathryn Davis
City Auditor	Matthew Grady, CPA
Chief of Police	Charles Kimble
Fire Chief	Brian Brank
Presiding Municipal Judge	Mark Kimball
Executive Director of Aviation	Matthew Van Valkenburgh
Executive Director of Communications	Hilary Shine
Executive Director of Community Development	Leslie Hinkle
Executive Director of Community Services	Brett Williams
Executive Director of Finance	Jonathan Locke, CPA
Executive Director of Human Resources	Eva Bark
Executive Director of Information Technology	Tom Moore
Executive Director of Municipal Court	Luevada Posey
Executive Director of Planning	Ray Shanaa, Ph.D.
Executive Director of Public Works	David Olson, P.E.



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, 2017**

*Christopher P. Morill*

Executive Director/CEO





## ***INDEPENDENT AUDITORS' REPORT***

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Killeen Economic Development Corporation (KEDC), the City's discretely presented component unit, which reflects total assets of \$10,728,638 as of September 30, 2018 and total revenues of \$1,226,636 for the year then ended. Those financial statements were audited by other auditors, whose report has been furnished to us and, our opinion, insofar as it relates to the amounts included for KEDC, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, 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.

## **Emphasis of Matter**

### *Change in Accounting Principle*

In 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
March 29, 2019



**City of Killeen, Texas**  
**Management's Discussion and Analysis**  
**September 30, 2018**

As management of the City of Killeen, we offer readers of the City of Killeen's (the "City") financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 7-13 of this report.

**Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$269.2 million (*net position*). Of this amount, unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors, was a deficit \$8.5 million.
- The City's total net position increased by \$22.4 million. This increase is mainly due to \$13.7 million in grants and contributions from third parties, \$8.5 million increase in charges for services, and \$0.8 million increase on sales taxes.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$41.1 million, an increase of \$6.0 million in comparison with the prior year. 52.7% of this amount or \$21.6 million is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$21.6 million, or 28.1% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$13.7 million during the current fiscal year.

**Overview of the Financial Statements**

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

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

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

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

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

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2018**

recreation, and maintenance. The business-type activities of the City include aviation and solid waste, water and sewer, and drainage utilities.

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

The government-wide financial statements can be found on pages 33-34 of this report.

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

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

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

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

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

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

**Proprietary Funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the operations of the airport and its solid waste, water and sewer,

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2018**

and drainage utility activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for activities that provide services to other funds on a cost reimbursement basis. Because this service predominantly benefits governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements.

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

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

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

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

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44-95 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to qualifying employees and general fund budget and actual schedule of revenues, expenditures and changes in fund balance. Required supplementary information can be found on pages 97-102 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 105-143 of this report.

### **Government-Wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$269.2 million at the close of the most recent fiscal year.

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2018**

**Net Position**

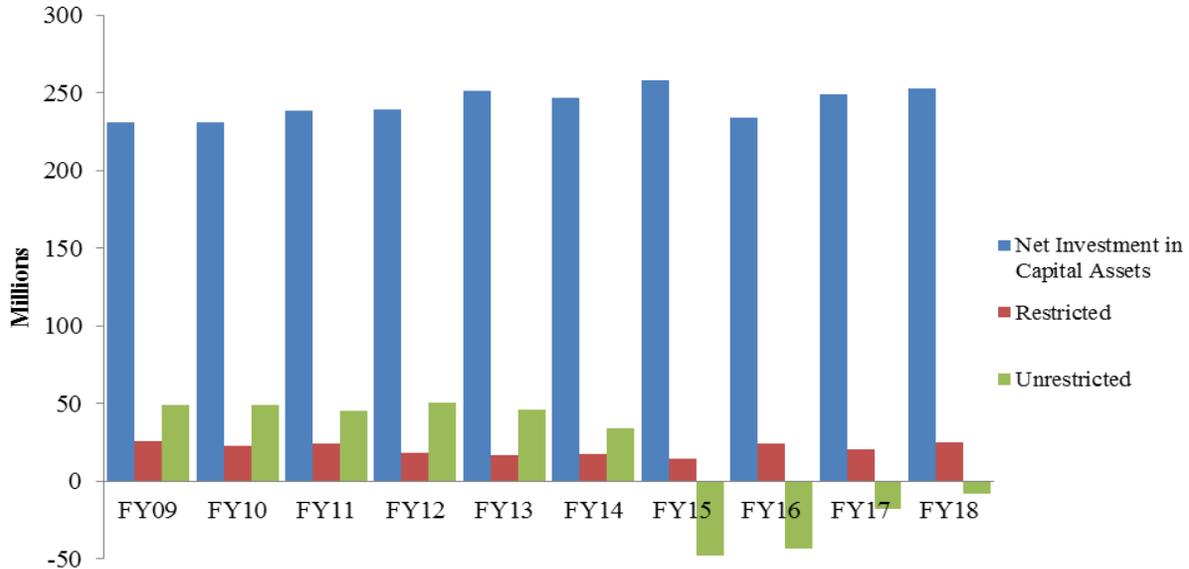
*(in millions of dollars)*

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Activities</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>						
Current and other assets	\$ 54.2	\$ 43.2	\$ 46.8	\$ 45.4	\$ 101.1	88.6
Capital assets	231.4	239.3	246.6	248.9	478.0	488.2
Total assets	<u>285.6</u>	<u>282.5</u>	<u>293.4</u>	<u>294.3</u>	<u>579.1</u>	<u>576.8</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	11.9	10.1	2.3	2.7	14.1	12.8
Deferred outflows - pensions	4.7	12.2	0.6	0.8	5.3	13.0
Deferred outflows - OPEB	0.2	-	0.1	1.1	0.3	1.1
Total deferred outflows of resources	<u>16.8</u>	<u>22.3</u>	<u>3.0</u>	<u>4.7</u>	<u>19.7</u>	<u>26.9</u>
<b>LIABILITIES</b>						
Current liabilities	7.7	7.8	6.4	6.5	14.1	14.3
Noncurrent liabilities	244.0	267.9	59.6	69.1	303.6	337.0
Total liabilities	<u>251.7</u>	<u>275.7</u>	<u>66.0</u>	<u>75.6</u>	<u>317.7</u>	<u>351.3</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows - pensions	8.4	5.0	2.0	0.6	10.4	5.6
Deferred inflows - OPEB	1.2	-	0.3	-	1.5	-
Total deferred inflows of resources	<u>9.6</u>	<u>5.0</u>	<u>2.3</u>	<u>0.6</u>	<u>11.9</u>	<u>5.6</u>
<b>NET POSITION</b>						
Net investment in capital assets	52.5	50.2	200.4	201.1	252.9	251.2
Restricted	17.7	12.7	7.1	8.2	24.8	20.9
Unrestricted	(29.1)	(38.8)	20.6	13.5	(8.5)	(25.3)
Total net position	<u>\$ 41.1</u>	<u>\$ 24.2</u>	<u>\$ 228.1</u>	<u>\$ 222.8</u>	<u>\$ 269.2</u>	<u>\$ 246.9</u>

By far, the largest portion of the City's net position, \$252.8 million, reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, equipment, and systems), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Killeen, Texas**  
**Management’s Discussion and Analysis (Continued)**  
**September 30, 2018**

**Net Position**  
**Government-Wide<sup>(1)</sup>**



(1) Information has not been restated for GASB68 and 75 implemented in 2015 and 2018, respectively.

An additional portion of the City’s net position, \$24.8 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, a negative \$8.5 million, may be used to meet the City’s ongoing obligations to citizens and creditors. This negative unrestricted net position is a direct result of the implementation of GASB 68 in fiscal year 2015 and GASB 75 in 2018, through which the City is required to record a net pension and OPEB liability in the government-wide financial statements. See Note IV.G and H for more detail.

The City’s overall net position increased by \$22.4 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$17.0 million from the prior fiscal year for an ending balance of \$41.1 million. Key elements of this increase are as follows:

- Charges for services totaled \$22.1 million, an increase of \$8.2 million from the prior year.
- Governmental activities received contributions of \$8.7 million from grant agencies.
- Sales taxes increased by \$0.8 million.

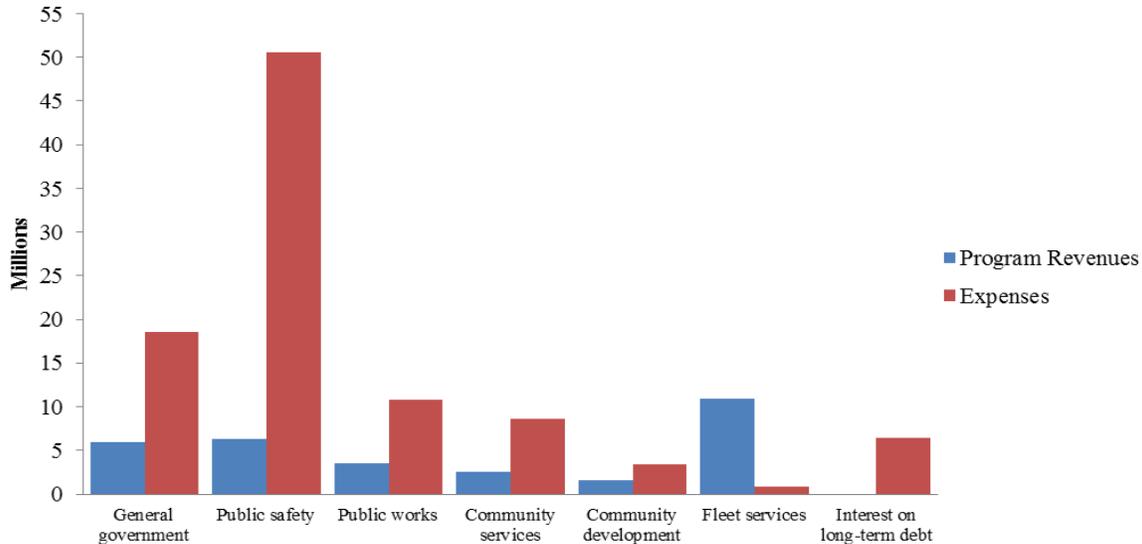
**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2018**

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Activities</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 22.10	\$ 13.85	\$ 66.28	\$ 65.81	\$ 88.38	\$ 79.66
Operating grants and contributions	5.07	6.93	-	-	5.07	6.93
Capital grants and contributions	3.66	3.72	4.40	6.28	8.06	10.00
<i>General revenues:</i>						
Property taxes	42.80	39.84	-	-	42.80	39.84
Franchise taxes	5.94	5.50	-	-	5.94	5.50
Sales taxes	25.87	24.76	-	-	25.87	24.76
Interest and investment income	0.78	0.38	0.56	0.28	1.34	0.66
Insurance proceeds	0.14	0.30	0.08	0.01	0.22	0.31
Gain on sale of capital assets	0.25	-	0.12	0.19	0.37	0.19
Lease revenue	-	0.35	0.10	0.06	0.10	0.41
Total revenues	<u>106.61</u>	<u>95.63</u>	<u>71.54</u>	<u>72.63</u>	<u>178.15</u>	<u>168.26</u>
Expenses						
General	18.53	7.64	-	-	18.53	7.64
Public safety	50.53	47.15	-	-	50.53	47.15
Public works	10.75	7.14	-	-	10.75	7.14
Community services	8.62	9.47	-	-	8.62	9.47
Community development	3.43	3.20	-	-	3.43	3.20
Fleet services	1.09	1.17	-	-	1.09	1.17
Interest on long-term debt	6.47	7.74	-	-	6.47	7.74
Airport operations	-	-	6.54	5.83	6.54	5.83
Solid waste	-	-	14.51	11.07	14.51	11.07
Water and sewer	-	-	32.11	27.18	32.11	27.18
Drainage utility	-	-	3.17	2.40	3.17	2.40
Total expenses	<u>99.42</u>	<u>83.50</u>	<u>56.33</u>	<u>46.48</u>	<u>155.75</u>	<u>129.99</u>
Change in net position before transfers	7.19	12.13	15.21	26.15	22.40	38.27
Transfers	9.81	9.90	(9.81)	(9.90)	-	-
Change in net position	<u>17.00</u>	<u>22.03</u>	<u>5.40</u>	<u>16.25</u>	<u>22.40</u>	<u>38.27</u>
Net position at beginning of year	27.46	3.57	225.01	208.76	252.47	212.33
Prior period adjustment	(3.35)	1.86	(2.28)	-	(5.63)	-
Net position at end of year	<u>\$ 41.11</u>	<u>\$ 27.46</u>	<u>\$ 228.13</u>	<u>\$ 225.01</u>	<u>\$ 269.24</u>	<u>\$ 212.33</u>

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2018**

**Expenses and Program Revenues**  
**Governmental Activities**



**Business-type activities.** Business-type activities increased the City's net position by \$5.4 million. Key elements of this increase are as follows:

- Charges for business-type activities totaled \$66.3 million, an increase of \$0.5 million from the prior year.
- The aviation, water and sewer, and drainage utilities received capital contributions of \$4.4 million from developers and grant agencies.
- Investment earnings amounted to \$0.6 million.

**Financial Analysis of the City's Funds**

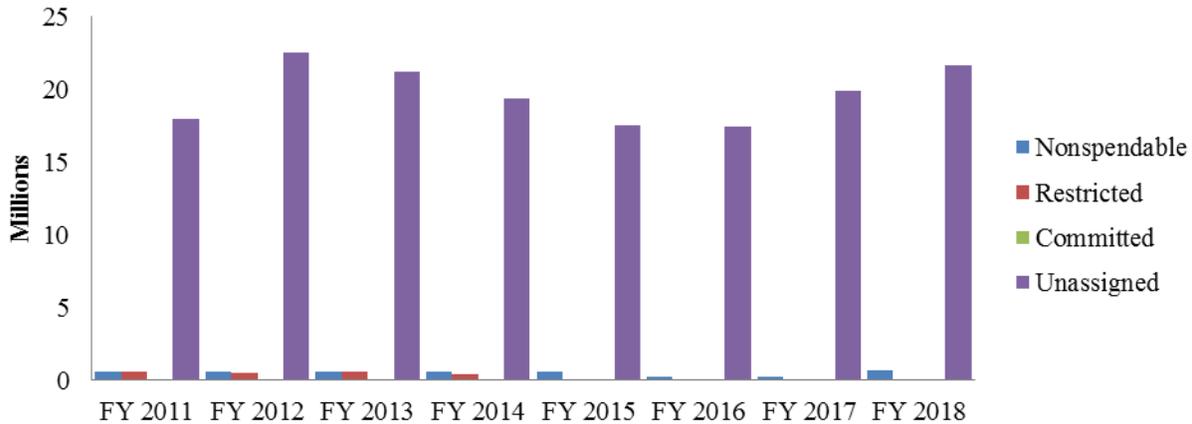
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$41.1 million, an increase of \$6.0 million in comparison with the prior year. Approximately \$21.6 million (52.65%) of this amount constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is either *nonspendable* or *restricted* to indicate that it is 1) not in spendable form (0.7 million) or 2) restricted for particular purposes (\$18.7 million).

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2018**

## Components of Fund Balance General Fund



The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$21.6 million, while the total fund balance increased to \$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 general fund expenditures. Unassigned fund balance represents 28.1 percent of total general fund expenditures, while total fund balance represents 29.0 percent of that same amount.

The fund balance of the City's general fund increased by \$1.0 million during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to grants and contributions from grant agencies.

The debt service fund, the remaining major governmental fund, had an increase in fund balance during the current year of \$1.1 million to bring the year end fund balance to \$5.2 million. Key elements of this increase are as follows:

- The TxDOT reimbursement for the pass-through financing program was \$0.4 million more than anticipated.
- The city refunding bond resulted in a saving of \$0.4 million.

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

Unrestricted net position of the airport, solid waste, water and sewer, and drainage funds at the end of the year amounted to \$1.0 million, \$5.0 million, \$10.4 million, and \$4.2 million, respectively. The combined growth in net position for all funds was \$5.4 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2018**

**General Fund Budgetary Highlights**

**Original Budget Compared to Final Budget.** Differences between the original budget and the final amended budget amounted to a \$1.2 million increase in appropriations, and can be briefly summarized as follows:

- The Public Works Department's budget increased by \$0.5 million to cover estimated legal expenses due to potential litigation.
- Streets operation equipment sold following a three-year buyback program proceeds of \$0.3 million, were used to purchase new equipment.

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

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Intergovernmental revenue	\$ 3,957,645	\$ 3,429,865	\$ (527,780)
Charges for services	6,801,633	5,944,911	(856,722)
Taxes	57,154,481	57,848,227	693,746

The shortfall in intergovernmental revenue was primarily caused by public safety grant revenue being lower than expected. Charges for services is the classification used to report ambulance, animal control, Golf, and parks and recreation revenue came in lower than expected. Sales taxes increased by \$0.8 million.

A review of actual expenditures compared to appropriations in the final budget yields no significant variances with one exception. Actual expenditures for the police department within the public safety function (\$26.8 million) were lower than the related appropriation of \$28.7 million by approximately \$2.0 million. This savings was a result of personnel vacancies throughout the year.

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018 amount to \$478.0 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure. The total decrease in capital assets for the current fiscal year was \$8.1 million.

**Capital Assets**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 7.57	\$ 7.57	\$ 1.81	\$ 1.81	\$ 9.38	\$ 9.38
Construction in progress	34.18	59.97	1.56	10.84	35.74	70.81
Buildings	59.86	64.13	64.78	66.98	124.64	131.11
Improvements other than buildings	-	-	151.96	151.36	151.96	151.36
Furniture and equipment	3.66	2.53	0.97	0.82	4.63	3.35
Vehicles	4.53	6.16	3.09	4.40	7.62	10.56
Infrastructure assets	121.52	96.81	22.52	12.71	144.04	109.52
Total	<u>\$ 231.32</u>	<u>\$ 237.17</u>	<u>\$ 246.69</u>	<u>\$ 248.92</u>	<u>\$ 478.01</u>	<u>\$ 486.09</u>

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2018**

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

- \$3.8 million of water, sewer, and drainage infrastructure was contributed to the City by developers.
- Various projects related to streets and sidewalks at a cost of \$3.6 million.
- The purchase of various vehicles at a cost of \$0.5 million.

Additional information on the City's capital assets can be found in Note IV.E on pages 62-67 of this report.

**Long-term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$246.5 million. Of this amount, \$182.6 million is debt backed by the full faith and credit of the City and \$41.2 million in revenue bonds of the City's business enterprises.

	<b>Outstanding Debt</b>					
	<i>(in millions of dollars)</i>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Activities</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue bonds	\$ -	\$ -	\$ 41.2	\$ 45.5	\$ 41.2	\$ 45.5
General obligation bonds	142.8	119.1	9.9	10.6	152.7	129.7
Certificates of obligation	29.8	63.5	0.1	0.2	29.9	63.7
Plus unamortized bond premiums/discounts	18.5	16.7	4.2	4.6	22.7	21.3
<b>Total outstanding debt</b>	<u>\$ 191.1</u>	<u>\$ 199.3</u>	<u>\$ 55.4</u>	<u>\$ 60.9</u>	<u>\$ 246.5</u>	<u>\$ 260.2</u>

The City's total debt decreased by \$13.7 million during the current fiscal year. The decrease is the result of the scheduled debt service payments.

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

**City of Killeen Bonded Debt Ratings**  
**September 30, 2018**

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

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

**City of Killeen, Texas**  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2018**

\$1.50 of the \$2.50 maximum rate for all general obligation debt service calculated at the time of issuance based on 90% tax collections. The current debt limitation for the City is \$86.3 million, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note IV.L on pages 88-92 of this report.

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

The following economic factors and priorities were considered in developing the 2019 fiscal year budget:

- In fiscal year 2019, the total exempted value attributable to the disable veteran's exemption is \$706.9 million, which will equate to loss of \$5.3 million of revenue.
- Compensation equity adjustment for all city employees of 2.6% to bring employees to close to market.
- Establish departmental mission statements and mission elements that align with the City's mission.
- Provide the framework the City will follow in providing for the delivery of services, facilities, and infrastructure to the citizens of Killeen.
- Address the City's strategic issues to the extent resources are available: 1) balance the budget, 2) compensation equity, 3) retirement funding methodology, 4) street maintenance, 5) building maintenance.
- Focus on long-range financial planning to ensure the financial health and sustainability of Killeen.

The City Council has stipulated that the general fund maintains 22 percent of expenditures as a minimum of unassigned reserves, which currently equates to \$16.9 million. At the end of fiscal year 2018, unassigned fund balance in the general fund is \$21.6 million. It is intended that the available fund balance beyond the minimum be used for capital improvement and projects, and not for financing of ongoing operational costs. For fiscal year 2019, fund balance in all budgeted funds is projected to remain at adequate levels to provide for unexpected decreases in revenues plus extraordinary unbudgeted expenditures.

**Requests for Information**

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

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



**City of Killeen, Texas**  
**Statement of Net Position**  
**September 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Killeen Economic Development Corp.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 43,128,852	\$ 25,281,056	\$ 68,409,908	\$ 5,915,660
Receivables (net of allowances for uncollectibles):				
Taxes	6,823,359	-	6,823,359	-
Accounts	1,155,118	8,208,266	9,363,384	-
Intergovernmental receivable	2,068,542	16,965	2,085,507	-
Inventories	437,477	332,852	770,329	-
Prepaid assets	557,022	95,916	652,938	-
Restricted assets:				
Cash and cash equivalents	-	12,819,939	12,819,939	-
Capital assets:				
Nondepreciable	41,748,322	3,368,453	45,116,775	2,216,377
Depreciable (net)	189,690,136	243,312,737	433,002,873	2,596,601
Total assets	<u>285,608,828</u>	<u>293,436,184</u>	<u>579,045,012</u>	<u>10,728,638</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	11,911,234	2,327,411	14,238,645	-
Deferred outflows - pensions	4,673,162	685,514	5,358,676	-
Deferred outflows - OPEB	152,518	44,216	196,734	-
Total deferred outflows of resources	<u>16,736,914</u>	<u>3,057,141</u>	<u>19,794,055</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	3,841,109	2,500,598	6,341,707	-
Due to other governments	-	114,274	114,274	-
Deposits payable	111,557	2,903,157	3,014,714	-
Unearned revenue	113,796	169,483	283,279	-
Accrued salaries payable	2,372,278	479,711	2,851,989	-
Accrued interest payable	1,240,037	286,677	1,526,714	-
Noncurrent liabilities:				
Due within one year	12,946,928	5,807,831	18,754,759	-
Due in more than one year	231,016,319	53,754,178	284,770,497	1,099,582
Total liabilities	<u>251,642,024</u>	<u>66,015,909</u>	<u>317,657,933</u>	<u>1,099,582</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pensions	8,375,111	2,056,819	10,431,930	-
Deferred inflows - OPEB	1,216,083	289,543	1,505,626	-
Total deferred inflows of resources	<u>9,591,194</u>	<u>2,346,362</u>	<u>11,937,556</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	52,468,959	200,358,419	252,827,378	3,713,396
Restricted for:				
Debt service	4,494,021	5,384,661	9,878,682	-
Capital projects	9,628,364	1,796,524	11,424,888	-
Other purposes (see combining statements for detail)	3,621,300	-	3,621,300	-
Economic development	-	-	-	5,915,660
Unrestricted	(29,100,120)	20,591,450	(8,508,670)	-
Total net position	<u>\$ 41,112,524</u>	<u>\$ 228,131,054</u>	<u>\$ 269,243,579</u>	<u>\$ 9,629,056</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, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Killeen Economic Development Corp.
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business - Type Activities		
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 18,532,927	\$ 4,629,114	\$ 1,362,319	\$ -	\$ (12,541,494)	\$ -	\$ (12,541,494)	\$ -
Public safety	50,531,932	3,661,289	2,601,446	-	(44,269,197)	-	(44,269,197)	-
Public works	10,746,654	-	24,070	3,523,797	(7,198,787)	-	(7,198,787)	-
Community services	8,624,123	2,230,770	169,611	131,330	(6,092,412)	-	(6,092,412)	-
Community development	3,432,423	636,451	908,850	-	(1,887,122)	-	(1,887,122)	-
Fleet services	1,078,970	10,941,422	93	-	9,862,545	-	9,862,545	-
Interest on long-term debt	6,466,577	-	-	-	(6,466,576)	-	(6,466,576)	-
Total governmental activities	99,413,606	22,099,046	5,066,389	3,655,127	(68,593,044)	-	(68,593,044)	-
Business-type activities:								
Airport operations	6,536,318	3,644,898	-	579,684	-	(2,311,736)	(2,311,736)	-
Solid waste	14,513,999	18,388,088	-	4,562	-	3,878,651	3,878,651	-
Water and sewer	32,112,444	40,089,479	-	2,740,560	-	10,717,595	10,717,595	-
Drainage utility	3,170,071	4,157,847	-	1,078,752	-	2,066,528	2,066,528	-
Total business-type activities	56,332,832	66,280,312	-	4,403,558	-	14,351,038	14,351,038	-
Total primary government	\$ 155,746,438	\$ 88,379,358	\$ 5,066,389	\$ 8,058,685	(68,593,044)	14,351,038	(54,242,006)	-
<b>Component Unit:</b>								
Killeen Economic Development Corp.	\$ 1,171,116	\$ 724,578	\$ 386,354	\$ -				(60,184)

General revenues:				
Taxes:				
Ad valorem taxes	42,796,449	-	42,796,449	-
Franchise taxes	5,937,598	-	5,937,598	-
Sales and occupancy taxes	25,869,644	-	25,869,644	-
Investment income	782,209	556,044	1,338,254	77,466
Insurance proceeds	138,552	82,381	220,933	16,117
Gain on disposition of capital assets	252,468	117,013	369,481	22,121
Lease revenue	-	102,000	102,000	-
Transfers	9,813,125	(9,813,125)	-	-
Total general revenues and transfers	85,590,045	(8,955,687)	76,634,359	115,704
Change in net position	16,997,001	5,395,351	22,392,352	55,520
Net position - beginning	27,464,806	225,014,905	252,479,711	9,726,938
Prior period adjustment	(3,349,283)	(2,279,202)	(5,628,485)	(153,402)
Net position - ending	\$ 41,112,524	\$ 228,131,054	\$ 269,243,578	\$ 9,629,056

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

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

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,836,840	\$ 4,143,838	\$ 13,680,867	\$ 37,661,545
Receivables (net of allowances for uncollectibles):				
Taxes	6,395,395	237,108	190,856	6,823,359
Accounts	1,145,598	-	9,520	1,155,118
Intergovernmental receivable	50,011	1,007,500	1,011,031	2,068,542
Due from other funds	66,397	-	-	66,397
Inventories	154,011	-	6,408	160,419
Prepaid assets	534,217	-	7,274	541,491
Total assets	<u>\$ 28,182,469</u>	<u>\$ 5,388,446</u>	<u>\$ 14,905,956</u>	<u>\$ 48,476,871</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,391,560	\$ 504	\$ 1,151,439	\$ 3,543,503
Due to other governments	-	-	-	-
Due to other funds	-	-	66,397	66,397
Other liabilities	111,557	-	-	111,557
Accrued salaries payable	2,226,202	-	38,267	2,264,469
Unearned revenue	68,942	-	44,854	113,796
Total liabilities	<u>4,798,261</u>	<u>504</u>	<u>1,300,957</u>	<u>6,099,722</u>
Deferred inflows of resources:				
Unavailable revenue	1,069,190	237,108	-	1,306,298
Total deferred inflows of resources	<u>1,069,190</u>	<u>237,108</u>	<u>-</u>	<u>1,306,298</u>
Fund Balances:				
Nonspendable:				
Inventories	154,011	-	6,408	160,419
Prepaid assets	534,217	-	7,274	541,491
Restricted for:				
Debt service	-	5,150,834	346,116	5,496,950
Capital projects	-	-	9,628,364	9,628,364
Other purposes (see combining statements for detail)	-	-	3,621,300	3,621,300
Unassigned	21,626,790	-	(4,463)	21,622,327
Total fund balances	<u>22,315,018</u>	<u>5,150,834</u>	<u>13,604,999</u>	<u>41,070,851</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,182,469</u>	<u>\$ 5,388,446</u>	<u>\$ 14,905,956</u>	<u>\$ 48,476,871</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, 2018**

<b>Total fund balances - governmental funds balance sheet</b>		\$ 41,070,851
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets (net of accumulated depreciation) used in governmental funds are not financial resources and, therefore, are not reported in the funds.		228,385,422
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(192,931,901)
Vacation, sick leave, and compensatory time payable is not due and payable in the current period and, therefore, is not reported in the funds.		(11,814,631)
The other post employment benefit obligation (OPEB) is not due and payable in the current period and, therefore, is not reported in the funds.		(8,481,351)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.		(30,905,530)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred inflows - pension	(8,204,610)	
Deferred inflows - OPEB	(1,216,083)	(9,420,693)
Deferred outflows of resources are not reported in the governmental funds:		
Deferred charges on debt refundings	\$ 11,911,234	
Deferred outflows - pension	4,607,084	
Deferred outflows - OPEB	148,256	16,666,574
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,306,298
Internal service funds are used by management to charge costs of fleet services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the government-wide statement of net position.		7,237,486
<b>Net position of governmental activities - statement of net position</b>		<b>\$ 41,112,524</b>

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

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

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 57,848,227	14,563,970	\$ 2,093,180	\$ 74,505,377
Licenses and permits	1,218,182	-	-	1,218,182
Intergovernmental	3,429,865	2,086,709	2,592,012	8,108,586
Charges for services	5,944,911	-	730,777	6,675,688
Fines	2,717,748	-	345,064	3,062,812
Investment earnings	396,799	168,891	164,819	730,509
Contributions	46,646	-	436,736	483,382
Miscellaneous	129,044	-	206,683	335,727
Total revenues	<u>71,731,422</u>	<u>16,819,570</u>	<u>6,569,271</u>	<u>95,120,263</u>
<b>EXPENDITURES</b>				
Current:				
General government	13,367,869	-	19,865	13,387,734
Public safety	50,221,075	-	395,557	50,616,632
Public works	4,065,619	-	10,300	4,075,919
Community services	4,886,675	-	2,710,118	7,596,793
Community development	3,186,783	-	-	3,186,783
Capital outlay	961,442	-	3,363,876	4,325,318
Debt service:				
Principal	169,679	8,725,000	465,000	9,359,679
Interest and fiscal charges	32,335	7,004,221	251,372	7,287,928
Refunding Costs	-	391,354	-	391,354
Total expenditures	<u>76,891,477</u>	<u>16,120,575</u>	<u>7,216,088</u>	<u>100,228,140</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,160,055)</u>	<u>698,995</u>	<u>(646,817)</u>	<u>(5,107,877)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	33,455,000	-	33,455,000
Premium on issuance of debt	-	3,877,980	-	3,877,980
Payment to refunded bond escrow agent	-	(36,938,001)	-	(36,938,001)
Capital Leases	483,616	-	-	483,616
Insurance proceeds	138,552	-	-	138,552
Sale of assets	251,302	-	1,166	252,468
Transfers in	9,063,125	-	5,038,230	14,101,355
Transfers out	(3,770,930)	-	(517,300)	(4,288,230)
Total other financing sources (uses)	<u>6,165,665</u>	<u>394,979</u>	<u>4,522,096</u>	<u>11,082,740</u>
Net change in fund balances	<u>1,005,610</u>	<u>1,093,974</u>	<u>3,875,279</u>	<u>5,974,863</u>
Fund balance - beginning	20,177,018	4,056,860	9,729,720	33,963,598
Prior period adjustment	1,132,390	-	-	1,132,390
Fund balance - ending	<u>\$ 22,315,018</u>	<u>\$ 5,150,834</u>	<u>\$ 13,604,999</u>	<u>\$ 41,070,851</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, 2018**

**Net change in fund balances - total governmental funds** \$ 5,974,863

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

Governmental funds report all capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This reconciling item represents the amount by which depreciation expense exceeded capital outlays in the current period. (8,706,179)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, which does not have an effect on net position. This reconciling item represents the effect of this difference in the treatment of long-term debt. 8,484,709

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. 6,777,208

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. 92,986

Internal service funds are used by management to charge the costs of fleet maintenance. The net operating income of the internal service fund is reported with governmental activities net of the amount allocated to business-type activities. 4,373,414

**Change in net position of governmental activities - statement of activities** \$ 16,997,001

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

**City of Killeen, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2018**

	Business-type Activities				Governmental Activities	
	Airport	Solid Waste	Water and Sewer	Drainage Utility	Total	Internal
	Enterprise	Enterprise	Enterprise	Enterprise	Enterprise Funds	Service
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 330,008	\$ 3,804,392	\$ 16,522,203	\$ 4,624,453	\$ 25,281,056	\$ 5,467,307
Receivables (net of allowances for uncollectibles):						-
Accounts	72,777	2,361,326	5,232,551	541,612	8,208,266	-
Intergovernmental receivable	16,965	-	-	-	16,965	-
Inventories	114,930	-	217,922	-	332,852	277,058
Prepaid assets	7,619	34,915	37,342	16,040	95,916	15,531
Restricted assets:						-
Cash and cash equivalents	3,284,751	2,203,095	6,183,410	1,148,683	12,819,939	-
Total current assets	<u>3,827,050</u>	<u>8,403,728</u>	<u>28,193,428</u>	<u>6,330,788</u>	<u>46,754,994</u>	<u>5,759,896</u>
Noncurrent assets:						
Property and equipment:						
Land	1,319,003	72,165	243,332	172,190	1,806,690	-
Buildings	2,029,182	12,452,498	91,702,562	-	106,184,242	-
Improvements other than buildings	102,007,995	-	109,212,919	12,476,796	223,697,710	-
Furniture and equipment	879,023	1,133,986	918,795	228,522	3,160,326	1,675,123
Vehicles	1,085,357	11,379,237	4,865,724	2,594,791	19,925,109	3,989,602
Infrastructure	10,363	12,050	23,416,696	-	23,439,109	-
Construction in progress	-	-	1,177,562	384,201	1,561,763	-
Less accumulated depreciation	(41,666,546)	(15,403,872)	(70,718,231)	(5,307,110)	(133,093,759)	(2,611,689)
Net property and equipment	<u>65,666,377</u>	<u>9,646,064</u>	<u>160,819,359</u>	<u>10,549,390</u>	<u>246,681,190</u>	<u>3,053,036</u>
Total assets	<u>\$ 69,493,427</u>	<u>\$ 18,049,792</u>	<u>\$ 189,012,787</u>	<u>\$ 16,880,178</u>	<u>\$ 293,436,184</u>	<u>\$ 8,812,932</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charges on refunding	-	435,860	1,682,284	209,267	2,327,411	-
Deferred Outflows - Pension	103,674	233,320	264,542	83,978	685,514	66,078
Deferred Outflows - OPEB	6,687	15,049	17,063	5,417	44,216	4,262
Total deferred outflows of resources	<u>110,361</u>	<u>684,229</u>	<u>1,963,889</u>	<u>298,662</u>	<u>3,057,141</u>	<u>70,340</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 91,342	\$ 731,508	\$ 1,648,274	\$ 29,474	\$ 2,500,598	\$ 297,607
Due to other governments	-	114,274	-	-	114,274	-
Deposits payable	15,200	4,000	2,883,957	-	2,903,157	-
Unearned revenue	15,379	-	154,104	-	169,483	-
Accrued salaries payable	62,604	169,149	184,563	63,395	479,711	107,808
Accrued interest payable	-	47,983	211,336	27,358	286,677	-
Compensated absences	56,638	158,788	133,185	74,559	423,170	95,631
Capital lease payable	-	50,868	-	38,793	89,661	243,722
Current portion of bonds payable	-	435,000	4,480,000	380,000	5,295,000	-
Total current liabilities	<u>241,163</u>	<u>1,711,570</u>	<u>9,695,419</u>	<u>613,579</u>	<u>12,261,731</u>	<u>744,768</u>
Noncurrent liabilities:						
Compensated absences	50,421	165,103	104,031	38,670	358,225	90,054
Net pension liability	22,874	163,596	515,185	19,462	721,117	332,367
Total OPEB Liability	460,994	758,009	846,762	71,793	2,137,558	56,490
Capital Lease Payable	-	306,662	-	116,522	423,184	251,606
Bonds payable net of unamortized premium (discount)	-	6,810,384	39,797,481	3,506,229	50,114,094	-
Total noncurrent liabilities	<u>534,289</u>	<u>8,203,754</u>	<u>41,263,459</u>	<u>3,752,676</u>	<u>53,754,178</u>	<u>730,517</u>
Total liabilities	<u>775,452</u>	<u>9,915,324</u>	<u>50,958,878</u>	<u>4,366,255</u>	<u>66,015,909</u>	<u>1,475,285</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows - Pension	319,420	709,099	769,240	259,060	2,056,819	170,501
Deferred Inflows - OPEB	69,490	104,236	115,817	-	289,543	-
Total deferred inflows of resources	<u>388,910</u>	<u>813,335</u>	<u>885,057</u>	<u>259,060</u>	<u>2,346,362</u>	<u>170,501</u>
<b>NET POSITION</b>						
Net investment in capital assets	65,666,377	2,529,878	124,257,861	7,904,303	200,358,419	2,801,430
Restricted for debt service	-	485,868	4,480,000	418,793	5,384,661	-
Capital projects	1,796,524	-	-	-	1,796,524	-
Unrestricted	976,525	4,989,616	10,394,880	4,230,429	20,591,450	4,436,056
Total net position	<u>68,439,426</u>	<u>8,005,362</u>	<u>139,132,741</u>	<u>12,553,525</u>	<u>228,131,054</u>	<u>7,237,486</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 69,603,788</u>	<u>\$ 18,734,021</u>	<u>190,976,676</u>	<u>17,178,840</u>	<u>\$ 296,493,325</u>	<u>\$ 8,883,272</u>

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

**City of Killeen, Texas**  
**Statement of Revenues, Expenditures and**  
**Changes in Net Position - Proprietary Funds**  
**For the Year Ended September 30, 2018**

	<b>Business-type Activities</b>				<b>Governmental Activities</b>	
	Airport Enterprise	Solid Waste Enterprise	Water and Sewer Enterprise	Drainage Utility Enterprise	Total Enterprise Funds	Internal Service
<b>OPERATING REVENUES</b>						
Charges for services	\$ 3,642,042	\$ 18,386,664	\$ 40,086,634	\$ 4,156,779	\$ 66,272,119	\$ 10,937,470
Miscellaneous	2,856	1,424	2,845	1,068	8,193	3,952
Total operating revenues	<u>3,644,898</u>	<u>18,388,088</u>	<u>40,089,479</u>	<u>4,157,847</u>	<u>66,280,312</u>	<u>10,941,422</u>
<b>OPERATING EXPENSES</b>						
Purchase of water	-	-	7,938,535	-	7,938,535	-
Sewage treatment	-	-	6,053,339	-	6,053,339	-
Salaries and employee benefits	1,525,989	3,962,563	4,079,862	1,466,187	11,034,601	3,425,770
Repairs and maintenance	147,267	1,104,272	771,403	176,115	2,199,057	752,722
Supplies	59,499	742,319	595,599	132,238	1,529,655	41,863
Miscellaneous services and charges	1,231,925	2,869,857	4,329,569	550,533	8,981,884	1,291,246
Refuse disposal costs	-	4,135,340	-	-	4,135,340	5,569
Depreciation	3,571,638	1,410,911	6,131,158	686,585	11,800,292	1,078,970
Total operating expenses	<u>6,536,318</u>	<u>14,225,262</u>	<u>29,899,465</u>	<u>3,011,658</u>	<u>53,672,703</u>	<u>6,596,140</u>
Operating income (loss)	<u>(2,891,420)</u>	<u>4,162,826</u>	<u>10,190,014</u>	<u>1,146,189</u>	<u>12,607,609</u>	<u>4,345,282</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Insurance proceeds	704	8,759	72,918	-	82,381	-
Gain on disposition of capital assets	-	-	117,013	-	117,013	-
Lease revenue	-	102,000	-	-	102,000	-
Intergovernmental	579,684	4,562	1,436	14,333	600,015	93
Investment earnings	40,577	79,591	341,902	93,974	556,044	51,700
Industrial development	-	-	(362,527)	-	(362,527)	-
Interest and fiscal charges	-	(288,737)	(1,850,452)	(158,413)	(2,297,602)	(23,661)
Total nonoperating revenues (expenses)	<u>620,965</u>	<u>(93,825)</u>	<u>(1,679,710)</u>	<u>(50,106)</u>	<u>(1,202,676)</u>	<u>28,132</u>
Income (loss) before contributions and transfers	<u>(2,270,455)</u>	<u>4,069,001</u>	<u>8,510,304</u>	<u>1,096,083</u>	<u>11,404,933</u>	<u>4,373,414</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>						
Capital contributions	-	-	2,739,124	1,064,419	3,803,543	-
Transfers out	-	(2,683,706)	(6,133,767)	(995,652)	(9,813,125)	-
Total contributions and transfers	<u>-</u>	<u>(2,683,706)</u>	<u>(3,394,643)</u>	<u>68,767</u>	<u>(6,009,582)</u>	<u>-</u>
Change in net position	(2,270,455)	1,385,295	5,115,661	1,164,850	5,395,351	4,373,414
Net position - beginning	71,213,233	7,430,919	134,921,828	11,448,925	225,014,905	2,911,478
Prir year adjustment	(503,352)	(810,852)	(904,748)	(60,250)	(2,279,202)	(47,406)
Net position - ending	<u>\$ 68,439,426</u>	<u>\$ 8,005,362</u>	<u>\$ 139,132,741</u>	<u>\$ 12,553,525</u>	<u>\$ 228,131,054</u>	<u>\$ 7,237,486</u>

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

**City of Killeen, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2018**

	Business-type Activities				Governmental Activities	
	Airport Enterprise	Solid Waste Enterprise	Water and Sewer Enterprise	Drainage Utility Enterprise	Total Enterprise Funds	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 5,160,915	\$ 18,133,101	\$ 40,146,868	\$ 4,128,156	\$ 67,569,040	\$ 10,943,164
Payments to suppliers	(1,549,333)	(8,903,321)	(19,698,577)	(1,008,279)	(31,159,510)	(1,901,489)
Payments to employees	(1,805,319)	(4,532,039)	(4,674,980)	(1,669,941)	(12,682,279)	(2,796,036)
Payments to other governments	-	114,274	-	-	114,274	-
Net cash provided (used) by operating activities	<u>1,806,263</u>	<u>4,812,015</u>	<u>15,773,311</u>	<u>1,449,936</u>	<u>23,841,525</u>	<u>6,245,639</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers out to other funds	-	(2,683,706)	(6,133,767)	(995,652)	(9,813,125)	-
Industrial development	-	-	(362,527)	-	(362,527)	-
Net cash (used) by noncapital financing activities	<u>-</u>	<u>(2,683,706)</u>	<u>(6,496,294)</u>	<u>(995,652)</u>	<u>(10,175,652)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Capital contributions/grants	579,684	4,562	1,436	14,333	600,015	93
Purchase and construction of capital assets	(1,058,113)	(308,995)	(3,266,137)	(842,233)	(5,475,478)	(873,459)
Proceeds from sale of assets	-	-	117,013	-	117,013	-
Insurance proceeds	704	8,759	72,918	-	82,381	-
Lease revenue	-	102,000	-	-	102,000	-
Proceed from capital leases	-	188,474	-	192,997	381,471	-
Principal paid on long-term debt	-	(529,379)	(4,335,000)	(402,682)	(5,267,061)	(236,085)
Interest and fees paid on long-term debt	-	(317,207)	(1,835,567)	(180,482)	(2,333,256)	(23,661)
Net cash provided (used) by capital and related financing activities	<u>(477,725)</u>	<u>(851,786)</u>	<u>(9,245,337)</u>	<u>(1,218,067)</u>	<u>(11,792,915)</u>	<u>(1,133,112)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest and dividends on investments	40,577	79,591	341,902	93,974	556,044	51,700
Net cash provided by investing activities	<u>40,577</u>	<u>79,591</u>	<u>341,902</u>	<u>93,974</u>	<u>556,044</u>	<u>51,700</u>
Net increase (decrease) in cash and cash equivalents	1,369,115	1,356,114	373,582	(669,809)	2,429,002	5,164,227
Cash and cash equivalents, beginning of year	2,245,644	4,651,373	22,332,031	6,442,945	35,671,993	303,080
Cash and cash equivalents, end of year	<u>\$ 3,614,759</u>	<u>\$ 6,007,487</u>	<u>\$ 22,705,613</u>	<u>\$ 5,773,136</u>	<u>\$ 38,100,995</u>	<u>\$ 5,467,307</u>
Cash and cash equivalents	\$ 330,008	\$ 3,804,392	\$ 16,522,203	\$ 4,624,453	\$ 25,281,056	\$ 5,467,307
Cash and cash equivalents - restricted	3,284,751	2,203,095	6,183,410	1,148,683	12,819,939	-
Total	<u>\$ 3,614,759</u>	<u>\$ 6,007,487</u>	<u>\$ 22,705,613</u>	<u>\$ 5,773,136</u>	<u>\$ 38,100,995</u>	<u>\$ 5,467,307</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (2,891,420)	\$ 4,162,826	\$ 10,190,014	\$ 1,146,189	\$ 12,607,609	\$ 4,345,282
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	3,571,638	1,410,911	6,131,158	686,585	11,800,292	1,078,970
Changes in assets and liabilities:						
Decrease (increase) in receivables	1,524,458	(253,813)	(96,276)	(29,691)	1,144,678	1,742
Decrease (increase) in inventories	(5,094)	-	24,298	-	19,204	35,779
Decrease (increase) in other assets	(7,619)	(34,915)	(35,342)	(16,040)	(93,916)	(15,531)
Decrease (increase) in pension related deferred outflows	155,060	383,328	573,536	108,149	1,220,073	(66,078)
Decrease (increase) in OPEB deferred outflows	(6,354)	(14,301)	(16,214)	(5,148)	(42,017)	(4,051)
Increase (decrease) in payables	(101,029)	(16,618)	(84,179)	(133,353)	(335,179)	169,663
Increase (decrease) in due to other governments	-	114,274	-	-	114,274	-
Increase (decrease) in customer deposits	3,100	-	85,091	-	88,191	-
Increase (decrease) in accrued salaries payable	(7,935)	(3,327)	(6,065)	1,662	(15,665)	63,211
Increase (decrease) in compensated absences	(10,024)	18,845	17,675	27,185	53,681	124,912
Increase (decrease) in unearned revenue	(8,441)	(1,174)	153,664	-	144,049	-
Increase (decrease) in pension related deferred inflows	230,736	497,804	482,496	193,907	1,404,943	170,501
Increase (decrease) in OPEB deferred inflows	69,490	104,236	115,817	-	289,543	-
Increase (decrease) in net pension liability	(667,612)	(1,502,470)	(1,703,528)	(540,783)	(4,414,393)	332,367
Increase (decrease) in OPEB liability	(42,691)	(53,591)	(58,834)	11,274	(143,842)	8,872
Total adjustments	4,697,683	649,189	5,583,297	303,747	11,233,916	1,900,357
Net cash provided (used) by operating activities	<u>\$ 1,806,263</u>	<u>\$ 4,812,015</u>	<u>\$ 15,773,311</u>	<u>\$ 1,449,936</u>	<u>\$ 23,841,525</u>	<u>\$ 6,245,639</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>						
Contributions of capital assets	\$ -	\$ -	\$ 2,739,124	\$ 1,064,419	\$ 3,803,543	\$ -

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

**City of Killeen, Texas**  
**Statement of Fiduciary Net Position**  
**Employee Benefits Trust Fund**  
**September 30, 2018**

**ASSETS**

Cash and cash equivalents	\$ 523,642
Accounts receivable	6,163
Total assets	<u>\$ 529,805</u>

**LIABILITIES AND NET POSITION**

## Liabilities:

Distributions payable	\$ 523,670
Unearned Revenue	4,938
Total liabilities	<u>528,608</u>

## Net Position:

Net position held in trust for employee benefits	<u>1,197</u>
Total net position	<u>1,197</u>

Total liabilities and net position	<u>\$ 529,805</u>
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The accompanying notes are an integral part of this financial statement.

**City of Killeen, Texas**  
**Statement of Changes in Fiduciary Net Position**  
**Employee Benefits Trust Fund**  
**For the Year Ended September 30, 2018**

**ADDITIONS**

Contributions:		
Employer	\$	4,339,921
Employee		1,952,343
Retiree		502,978
COBRA		10,164
Total contributions		<u>6,805,406</u>
Net investment income:		
Interest earnings		<u>33</u>
Total net investment income		<u>33</u>
Total additions		<u>6,805,439</u>

**DEDUCTIONS**

Benefit payments		<u>6,813,774</u>
Total deductions		<u>6,813,774</u>

Change in net position		(8,335)
Net position - beginning of the year		<u>9,532</u>
Net position - end of the year	\$	<u><u>1,197</u></u>

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

**City of Killeen, Texas**  
**Notes to the Financial Statement**  
**September 30, 2018**

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**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**I. Summary of Significant Accounting Policies**

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

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

**B. Reporting Entity**

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

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

**C. Blended Component Unit**

Killeen Volunteers, Inc. (KVI) is a nonprofit corporation organized under the Texas Nonprofit Corporation Act for the exclusive purpose of benefitting and accomplishing a public purpose of the City of Killeen by providing leadership to improve the image of the City and to support and encourage individuals and organizations in the common goal for a better community. KVI is governed by a board appointed by the City of Killeen City Council. The board consists of one representative of Killeen Independent School District, one representative of Killeen Chamber of Commerce, one representative of Central Texas College, one representative of Fort Hood, the Chairpersons of the KVI program committees, and ten citizens at large. The Ex Officio members, which count towards a quorum and have voting privileges, include the Director of Volunteer Services and two City Council members. KVI provides services almost entirely for the primary government, is reported as a special revenue fund and does not issue separate financial statements.

On November 4, 2008, the City Council approved the creation of Tax Increment Reinvestment Zone Number Two (“TIRZ #2”) which covers approximately 2.126 acres of vacant and partially developed land in the City. TIRZ #2 was established to provide a funding mechanism for public infrastructure improvements, including water, sewer, roads, landscaping, lighting, sidewalks, and park improvements within TIRZ #2 utilizing the property tax increment, or growth in value, subsequent to the creation of TIRZ #2. Bell County and the Central Texas College District are also participants in TIRZ #2. The board

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

consists of four representatives of the City, two representatives of Bell County, and one representative of the Central Texas College District. The scheduled expiration date of TIRZ #2 is December 31, 2028. The TIRZ is reported as a blended component unit due to the TIRZ providing services almost entirely for the City. The TIRZ is reported as a special revenue fund and does not issue separate financial statements.

**D. Discretely Presented Component Unit**

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

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

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

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

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

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

The City reports the following major governmental funds:

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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

The City reports the following Proprietary funds:

Enterprise funds

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

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

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

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

Internal service funds

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

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

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

Additionally, the City reports the following fund types:

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

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

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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

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

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

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

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

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

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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

## **H. Budgetary Information**

### **1. Budgetary Basis of Accounting**

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

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

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

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

- i. Prior to August 1, the City Manager submits a proposed budget to the City Council for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- ii. On or before September 20, the budget is legally adopted by the City Council.
- iii. Subsequent to enactment of the appropriation ordinance, the City Council has the authority to make necessary adjustments to the budget which may result in a change in total appropriations as long as total estimated expenditures do not exceed total estimated resources. The legal level of control (the level at which expenditures may not legally exceed appropriations) is the fund. Each special revenue fund and capital projects fund represents a single department. The City Manager may reallocate expenditures within a department without prior City Council approval.
- iv. Formal budgetary integration is employed as a management control device by the expenditure category for the following funds, which have legally adopted annual budgets: general fund, debt service fund, special revenue funds, and enterprise funds. Annual budgetary integration is not employed for the capital projects funds because the contracts and projects in these funds provide effective project-length budgetary control.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

- v. Budgets for the general fund, the special revenue funds, and enterprise funds are adopted on a basis specified by the charge of the City, which is consistent with the modified accrual basis of accounting.

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

**2. Expenditures in Excess of Appropriations**

For the year ended September 30, 2018, expenditures exceeded appropriations at the legal level of budgetary control as follows:

Nonmajor Funds

Public Works:

Photo Red Light Enforcement     \$    106,504

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

**1. Cash and Cash Equivalents**

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

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

**2. Inventories and Prepaid Items**

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

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

**3. Capital Assets**

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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

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

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

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

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

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

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

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

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

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

**5. Net Position Flow Assumption**

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

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

**6. Fund Balance Flow Assumptions**

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

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

**7. Fund Balance Policies**

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

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

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

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

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

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

**J. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

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

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Legislation has been passed by the Texas Legislature, which affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislation creates a “property tax code” and provides, among other things, for the establishment of county appraisal districts and for a state property tax board.

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

**3. Compensated Absences**

i. Vacation

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

ii. Sick Leave

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

iii. Compensatory Leave

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
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**4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

**II. Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this \$228,385,422 difference are as follows:

Land	\$ 7,570,005
Construction in progress	34,178,317
Buildings	102,922,386
Vehicles	25,632,573
Furniture, fixtures, and equipment	7,584,883
Infrastructure	176,125,771
Accumulated depreciation	(125,628,513)
 Net adjustment to increase <i>fund balance - total government funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ 228,385,422</u>

Another element of that reconciliation explains that "other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds." The details of this \$1,306,298 difference are as follows:

Ambulance fees receivable	\$ 596,163
Ad valorem taxes receivable	698,074
Other receivable	<u>12,061</u>
 Net adjustment to increase <i>fund balance - total government funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ 1,306,298</u>

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The final element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$192,931,901 difference are as follows:

Bonds payable	\$ 172,595,000
Issuance premium/(discount) (to be amortized over life of debt)	18,451,604
Accrued interest payable	1,240,037
Lease Payables	645,260
 Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	 \$ 192,931,901

**B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.” The details of this \$8,706,179 difference are as follows:

Capital outlay	\$ 4,325,316
Depreciation expense	(13,031,495)
 Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 \$ (8,706,179)

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Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$6,777,208 difference are as follows:

Compensated absences	\$ (604,335)
Pension related debt	6,541,912
Accrued interest	74,842
Total OPEB liability	(393,110)
Amortization of bond premiums	2,092,160
Amortization of deferred charge on refunding	<u>(934,261)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 6,777,208</u>

The final element of that reconciliation explains that “some revenues in the statement of activities do not provide current financial resources and are not included in the governmental funds.” The details of this \$92,986 difference are as follows:

Ambulance fees	\$ 25,755
Ad valorem taxes	98,314
Other	<u>(31,083)</u>
Net adjustment to decrease <i>fund balance – total government funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 92,986</u>

**III. Stewardship, Compliance, and Accountability**

**A. Deficit Fund Equity**

At year end, the community development grant fund, a nonmajor fund, has a deficit fund balance of \$2,152. The reason for the deficit is that the grant fund is funded on a reimbursement basis once all grant requirements are met. This deficit will be eliminated as resources are obtained from the grantor.

**IV. Detailed Notes on All Funds**

**A. Deposits**

All of the City’s demand depository accounts are held in a local banking institution under the terms of a written depository contract. The City’s policy requires the depository bank to secure the City’s funds on a day-to-day basis with approved pledged securities with a fair value equal to, but not less than, 102 percent of the uninsured deposit. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2018, 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

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

**B. Cash and Investments**

Investments are made in accordance with the financial governance policies updated and adopted by the City on December 19, 2017 to comply with the Public Funds Investment Act.

The financial governance policy is consistent with statutory limitations of the State of Texas, requiring collateralization of deposits on a dollar for dollar basis or treasury issues, which are backed by the full faith and credit of the United States Government. Therefore, the City was not exposed to custodial credit risk during the fiscal year ended September 30, 2018.

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

As of September 30, 2018, the City had the following cash and investments:

	Value	Maturity (days)	Method
Demand Accounts	\$11,258,194	1	Cost
Investment Pools	1,231,447	1	Amortized Cost
Money Market Accounts	13,623,969	1	Cost
Certificates of Deposit	55,116,237	76-640	Cost
Total	\$81,229,847		
Weighted Average Maturity		218	

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

- 1. Interest Rate Risk** – Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value of those securities if interest rates rise. The allowed maturity of any individual investment owned by the City shall not exceed two years at the time of purchase and pooled funds shall have a weighted maximum average dollar maturity of less than ninety days. Limiting investment maturities and purchasing government securities are the City’s means for limiting exposure to fair value losses arising from interest rate fluctuations.
  
- 2. Credit Risk** – Any securities which may be added should meet the requirements of the State of Texas as permissible investments for municipal governments which are in compliance with the Public Funds Investment Act. Investment pools must be continually rated AAAM by at least one nationally recognized rating service or not lower than investment grade by at least one nationally recognized rating service with a weighted average maturity not greater than 90 days. Money market mutual funds must be registered with and regulated by the Securities and Exchange Commission (SEC) 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.

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3. **Concentration Risk** – Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. All of the City’s investments are explicitly guaranteed by the U. S. Government or invested in an external investment pool and, therefore, are not exposed to concentration risk.
  
4. **Custodial Credit Risk** – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments, held by an outside party, are fully insured and backed by the U. S. Government and registered in the name of the City. Therefore, the City is not exposed to custodial credit risk on its investments.

**C. External Investment Pools**

**TexStar**

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

The TexStar Cash Reserve Fund seeks to maintain a net asset value of \$1.00 per unit and provides participants with the investment of funds that require daily liquidity availability. All investments are stated at amortized cost, which closely approximates the fair value of the securities. All TexStar securities are marked to market on a daily basis.

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**D. Receivables**

Receivables at September 30, 2018 for the City’s individual major governmental funds, in the aggregate nonmajor governmental funds, proprietary funds, and the fiduciary fund, net of allowances for uncollectible accounts, consist of the following:

	Taxes	Accounts	Intergovernmental	Total Net
General	\$ 6,395,395	\$ 1,145,598	\$ 50,011	\$ 7,591,004
Debt Service	237,108	-	1,007,500	1,244,608
Other Governmental Funds	190,856	9,520	1,011,031	1,211,407
Airport	-	72,777	16,965	89,742
Solid Waste	-	2,361,326	-	2,361,326
Water & Sewer	-	5,232,551	-	5,232,551
Drainage Utility	-	541,612	-	541,612
Total	<u>\$ 6,823,359</u>	<u>\$ 9,363,384</u>	<u>\$ 2,085,507</u>	<u>\$ 18,272,250</u>
Employee Benefits Trust	<u>\$ -</u>	<u>\$ 6,163</u>	<u>\$ -</u>	<u>\$ 6,163</u>

The enterprise funds’ accounts receivable include unbilled charges for services rendered at September 30, 2018.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**E. Capital Assets**

Capital assets activity for the year ended September 30, 2018, was as follows:

**Governmental Activities:**

	Balance 9/30/2017	Additions	Deletions	PY Adjustment	Balance 9/30/2018
Capital assets not being depreciated:					
Land	\$ 7,570,005	\$ -	\$ -	\$ -	\$ 7,570,005
Construction in progress	59,969,117	2,699,642	(28,490,442)	-	34,178,317
Total capital assets not being depreciated	<u>67,539,122</u>	<u>2,699,642</u>	<u>(28,490,442)</u>	<u>-</u>	<u>41,748,322</u>
Capital assets, being depreciated:					
Buildings	103,737,282	663,641	(1,478,537)	-	102,922,386
Furniture and equipment	6,530,849	1,342,613	(451,543)	1,838,086	9,260,005
Vehicles	30,001,953	511,112	(890,890)	-	29,622,175
Infrastructure assets	147,653,562	28,472,209	-	-	176,125,771
Total capital assets being depreciated	<u>287,923,646</u>	<u>30,989,575</u>	<u>(2,820,970)</u>	<u>1,838,086</u>	<u>317,930,337</u>
Less accumulated depreciation for:					
Buildings	39,606,310	3,817,873	(1,478,537)	1,116,997	43,062,643
Furniture and equipment	3,997,932	1,155,606	(451,543)	775,350	5,477,345
Vehicles	23,840,097	2,142,696	(890,890)	-	25,091,903
Infrastructure assets	50,842,574	6,994,290	-	(3,228,554)	54,608,310
Total accumulated depreciation	<u>118,286,913</u>	<u>14,110,465</u>	<u>(2,820,970)</u>	<u>(1,336,207)</u>	<u>128,240,201</u>
Total capital assets being depreciated, net	<u>169,636,733</u>	<u>16,879,110</u>	<u>-</u>	<u>3,174,293</u>	<u>189,690,136</u>
Governmental activities capital assets, net	<u>\$ 237,175,855</u>	<u>\$ 19,578,752</u>	<u>\$(28,490,442)</u>	<u>\$ 3,174,293</u>	<u>\$ 231,438,458</u>

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

Governmental activities:	
General government	\$ 867,364
Public safety	2,869,523
Public works	7,289,610
Community services	1,427,161
Community development	577,837
Internal Service Funds	<u>1,078,970</u>
Total depreciation expense-governmental activities	<u>\$ 14,110,465</u>

**City of Killeen, Texas**  
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**September 30, 2018**

**Business - Type Activities: Airport**

	Balance 9/30/2017	Additions	Deletions	PY Adjustment	Balance 9/30/2018
Capital assets not being depreciated:					
Land	\$ 1,319,003	\$ -	\$ -	\$ -	\$ 1,319,003
Construction in progress	3,846,356	-	(3,846,356)	-	-
Total capital assets not being depreciated	<u>5,165,359</u>	<u>-</u>	<u>(3,846,356)</u>	<u>-</u>	<u>1,319,003</u>
Capital assets being depreciated:					
Buildings	3,064,864	-	(1,035,682)	-	2,029,182
Improvements other than buildings	97,114,391	4,904,469	(10,865)	-	102,007,995
Furniture and equipment	1,489,687	-	(610,664)	-	879,023
Vehicles	1,085,357	-	-	-	1,085,357
Infrastructure assets	10,363	-	-	-	10,363
Total capital assets being depreciated	<u>102,764,662</u>	<u>4,904,469</u>	<u>(1,657,211)</u>	<u>-</u>	<u>106,011,920</u>
Less accumulated depreciation for:					
Buildings	2,502,877	56,459	(1,035,682)	-	1,523,654
Improvements other than buildings	34,855,090	3,428,770	(10,865)	-	38,272,995
Furniture and equipment	1,393,012	64,419	(610,664)	-	846,767
Vehicles	998,413	21,265	-	-	1,019,678
Infrastructure assets	727	725	-	-	1,452
Total accumulated depreciation	<u>39,750,119</u>	<u>3,571,638</u>	<u>(1,657,211)</u>	<u>-</u>	<u>41,664,546</u>
Total capital assets being depreciated, net	<u>63,014,543</u>	<u>1,332,831</u>	<u>-</u>	<u>-</u>	<u>64,347,374</u>
Airport activities capital assets, net	<u>\$ 68,179,902</u>	<u>\$ 1,332,831</u>	<u>\$ (3,846,356)</u>	<u>\$ -</u>	<u>\$ 65,666,377</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
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**Business-Type Activities: Solid Waste**

	Balance 9/30/2017	Additions	Deletions	PY Adjustment	Balance 9/30/2018
Capital assets not being depreciated:					
Land	\$ 72,165	\$ -	\$ -	\$ -	\$ 72,165
Total capital assets not being depreciated	<u>72,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,165</u>
Capital assets being depreciated:					
Buildings	12,454,238	120,521	(122,261)	-	12,452,498
Furniture and equipment	598,234	188,474	(7,700)	354,978	1,133,986
Vehicles	11,386,540	-	(7,303)	-	11,379,237
Infrastructure assets	12,050	-	-	-	12,050
Total capital assets being depreciated	<u>24,451,062</u>	<u>308,995</u>	<u>(137,264)</u>	<u>354,978</u>	<u>24,977,771</u>
Less accumulated depreciation for:					
Buildings	5,280,499	384,985	(122,261)	-	5,543,223
Furniture and equipment	268,129	227,396	(7,700)	71,543	559,368
Vehicles	8,508,926	797,515	(7,303)	-	9,299,138
Infrastructure assets	1,128	1,015	-	-	2,143
Total accumulated depreciation	<u>14,058,682</u>	<u>1,410,911</u>	<u>(137,264)</u>	<u>71,543</u>	<u>15,403,872</u>
Total capital assets being depreciated, net	<u>10,392,380</u>	<u>(1,101,916)</u>	<u>-</u>	<u>283,435</u>	<u>9,573,899</u>
Solid waste activities capital assets, net	<u>\$ 10,464,545</u>	<u>\$ (1,101,916)</u>	<u>\$ -</u>	<u>\$ 283,435</u>	<u>\$ 9,646,064</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
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**Business-Type Activities: Water and Sewer**

	Balance 9/30/2017	Additions	Deletions	PY Adjustment	Balance 9/30/2018
Capital assets not being depreciated:					
Land	\$ 243,332	\$ -	\$ -	\$ -	\$ 243,332
Construction in progress	5,671,681	916,373	(5,410,492)	-	1,177,562
Total capital assets not being depreciated	<u>5,915,013</u>	<u>916,373</u>	<u>(5,410,492)</u>	<u>-</u>	<u>1,420,894</u>
Capital assets being depreciated:					
Buildings	92,166,670	-	(464,108)	-	91,702,562
Improvements other than buildings	109,212,919	-	-	-	109,212,919
Furniture and equipment	1,091,087	-	(172,292)	-	918,795
Vehicles	5,047,766	33,819	(215,861)	-	4,865,724
Infrastructure assets	12,951,135	10,465,561	-	-	23,416,696
Total capital assets being depreciated	<u>220,469,577</u>	<u>10,499,380</u>	<u>(852,261)</u>	<u>-</u>	<u>230,116,696</u>
Less accumulated depreciation for:					
Buildings	32,918,831	1,882,334	(464,108)	-	34,337,057
Improvements other than buildings	27,298,678	3,026,171	-	-	30,324,849
Furniture and equipment	727,438	179,028	(172,292)	-	734,174
Vehicles	4,231,481	388,020	(215,861)	-	4,403,640
Infrastructure assets	262,906	655,605	-	-	918,511
Total accumulated depreciation	<u>65,439,334</u>	<u>6,131,158</u>	<u>(852,261)</u>	<u>-</u>	<u>70,718,231</u>
Total capital assets being depreciated, net	<u>155,030,243</u>	<u>4,368,222</u>	<u>-</u>	<u>-</u>	<u>159,398,465</u>
Water and Sewer activities capital assets, net	<u>\$ 160,945,256</u>	<u>\$ 5,284,595</u>	<u>\$ (5,410,492)</u>	<u>\$ -</u>	<u>\$ 160,819,359</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**Business-Type Activities: Drainage Utility**

	Balance 9/30/2017	Additions	Deletions	PY Adjustment	Balance 9/30/2018
Capital assets not being depreciated:					
Land	\$ 172,190	\$ -	\$ -	\$ -	\$ 172,190
Construction in progress	1,320,639	8,559	(944,997)	-	384,201
Total capital assets not being depreciated	<u>1,492,829</u>	<u>8,559</u>	<u>(944,997)</u>	<u>-</u>	<u>556,391</u>
Capital assets being depreciated:					
Improvements other than buildings	9,832,503	2,650,093	(5,800)	-	12,476,796
Furniture and equipment	57,726	192,997	(22,201)	-	228,522
Vehicles	2,603,901	-	(9,110)	-	2,594,791
Total capital assets being depreciated	<u>12,494,130</u>	<u>2,843,090</u>	<u>(37,111)</u>	<u>-</u>	<u>15,300,109</u>
Less accumulated depreciation for:					
Improvements other than buildings	2,644,083	501,738	(5,800)	-	3,140,021
Furniture and equipment	30,231	45,375	(22,201)	-	53,405
Vehicles	1,983,322	139,472	(9,110)	-	2,113,684
Total accumulated depreciation	<u>4,657,636</u>	<u>686,585</u>	<u>(37,111)</u>	<u>-</u>	<u>5,307,110</u>
Total capital assets being depreciated, net	<u>7,836,494</u>	<u>2,156,505</u>	<u>-</u>	<u>-</u>	<u>9,992,999</u>
Drainage Utility activities capital assets, net	<u>\$ 9,329,323</u>	<u>\$ 2,165,064</u>	<u>\$ (944,997)</u>	<u>\$ -</u>	<u>\$ 10,549,390</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**Business-Type Activities: Total**

	Balance 9/30/2017	Additions	Deletions	Reclassifications	Balance 9/30/2018
Capital assets not being depreciated:					
Land	\$ 1,806,690	\$ -	\$ -	\$ -	\$ 1,806,690
Construction in progress	10,838,676	924,932	(10,201,845)	-	1,561,763
Total capital assets not being depreciated	<u>12,645,366</u>	<u>924,932</u>	<u>(10,201,845)</u>	<u>-</u>	<u>3,368,453</u>
Capital assets being depreciated:					
Buildings	107,685,772	120,521	(1,622,051)	-	106,184,242
Improvements other than buildings	216,159,813	7,554,562	(16,665)	-	223,697,710
Furniture and equipment	3,236,734	381,471	(812,857)	354,978	3,160,326
Vehicles	20,123,564	33,819	(232,274)	-	19,925,109
Infrastructure assets	12,973,548	10,465,561	-	-	23,439,109
Total capital assets being depreciated	<u>360,179,431</u>	<u>18,555,934</u>	<u>(2,683,847)</u>	<u>354,978</u>	<u>376,406,496</u>
Less accumulated depreciation for:					
Buildings	40,702,207	2,323,778	(1,622,051)	-	41,403,934
Improvements other than buildings	64,797,851	6,956,679	(16,665)	-	71,737,865
Furniture and equipment	2,418,810	516,218	(812,857)	71,543	2,193,714
Vehicles	15,722,142	1,346,272	(232,274)	-	16,836,140
Infrastructure assets	264,761	657,345	-	-	922,106
Total accumulated depreciation	<u>123,905,771</u>	<u>11,800,292</u>	<u>(2,683,847)</u>	<u>71,543</u>	<u>133,093,759</u>
Total capital assets being depreciated, net	<u>236,273,660</u>	<u>6,755,642</u>	<u>-</u>	<u>283,435</u>	<u>243,312,737</u>
Business-type activities capital assets, net	<u>\$ 248,919,026</u>	<u>\$ 7,680,574</u>	<u>\$ (10,201,845)</u>	<u>\$ 283,435</u>	<u>\$ 246,681,190</u>

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

Business-type activities:	
Airport	\$ 3,571,638
Solid Waste	1,410,911
Water and Sewer	6,131,158
Drainage	<u>686,585</u>
Total depreciation expense-business-type activities	<u>\$ 11,800,292</u>

**F. Accrued Liabilities**

Accrued liabilities reported by governmental funds at September 30, 2018 were as follows:

	General	Nonmajor Governmental	Total Governmental Funds
Salary and employee benefits	<u>\$ 2,226,202</u>	<u>\$ 38,267</u>	<u>\$ 2,264,469</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**G. Pension Obligations**

**1. Texas Municipal Retirement System**

i. Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the “Board”). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

ii. Benefits Provided

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

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

Plan provisions for the City are as follows:

	<u>2017</u>	<u>2016</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20 100%	60/5, 0/20
Updated service credit	Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

iii. Employees Covered by Benefit Terms

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

	Plan Year 2014	Plan Year 2015	Plan Year 2016	Plan Year 2017
Inactive employees or beneficiaries currently receiving benefits	407	437	466	500
Inactive employees entitled to, but not yet receiving, benefits	337	400	458	485
Active employees	1017	1041	1004	947
<b>Total</b>	<b>1761</b>	<b>1878</b>	<b>1928</b>	<b>1932</b>

iv. Contributions

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

Employees for the City of Killeen were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.62% and 10.99% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$4,177,298 and were equal to the required contributions.

v. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

a) Actuarial Assumptions:

The TPL in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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

Actuarial assumptions used in the December 31, 2017 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	<u>100.0%</u>	

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

b) Discount Rate:

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

c) Changes in NPL:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(A)</b>	<b>(B)</b>	<b>(A) - (B)</b>
Changes for the year:			
Service cost	\$ 6,507,586	\$ -	\$ 6,507,586
Interest	11,862,841	-	11,862,841
Change of benefit terms	(8,113,387)	-	(8,113,387)
Difference between expected and actual experience	(1,764,142)	-	(1,764,142)
Changes of assumptions	-	-	-
Contributions - employer	-	4,264,503	(4,264,503)
Contributions - employee	-	3,104,872	(3,104,872)
Net investment income	-	20,878,508	(20,878,508)
Benefit payments, including refunds of employee contributions	(10,103,133)	(10,103,133)	-
Administrative expense	-	(108,224)	108,224
Other changes	-	(5,485)	5,485
<b>Net Changes</b>	<b>(1,610,235)</b>	<b>18,031,041</b>	<b>(19,641,276)</b>
Balance at December 31, 2016	<u>185,656,957</u>	<u>150,673,852</u>	<u>34,983,105</u>
<b>Balance at December 31, 2017</b>	<b><u>\$ 184,046,722</u></b>	<b><u>\$ 168,704,893</u></b>	<b><u>\$ 15,341,829</u></b>

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

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

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
City's Net Pension Liability	<u>\$ 40,092,140</u>	<u>\$ 15,341,829</u>	<u>\$ (5,071,909)</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

e) Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2018, the City recognized pension income of \$4,058,766. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 3,550,392
Changes in actuarial assumptions	-	16,635
Net difference between projected and actual investment earnings	-	4,303,185
Contributions subsequent to the measurement date	3,050,122	-
<b>Total</b>	<u>\$ 3,050,122</u>	<u>\$ 7,870,212</u>

\$3,050,122 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30</u>	<u>Pension Expense Amount</u>
2019	\$ (1,154,157)
2020	(1,293,277)
2021	(2,933,885)
2022	(2,488,893)
<b>Total</b>	<u>\$ (7,870,212)</u>

**2. Deferred Compensation Fund**

i. Plan Description

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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

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

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

i. Plan Description

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

ii. Benefits Provided

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

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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

iii. Members Covered by the Fund

In the September 30, 2016 actuarial valuation, the following numbers of members were covered by the Fund:

Retirees and beneficiaries currently receiving benefits	61
Inactive employees entitled to, but not yet receiving, benefits	9
Active employees and volunteers	<u>224</u>
Total	<u><u>294</u></u>

iv. Funding Policy

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

The funding policy of Fund requires contributions equal to 11% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City currently contributes 13% of pay for each active firefighter according to the annual City budget process, but with an unwritten understanding between the City and the Fund’s board that the rate will not be reduced. The actuarial valuation includes the assumption that the City contribution rate will be 13% over the unfunded actuarial accrued liability (“UAAL”) amortization period and that the contributions for volunteers will continue each year. The costs of administering the Fund are paid from the Fund assets.

Ultimately, the funding policy also depends upon the total return of the Fund’s assets, which varies from year to year. Investment policy decisions are established and maintained by the Board of Trustees (the “Board”). The Board selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the year ending September 30, 2016, the money-weighted rate of return was 9.83%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

v. Net Pension Liability

The City of Killeen’s NPL was measured at September 30, 2017 and the TPL used to calculate the NPL was determined by an actuarial valuation as of September 30, 2017.

Total pension liability	\$56,501,748
Plan fiduciary net position	<u>39,884,563</u>
City's net pension liability	<u><u>\$16,617,185</u></u>

Plan fiduciary net position as a	
percentage of the total pension liability	70.6%

a) Actuarial Assumptions

The TPL in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%	
Salary increases	3.25%	Plus promotion, step, and longevity increases that vary by service
Investment rate of re	7.75%	Net of pension plan investment expense, including inflation

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

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.57%) and by adding expected inflation (3.25%). In addition, the final 7.75% assumption was selected by “rounding down” and thereby reflects a reduction of 0.07% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Large cap domestic	30.0%	5.99%
Small/mid cap domestic	10.0	6.75
International developed	15.0	6.38
Fixed Income		
Domestic core	18.5	1.41
Direct lending	6.5	1.49
Global	5.0	1.66
Alternatives		
Tactical strategies	3.5	7.09
Private equity	1.5	6.84
Real estate	5.0	3.59
Balanced fund	5.0	3.5
Cash	0.0	0.24
Total	100.0%	
Weighted Average		4.57%

b) Discount Rate

The discount rate used to measure the TPL was 7.75%. No projection of cash flows was used to determine the discount rate because the September 30, 2016 actuarial valuation showed that expected contributions would pay the normal cost and amortize the UAAL in 23 years. Because of the 23-year amortization period of the UAAL, the Fund's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on Fund investments of 7.75% was applied to all periods of projected benefit payments as the discount rate to determine the TPL.

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

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

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's Net Pension Liability	\$ 24,575,794	\$ 16,617,185	\$ 9,588,943

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

d) Fund Fiduciary Net Position

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

e) Changes in NPL

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
Changes for the year:			
Service cost	\$ 2,047,015	\$ -	\$ 2,047,015
Interest	4,185,617	-	4,185,617
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	1,873,368	(1,873,368)
Contributions - employee	-	1,585,161	(1,585,161)
Net investment income	-	4,603,775	(4,603,775)
Benefit payments, including refunds of employee contributions	(3,383,661)	(3,383,661)	-
Administrative expense	-	(136,910)	136,910
Other changes	-	-	-
<b>Net Changes</b>	<b>2,848,971</b>	<b>4,541,733</b>	<b>(1,692,762)</b>
Balance at September 30, 2017	<u>53,652,777</u>	<u>35,342,830</u>	<u>18,309,947</u>
<b>Balance at September 30, 2018</b>	<b><u>\$ 56,501,748</u></b>	<b><u>\$ 39,884,563</u></b>	<b><u>\$ 16,617,185</u></b>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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

For the year ended September 30, 2018, the City's GASB 68 pension expense was \$2,221,099. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 2,127,090
Changes in actuarial assumptions	497,114	185,730
Net difference between projected and actual investment earnings	-	248,898
Contributions subsequent to the measurement date	1,811,444	-
<b>Total</b>	<b>\$ 2,308,554</b>	<b>\$ 2,561,718</b>

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

<b>Year Ended September 30</b>	<b>Pension Expense Amount</b>
2019	\$ 173,382
2020	109,466
2021	(678,335)
2022	(546,758)
2023	(173,336)
Thereafter	(949,024)
<b>Total</b>	<b>\$ (2,064,605)</b>

The total of the contributions by the City to the Fund contributed subsequent to the measurement date of the NPL, September 30, 2017, through September 30, 2018, is a deferred outflow of resources that will be recognized as a reduction in the NPL in the fiscal year ending September 30, 2018.

**H. Postemployment Benefits other than Pensions**

**1. Supplemental Death Benefits Fund**

- i. Plan Description

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

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

ii. Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2017 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	419
Inactive employees entitled to but not yet receiving benefits	159
Active employees	<u>947</u>
Total	<u><u>1525</u></u>

iii. Total OPEB Liability

The City's total OPEB liability of \$2,607,535 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

iv. Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projects on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rate are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

\* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

v. Changes in the Total OPEB Liability

		<b>Total OPEB Liability</b>
Changes for the year:		
Service cost	\$	115,257
Interest		85,013
Changes of assumptions		222,509
Benefit payments*		(13,299)
<b>Net Changes</b>		<b>409,480</b>
Beginning Balance		2,198,055
<b>Ending Balance</b>	<b>\$</b>	<b><u>2,607,535</u></b>

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

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

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

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

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

	<b>1% Decrease in Discount Rate (2.31%)</b>	<b>Discount Rate (3.31%)</b>	<b>1% Increase in Discount Rate (4.31%)</b>
City's Total OPEB Liability	\$ 3,184,664	\$ 2,607,535	\$ 2,164,844

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$238,568. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in actuarial assumptions	\$ 184,211	\$ -
Contributions subsequent to the measurement date	12,523	-
<b>Total</b>	<b>\$ 196,734</b>	<b>\$ -</b>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

\$12,523 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2019.

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

<b>Year Ended September 30</b>	<b>Expense Amount</b>
2019	\$ 38,298
2020	38,298
2021	38,298
2022	38,298
2023	31,021
<b>Total</b>	<b>\$ 184,211</b>

**1. Postemployment Healthcare Plan**

i. Plan Description

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

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

Participation in the Plan as of September 30, 2018 is summarized below:

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

ii. Funding Policy

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

iii. Total OPEB liability

The City's total OPEB liability of \$8,067,864 was measured as of September 30, 2018 and was determined by an actuarial valuation as of that date.

iv. Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases	3.00%
Discount rate	4.18% *
Actuarial Cost Method	Entry Age Normal
Mortality	TMRS Retirees: RP 2014 Combined Healthy Mortality Table projected using Scale MP-2017. Firefighter Retirees: RP 2000 Combined Healthy Mortality Table projected to 2024 using Scale AA.
Health care trend rates	Trend was calculated assuming an implied inflation rate of 2.3% per year, and actual premiums. The short-term trend rate for Pre-65 retirees starts off at 4.2% and reflects the ACA Excise Tax effective 2022.
Participation rates	20% of TMRS members and 50% of Firefighter members are assumed to elect retiree medical coverage upon retirement. For future retirees it is assumed that husbands are three years older than their wives and that 15% of TMRS members and 30% of Firefighter members making it to retirement are assumed to be married and elect spouse coverage.

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

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

v. Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 614,080
Interest	351,597
Changes of assumptions	(1,064,361)
Difference between expected and actual experience	(624,879)
Benefit payments	(502,978)
<b>Net Changes</b>	<b>(1,226,541)</b>
Beginning balance	9,294,405
<b>Ending Balance</b>	<b>\$ 8,067,864</b>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

Changes of assumptions reflect a change in the discount rate from 3.64% as of September 30, 2017 to 4.18% as of September 30, 2018.

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

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

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the Plan's total OPEB liability, calculated using a discount rate of 4.18%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<b>1% Decrease in Discount Rate (3.18%)</b>	<b>Discount Rate (4.18%)</b>	<b>1% Increase in Discount Rate (5.18%)</b>
City's Total OPEB Liability	\$ 9,024,211	\$ 8,067,864	\$ 7,214,802

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

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

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
City's Total OPEB Liability	\$ 6,870,891	\$ 8,067,864	\$ 9,535,045

viii. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB  
For the year ended September 30, 2018, the City recognized OPEB expense of \$782,064.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 556,956
Changes in actuarial assumptions	-	948,670
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,505,626</b>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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

<u>Year Ended</u> <u>September 30</u>	<u>OPEB Expense</u> <u>Amount</u>
2019	\$ 183,613
2020	183,613
2021	183,613
2022	183,613
2023	183,613
Thereafter	587,561
<b>Total</b>	<u>\$ 1,505,626</u>

**I. Construction and Other Significant Commitments**

The City has active construction projects as of September 30, 2018. At year end, the City's construction commitments for governmental activities are as follows:

<u>Project Title</u>	<u>Expended to Date</u>	<u>Remaining</u> <u>Commitment</u>
Stagecoach improvements	17,965,723	1,329,462
Trimmer	7,273,456	64,017
Family Aquatic Center	264,720	23,104
KDEC Downtown I	-	30,000
Heritage Park Trail	1,289,336	2,269,455
City Council Chambers	119,606	326,340
Fire Emergency Operation Center	15,500	9,000
Rosewood extension	1,545,930	3,903,594
<b>Total</b>	<u>\$ 28,474,271</u>	<u>\$ 7,954,972</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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

Project Title	Expended to Date	Remaining Commitment
Septic Tank Elimination	\$ 789,340	\$ 20,749
Water supply project	162,645	1,700,534
Aviation CFC projects	35,361	697,605
Aviation PFC projects	653,347	274,577
S. Nolan Creek at Odom	1,778,089	5,266
Patriotic Ditch	70,805	14,576
Bermuda	991,580	154,348
Valley Ditch	32,950	59,750
Drainage Projects	434,552	351,063
<b>Total</b>	<b>\$ 4,948,669</b>	<b>\$ 3,278,468</b>

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

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

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

The City, along with other participating entities, entered into an agreement with Bell County Water Control Improvement District No. 1 (“WCID No. 1”) to enable WCID No. 1 to build a \$50 million water treatment plant that will supplement the City’s water needs through 2050. The treatment plan is expected to be completed in spring 2019 and is expected to provide an extra 10 million gallons per day once operational. WCID No. 1 agrees to deliver and meter water required by the City. WCID No. 1 bills for water purchased, at rates that are reviewed and adjusted periodically. The rates are determined by amounts necessary to retire WCID No. 1 debt and cover maintenance and operating expenses. During the fiscal year ended September 30, 2018, the City purchased 5.4 billion gallons of water (70 million used for city’s facilities) for a total charge of \$3,574,870 from WCID No. 1. In addition, it paid WCID No. 1 \$2,940,792 for its share of debt service related to bonds issued for the treatment plant.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

The City initially funded \$5 million to be used to offset charges to the WCID No. 1 in years 2015 through 2019. The City is contractually obligated to purchase water from WCID No. 1, which includes rates for normal operation and maintenance and fixed costs to cover debt service obligation of WCID No. 1. The City's fixed costs to cover its proportional share of WCID No. 1 debt service is based on the Maximum Daily Rate of Delivery (MDRD) of water. The agreements increased the City's total MDRD from 32 million gallons per day (MGD) by 10 MGD, for a total of 42 MGD. The City portion of the debt service based on the MDRD is 51.5%. The total fixed costs (WCID No. 1 debt service requirements) that the City is obligated to pay is \$63 million at September 30, 2018. Normal maintenance and operational costs will vary by year and allocated to the City based on its proportional share of the plant.

**J. Risk Management**

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

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

**K. Contingent Liabilities**

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

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

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**L. Long-Term Liabilities**

A summary of long-term debt transactions, including current portions, for the year ended September 30, 2018 is as follows:

**Governmental Activities**

	September 30, 2017	PY Adjustment	Additions	Deletions	September 30, 2018	Due Within One Year
General obligation bonds	\$ 119,060,000	\$ -	\$ 33,455,000	\$ (9,725,000)	\$ 142,790,000	\$ 5,250,000
Tax/revenue certificates of obligation	63,500,000	-	-	(33,695,000)	29,805,000	3,870,000
Unamortized bond premiums/(discounts)	16,665,784	-	3,877,980	(2,092,160)	18,451,604	-
Total bonds payable	<u>199,225,784</u>	<u>-</u>	<u>37,332,980</u>	<u>(45,512,160)</u>	<u>191,046,604</u>	<u>9,120,000</u>
Capital Leases	-	1,062,736	483,616	(405,764)	1,140,588	422,600
Compensated absences	11,271,070	-	3,404,327	(2,675,081)	12,000,316	3,404,327
Total OPEB liability	-	9,211,058	-	(673,217)	8,537,841	-
Net pension liability	48,157,541	-	-	(16,919,644)	31,237,897	-
Governmental activities long-term debt	<u>\$ 258,654,395</u>	<u>\$ 10,273,794</u>	<u>\$ 41,220,923</u>	<u>\$ (66,185,866)</u>	<u>\$ 243,963,246</u>	<u>\$ 12,946,927</u>

**Business-Type Activities**

	September 30, 2017	PY Adjustment	Additions	Deletions	September 30, 2018	Due Within One Year
Revenue bonds	\$ 45,540,000	\$ -	\$ -	\$ (4,335,000)	\$ 41,205,000	\$ 4,480,000
General obligation bonds	10,620,000	-	-	(690,000)	9,930,000	720,000
Certificates of obligation	185,000	-	-	(90,000)	95,000	95,000
Unamortized bond premiums/(discounts)	4,584,638	-	-	(405,544)	4,179,094	-
Total bonds payable	<u>60,929,638</u>	<u>-</u>	<u>-</u>	<u>(5,520,544)</u>	<u>55,409,094</u>	<u>5,295,000</u>
Capital Leases	-	283,435	381,471	(152,061)	512,845	89,661
Compensated absences	727,713	-	423,172	(369,490)	781,395	423,170
Total OPEB liability	-	2,281,400	-	(143,842)	2,137,558	-
Net pension liability	5,135,510	-	-	(4,414,393)	721,117	-
Business-type activities long-term debt	<u>\$ 66,792,861</u>	<u>\$ 2,564,835</u>	<u>\$ 804,643</u>	<u>\$ (10,600,330)</u>	<u>\$ 59,562,009</u>	<u>\$ 5,807,831</u>

Long-term debt at September 30, 2018 is comprised of the following:

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**Governmental Activities**

	Interest Rates to Maturity (%)	Issue Date	Maturity Date	Original Issue	Outstanding
<b>General Obligation Bonds:</b>					
2009 Various purpose	3.00-4.80	2009	2019	\$ 13,175,000	\$ 430,000
2010 Refunding HOT	2.00-4.00	2010	2030	8,500,000	2,845,000
2010 Refunding	2.00-4.00	2010	2026	4,830,000	1,660,000
2011 Refunding	2.00-5.00	2011	2023	6,875,000	3,590,000
2012 Various purpose and refunding	2.00-5.00	2012	2032	19,500,000	15,910,000
2013 Refunding	2.00-5.00	2013	2032	37,290,000	36,025,000
2014 Refunding	2.00-5.00	2014	2034	10,610,000	5,430,000
2015 Refunding	3.00-4.00	2015	2034	8,640,000	8,640,000
2016 Refunding	2.00-5.00	2016	2034	34,715,000	34,715,000
2016 Refunding HOT	4.00-5.00	2016	2031	735,000	735,000
2017 Refunding	2.00-5.00	2017	2036	30,625,000	30,020,000
2017 Refunding HOT	2.00-5.00	2017	2036	2,830,000	2,790,000
Total General Obligation Bonds				<u>178,325,000</u>	<u>142,790,000</u>
<b>Tax/Revenue Certificates of Obligation:</b>					
2009 Various purpose	2.75-4.35	2009	2019	6,500,000	320,000
2011 Various purpose	2.00-5.00	2011	2036	32,040,000	2,080,000
2011 PTF 195/201	2.00-5.00	2011	2020	18,060,000	1,355,000
2011A PTF 190/2410	2.00-5.00	2011	2024	31,400,000	7,785,000
2012 Various Purpose and Refunding	2.00-3.00	2012	2032	6,765,000	5,705,000
2014 Various Purpose	2.00-5.00	2014	2039	13,060,000	12,560,000
Total Tax/Revenue Certificates of Obligation				<u>107,825,000</u>	<u>29,805,000</u>
Total Governmental Activities				<u>\$286,150,000</u>	<u>\$172,595,000</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**Business-Type Activities**

	Interest Rates to Maturity (%)	Issue Date	Maturity Date	Original Issue	Outstanding
Revenue Bonds:					
2010 Refunding	2.00-4.00	2010	2021	\$ 6,870,000	\$ 1,910,000
2011 Refunding	2.00-5.00	2011	2022	11,135,000	6,030,000
2012 Refunding	2.98	2012	2027	7,365,000	7,050,000
2013 Refunding and Improvement	2.00-5.00	2013	2033	29,030,000	25,540,000
2013 Refunding	0.40-1.62	2013	2019	8,270,000	675,000
Total Revenue Bonds				<u>62,670,000</u>	<u>41,205,000</u>
General Obligation Bonds:					
2012 Various Purpose and Refunding	2.00-5.00	2012	2030	6,215,000	5,270,000
2013 Refunding	2.00-5.00	2013	2026	3,935,000	3,515,000
2015 Refunding	3.00-4.00	2015	2027	300,000	300,000
2016 Refunding	3.00-5.00	2016	2029	845,000	845,000
Total General Obligation Bonds				<u>11,295,000</u>	<u>9,930,000</u>
Tax/Revenue Certificates of Obligation:					
2009 Various purpose	2.75-4.35	2009	2019	2,000,000	95,000
Total Tax/Revenue Certificates of Obligation				<u>2,000,000</u>	<u>95,000</u>
Total Business-Type Activities				<u>\$75,965,000</u>	<u>\$51,230,000</u>

**General Obligation Bonds**

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

Year Ending September 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$5,250,000	\$6,241,350	\$720,000	\$448,913
2020	5,775,000	6,044,550	830,000	423,513
2021	7,840,000	5,832,650	860,000	391,613
2022	8,175,000	5,510,450	905,000	350,413
2023	8,580,000	5,131,050	950,000	305,163
2024-2028	49,240,000	19,115,100	4,430,000	\$794,815
2029-2033	44,735,000	7,683,456	1,235,000	\$58,551
2034-2036	13,195,000	871,400	-	-
Total	<u>\$142,790,000</u>	<u>\$56,430,006</u>	<u>\$9,930,000</u>	<u>\$2,772,981</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**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, 2018. Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30	Business-Type Activities	
	Principal	Interest
2019	\$4,480,000	\$1,690,688
2020	3,935,000	1,528,158
2021	4,125,000	1,371,421
2022	3,675,000	1,191,934
2023	3,880,000	1,019,298
2024-2028	14,065,000	3,097,863
2029-2033	7,045,000	1,019,200
Total	<u>\$41,205,000</u>	<u>\$10,918,562</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
2019	\$3,870,000	\$1,198,873	\$95,000	\$3,135
2020	3,715,000	1,024,713	-	-
2021	2,040,000	857,163	-	-
2022	2,130,000	769,813	-	-
2023	2,200,000	705,213	-	-
2024-2028	5,980,000	2,682,300	-	-
2029-2033	5,025,000	1,701,300	-	-
2034-2038	3,950,000	726,550	-	-
2039	895,000	38,750	-	-
Total	<u>\$29,805,000</u>	<u>\$9,704,675</u>	<u>\$95,000</u>	<u>\$3,135</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

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.

On December 21, 2017, the City issued \$33,455,000 of general obligation refunding bonds Series 2017 to provide resources for future debt service payments of \$2,860,000 of 2010 general obligation refunding bonds, \$1,225,000 of 2010 general obligation bonds, \$12,145,000 of 2011 certificates of obligation, \$2,300,000 of 2011 pass through funding bonds, and \$15,700,000 of 2011A pass through bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,711,626. This amount is being amortized over the life of the new debt issued. This advanced refunding was undertaken to reduce total debt service payments over the next 18 years by \$2,651,383 and resulted in an economic gain of \$1,959,591.

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

Year Ending Sept. 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$422,601	\$51,783	\$474,384	\$89,660	\$20,371	\$110,031.00
2020	397,669	33,825	431,494	213,211	15,499	228,710
2021	192,558	14,550	207,108	209,974	5,832	215,806
2022	127,760	2,338	130,098	-	-	-
<b>Total</b>	<b>\$1,140,588</b>	<b>\$102,496</b>	<b>\$1,243,084</b>	<b>\$512,845</b>	<b>\$41,702</b>	<b>\$554,547.00</b>

The asset acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Assets:		
Machinery and equipment	\$2,321,703	\$727,449
Less: Accumulated depreciation	(1,181,115)	(214,604)
	<u>\$1,140,588</u>	<u>\$512,845</u>

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**M. Fund Balance**

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

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

The composition of inter-fund balances as of September 30, 2018:

Receivable Fund	Payable Fund	Amount
General	Total nonmajor governmental funds	\$ 66,397

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

**O. Inter-fund Transfers**

The composition of inter-fund transfers for the year ended September 30, 2017 is as follows:

	Transfers In					
	General	Debt Service	Other Governmental Funds	Enterprise Funds		Total Funds
				Solid Waste	Water and Sewer	
Transfers Out:						
General Fund	\$ -	\$ -	\$ 3,770,930	\$ -	\$ -	\$ 3,770,930
Other Governmental Funds	-	-	517,300	-	-	517,300
Solid Waste Fund	2,683,706	-	-	-	-	2,683,706
Water and Sewer Fund	6,133,767	-	-	-	-	6,133,767
Drainage Fund	245,652	-	750,000	-	-	995,652
Total Transfers	\$ 9,063,125	\$ -	\$ 5,038,230	\$ -	\$ -	\$ 14,101,355

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

Further, during the year ended September 30, 2018, the City made the following one-time transfers:

- \$750,000 was transferred to the general fund capital improvement program from the drainage fund.

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

**P. Discretely Presented Component Unit**

Capital asset activity for the KEDC for the year ended September 30, 2018 was as follows:

	Balance 9/30/2017	Additions	Deletions	Reclassifications	Balance 9/30/2018
Capital assets not being depreciated:					
Land					
KEDC - owned	\$ 244,255	\$ -	\$ 9,018	\$ -	\$ 235,237
Industrial Park	1,680,837	-	-	-	1,680,837
Convergys	110,000	-	-	-	110,000
Enterprise	100,000	-	-	-	100,000
First National Bank	90,303	-	-	-	90,303
Total capital assets not being depreciated	<u>2,225,395</u>	<u>-</u>	<u>9,018</u>	<u>-</u>	<u>2,216,377</u>
Capital assets being depreciated:					
Buildings					
Presidium	3,563,745	24,107	-	-	3,587,852
First National Bank/Raytheon	1,850,700	-	-	-	1,850,700
Entrance Sign	31,382	-	-	-	31,382
Total capital assets being depreciated	<u>5,445,827</u>	<u>24,107</u>	<u>-</u>	<u>-</u>	<u>5,469,934</u>
Less accumulated depreciation for:					
Buildings	2,725,700	147,633	-	-	2,873,333
Total accumulated depreciation	<u>2,725,700</u>	<u>147,633</u>	<u>-</u>	<u>-</u>	<u>2,873,333</u>
Total capital assets being depreciated, net	<u>2,720,127</u>	<u>(123,526)</u>	<u>-</u>	<u>-</u>	<u>2,596,601</u>
KEDC capital assets, net	<u>\$ 4,945,522</u>	<u>\$ (123,526)</u>	<u>\$ 9,018</u>	<u>\$ -</u>	<u>\$ 4,812,978</u>

**V. Tax Abatements**

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

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

**City of Killeen, Texas**  
**Notes to the Financial Statement (Continued)**  
**September 30, 2018**

The City has entered into a 380 Agreement with La Cascata Retail Village LLP to construct a multitenant retail development (the “Project”) generally located near the western border of Skylark Field within the City. Pursuant to the 380 Agreement, the City will provide an annual sales tax rebate of one half of 1% collected by the City from the sale of taxable items at the Project (less certain administrative fees and other expenses) until the earlier of (a) \$3,600,000 has been rebated or (b) five years after the opening of the Project. The 380 Agreement was fully executed on October 27, 2015 and expires approximately five years after the opening of the Project, which is currently under construction.

**VI. Restatement of Fund Balance/Net Position**

The City has restated beginning net position to record the following:

- Total OPEB liability, deferred outflows and net OPEB obligation have been restated due to implementation of GASB 75.
- Franchise fee receivable has been restated to include fees received for prior period.
- Building and infrastructure accumulated depreciation have been restated due to a calculation error in prior period.
- Capital lease asset, accumulated depreciation and capital lease payable have been restated due to capital lease previously reported as operating leases.

	<u>Governmental Activities</u>	<u>Internal Service Funds</u>
<b>Beginning net position, as reported</b>	\$ 27,464,806	\$ 2,911,478
Total OPEB Liability	(9,211,058)	(47,618)
Deferred outflows	7,584	212
Net OPEB obligation	2,610,244	-
Franchise fee receivables	1,132,390	-
Building accumulated depreciation	(1,116,997)	-
Infrastructure accumulated depreciation	3,228,554	-
Capital lease asset	1,838,086	1,298,727
Capital lease accumulated depreciation	(775,350)	(567,314)
Capital lease payable	(1,062,736)	(731,413)
<b>Beginning net position, as restated</b>	<u>\$ 24,115,523</u>	<u>\$ 2,864,072</u>

	<u>Aviation</u>	<u>Solid Waste</u>	<u>Water and Sewer</u>	<u>Drainage</u>	<u>Business-Type Activities</u>
<b>Beginning net position, as reported</b>	\$ 71,213,233	\$ 7,430,919	\$ 134,921,828	\$ 11,448,925	\$ 225,014,905
Total OPEB liability	(503,685)	(811,600)	(905,596)	(60,519)	(2,281,400)
Deferred outflows	333	748	848	269	2,198
Capital lease asset	-	388,728	-	-	388,728
Capital lease accumulated depreciation	-	(105,293)	-	-	(105,293)
Capital lease payables	-	(283,435)	-	-	(283,435)
<b>Beginning net position, as restated</b>	<u>\$ 70,709,881</u>	<u>\$ 6,620,067</u>	<u>\$ 134,017,080</u>	<u>\$ 11,388,675</u>	<u>\$ 222,735,703</u>



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

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

Note:

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

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

Fiscal Year	(1) Actuarially Determined Contribution	(2) Contribution in relation to the actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered payroll	(5) Contributions as a percentage of covered payroll (2)/(4)
2009	\$ 4,388,259	\$ 4,388,259	\$ -	\$ 34,856,263	12.59%
2010	\$ 4,567,683	\$ 4,567,683	\$ -	\$ 36,579,718	12.49%
2011	\$ 4,132,298	\$ 4,132,298	\$ -	\$ 38,174,700	10.82%
2012	\$ 4,410,989	\$ 4,410,989	\$ -	\$ 41,425,056	10.65%
2013	\$ 3,134,221	\$ 3,134,221	\$ -	\$ 41,575,749	7.54%
2014	\$ 3,429,108	\$ 3,429,108	\$ -	\$ 44,998,507	7.62%
2015	\$ 3,879,674	\$ 3,879,674	\$ -	\$ 46,806,060	8.29%
2016	\$ 3,948,703	\$ 3,948,703	\$ -	\$ 46,584,793	8.48%
2017	\$ 4,155,119	\$ 4,155,119	\$ -	\$ 44,329,602	9.37%
2018	\$ 4,177,298	\$ 4,177,298	\$ -	\$ 43,025,537	9.71%

**Valuation Date:**

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10-year Smoothed Market, 15% soft corridor
Inflation	2.50%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**Other Information:**

There were no benefit changes during the year.

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

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

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

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

Notes:

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

**City of Killeen, Texas**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in the City's Total OPEB Liability - Supplemental Death Benefit Funds**  
**and Related Ratios**  
**September 30, 2018**

	<u>September 30,</u> <u>2017</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 115,257
Interest (on the total OPEB liability)	85,013
Change of assumptions	222,509
Benefit payments	<u>(13,299)</u>
<b>Net Change in Total OPEB Liability</b>	409,480
 Beginning total OPEB liability	 <u>2,198,055</u>
 <b>Ending Total OPEB Liability</b>	 <u><u>\$ 2,607,535</u></u>
 <b>Covered Payroll</b>	 \$ 44,329,602
 <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	 <b>5.88%</b>

## Notes:

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

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

Measurement Year 2017.

**City of Killeen, Texas**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in the City's Total OPEB Liability Postemployment Healthcare Plan**  
**and Related Ratios**  
**September 30, 2018**

	<b>September 30, 2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 614,080
Interest (on the total OPEB liability)	351,597
Difference between expected and actual experience	(624,879)
Change of assumptions	(1,064,361)
Benefit payments	(502,978)
<b>Net Change in Total OPEB Liability</b>	<b>(1,226,541)</b>
 Beginning total OPEB liability	 9,294,405
 <b>Ending Total OPEB Liability</b>	 <b>\$ 8,067,864</b>
 <b>Covered Payroll</b>	 <b>\$ 57,536,268</b>
 <b>Total OPEB Liability as a Percentage of Covered Payroll</b>	 <b>14.02%</b>

Notes:

Only one year of information is currently available. The City will build this schedule over the next nine-year period. Changes of assumptions reflect a change in the discount rate from 3.64% as of September 30, 2018 to 4.18% as of September 30, 2018.

There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period. Measurement Year 2018.

**City of Killeen, Texas**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>Revenues:</b>				
<b>Taxes:</b>				
Ad valorem	\$ 27,857,203	\$ 28,260,285	\$ 28,260,285	\$ (403,082)
Penalty and interest	161,940	175,450	175,450	(13,510)
Total ad valorem	28,019,143	28,435,735	28,435,735	(416,592)
Franchise	5,697,983	5,341,797	5,341,797	356,186
Sales and occupancy	24,131,101	23,376,949	23,376,949	754,152
Total taxes	57,848,227	57,154,481	57,154,481	693,746
<b>Licenses, permits and fees:</b>				
Building permits and inspections	508,892	592,931	592,931	(84,039)
Electrical permits and inspections	111,414	120,878	120,878	(9,464)
Plumbing permits and inspections	89,336	107,597	107,597	(18,261)
Miscellaneous licenses	217,771	220,575	220,575	(2,804)
Taxi operators licenses	1,500	3,046	3,046	(1,546)
Food handlers permits	25,550	25,673	25,673	(123)
Planning and zoning fees	58,745	46,953	46,953	11,792
Building plans review	161,722	134,565	134,565	27,157
Mechanical inspections	43,252	39,007	39,007	4,245
Total licenses, permits, and fees	1,218,182	1,291,225	1,291,225	(73,043)
<b>Intergovernmental:</b>				
General Government	1,216,494	1,090,700	1,090,700	125,794
Public safety	2,188,454	2,715,525	2,842,875	(654,421)
Public works	24,070	24,070	24,070	-
Community development	847	-	-	847
Total intergovernmental	3,429,865	3,830,295	3,957,645	(527,780)
<b>Charges for Services:</b>				
Ambulance service fees	2,749,130	3,379,009	3,379,009	(629,879)
Fire	167,943	154,195	154,195	13,748
Miscellaneous police receipts	25,167	33,795	33,795	(8,628)
Animal Control Receipts	63,522	97,073	97,073	(33,551)
Golf course	1,075,040	1,195,967	1,195,967	(120,927)
Parks and Recreation	995,864	1,138,957	1,138,957	(143,093)
Library charges and contributions	37,051	30,500	30,500	6,551
Killeen arts and activities center	57,730	78,518	78,518	(20,788)
General government	582,662	473,660	508,660	74,002
Leases	190,802	184,959	184,959	5,843
Total charges for services	5,944,911	6,766,633	6,801,633	(856,722)
<b>Fines and Fees:</b>				
Municipal court fines	2,542,994	2,851,871	2,851,871	(308,877)
Other Fines and Fees	174,754	189,191	189,191	(14,437)
Total Fines and Fees	2,717,748	3,041,062	3,041,062	(323,314)
<b>Investment earnings</b>	396,799	177,580	177,580	219,219
<b>Contributions</b>	46,646	56,433	56,433	(9,787)
<b>Miscellaneous</b>	129,044	240,945	240,945	(111,901)
Total revenues	71,731,422	72,558,654	72,721,004	(989,582)
<b>Expenditures:</b>				
<b>General Government:</b>				
City council	\$ 54,837	\$ 54,379	\$ 69,379	\$ 14,542
City manager	424,168	459,670	465,317	41,149
Assistant city manager	207,057	202,852	212,874	5,817
Deputy city manager	60,246	72,504	60,335	89
City auditor	97,135	97,837	97,837	702
Communications	623,571	792,666	791,471	167,900
Legal	989,080	977,937	1,038,175	49,095
Financial services	1,437,603	1,556,120	1,583,902	146,299
Human resources	1,019,193	1,072,945	1,072,494	53,301
Planning and development	637,296	721,731	721,731	84,435
Nondepartmental	7,817,683	7,255,635	8,421,250	603,567
Total general government	13,367,869	13,264,276	14,534,765	1,166,896

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

**City of Killeen, Texas**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Continued)**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance -
		Original	Final	Positive (Negative)
<b>Public Safety:</b>				
Municipal court	\$ 866,837	\$ 952,783	\$ 952,783	\$ 85,946
Building inspections	851,770	887,005	892,616	40,846
Code enforcement	748,869	800,034	794,923	46,054
Police	26,803,746	29,671,220	28,745,461	1,941,715
Animal control	696,287	839,245	839,245	142,958
Fire	20,253,566	20,791,700	20,716,890	463,324
Total public safety	50,221,075	53,941,987	52,941,918	2,720,843
<b>Public Works:</b>				
Public works	26,723	11,451	25,627	(1,096)
Engineering	168,659	199,933	683,374	514,715
Streets	3,870,237	4,232,079	4,254,273	384,036
Total public works	4,065,619	4,443,463	4,963,274	897,655
<b>Community Services:</b>				
Administration	214,599	230,905	224,503	9,904
Volunteer services	134,644	161,848	163,511	28,867
Golf course	1,153,920	1,240,000	1,243,600	89,680
Community center operations	104,748	129,036	128,021	23,273
Parks	1,678,281	1,818,301	1,766,430	88,149
Operations	374,931	435,071	489,399	114,468
Family aquatics center	420,555	451,792	501,932	81,377
Recreation	168,787	232,807	211,412	42,625
Athletics	320,339	325,689	340,014	19,675
Cemetery	152,234	189,263	188,951	36,717
Senior citizens	163,637	182,452	190,291	26,654
Total community services	4,886,675	5,397,164	5,448,064	561,389
<b>Community Development:</b>				
Library	1,243,447	1,247,746	1,298,281	54,834
Killeen arts and activities center	365,529	441,132	437,597	72,068
Community development	144,288	144,317	144,317	29
Building services	783,108	807,082	807,082	23,974
Custodial services	650,411	665,250	665,250	14,839
Total community development	3,186,783	3,305,527	3,352,527	165,744
<b>Capital Outlay</b>	961,442	194,648	506,819	(454,623)
<b>Debt Payments</b>	202,014	37,000	-	(202,014)
Total expenditures	76,891,477	80,584,065	81,747,367	4,855,890
(Deficiency) of revenues (under) expenditures	(5,160,055)	(8,025,411)	(9,026,363)	(3,866,308)
<b>Other Financing Sources (Uses)</b>				
Insurance proceeds	138,552	351,977	351,977	(213,425)
Capital Leases	483,616	-	-	483,616
Sale of assets	251,302	12,276	262,276	(10,974)
Transfers in	9,063,125	9,205,129	9,205,129	(142,004)
Transfers out	(3,770,930)	(1,543,971)	(3,775,305)	(4,375)
Total other financing sources	6,165,665	8,025,411	6,044,077	112,838
Net change in fund balance	1,005,610	\$ -	\$ (2,982,286)	\$ 3,987,896
Fund balance - beginning	20,177,018			
Prior Period Adjustment	1,132,390			
Fund balance - ending	\$ 22,315,018			

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



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

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds (See Exhibit A-3)</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,929,659	\$ 9,751,208	\$ 13,680,867
Receivables (net of allowances for uncollectibles):			
Taxes	190,856	-	190,856
Accounts	9,520	-	9,520
Intergovernmental receivable	175,620	835,411	1,011,031
Inventories	6,408	-	6,408
Prepaid assets	7,274	-	7,274
Total assets	<u>\$ 4,319,337</u>	<u>\$ 10,586,619</u>	<u>\$ 14,905,956</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 206,895	\$ 944,544	\$ 1,151,439
Due to other funds	52,686	13,711	66,397
Accrued salaries payable	38,267	-	38,267
Unearned revenue	44,854	-	44,854
Total liabilities	<u>342,702</u>	<u>958,255</u>	<u>1,300,957</u>
Fund Balances:			
Nonspendable:			
Inventories	6,408	-	6,408
Prepaid assets	7,274	-	7,274
Restricted for:			
Debt service	346,116	-	346,116
Capital projects	-	9,628,364	9,628,364
Other purposes	3,621,300	-	3,621,300
Unassigned	(4,463)	-	(4,463)
Total fund balances	<u>3,976,635</u>	<u>9,628,364</u>	<u>13,604,999</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,319,337</u>	<u>\$ 10,586,619</u>	<u>\$ 14,905,956</u>

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>REVENUES</b>			
Taxes	\$ 2,093,180	\$ -	\$ 2,093,180
Intergovernmental	1,154,946	1,437,066	2,592,012
Investment earnings	55,995	108,824	164,819
Contributions	356,736	80,000	436,736
Charges for services	730,777	-	730,777
Fines	345,064	-	345,064
Miscellaneous	155,331	51,352	206,683
Total revenues	<u>4,892,029</u>	<u>1,677,242</u>	<u>6,569,271</u>
<b>EXPENDITURES</b>			
Current:			
General government	19,865	-	19,865
Public safety	395,557	-	395,557
Public works	-	10,300	10,300
Community services	2,699,828	10,290	2,710,118
Debt service:			
Principal	465,000	-	465,000
Interest and fiscal charges	251,372	-	251,372
Capital outlay	123,997	3,239,879	3,363,876
Total expenditures	<u>3,955,619</u>	<u>3,260,469</u>	<u>7,216,088</u>
(Deficiency) of revenues (under) expenditures	<u>936,410</u>	<u>(1,583,227)</u>	<u>(646,817)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	1,166	-	1,166
Insurance proceeds	-	-	-
Transfers in	65,762	4,972,468	5,038,230
Transfers out (net)	(517,300)	-	(517,300)
Total other financing sources (uses)	<u>(450,372)</u>	<u>4,972,468</u>	<u>4,522,096</u>
Net changes in fund balances	486,038	3,389,241	3,875,279
Fund balance - beginning	<u>3,490,597</u>	<u>6,239,123</u>	<u>9,729,720</u>
Prior period adjustment	-	-	-
Fund balance - ending	<u>\$ 3,976,635</u>	<u>\$ 9,628,364</u>	<u>\$ 13,604,999</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**City of Killeen, Texas  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
September 30, 2018**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Hotel Occupancy Tax	Special Events Center	Cable System Improvements	Library Memorial	Community Development	Home Program	TIRZ #2	Parks Donations
<b>ASSETS</b>												
Cash and cash equivalents	\$ 77,940	\$ 112,373	\$ 337,843	\$ 1,784	\$ 308,979	\$ 17,936	\$ 526,272	\$ 18,473	\$ -	\$ 112,709	\$ 736,384	\$ 46,491
Receivables (net of allowances for uncollectibles):												
Taxes	-	-	-	-	131,779	-	59,077	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	280	7,115	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-	160,471	15,149	-	-
Inventories	-	-	-	-	6,408	-	-	-	-	-	-	-
Prepaid assets	-	-	-	-	4,538	-	-	-	2,311	425	-	-
Total assets	<u>\$ 77,940</u>	<u>\$ 112,373</u>	<u>\$ 337,843</u>	<u>\$ 1,784</u>	<u>\$ 451,704</u>	<u>\$ 17,936</u>	<u>\$ 585,349</u>	<u>\$ 18,473</u>	<u>\$ 163,062</u>	<u>\$ 135,398</u>	<u>\$ 736,384</u>	<u>\$ 46,491</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 70,350	\$ -	\$ -	\$ 2,518	\$ 104,102	\$ 291	\$ -	\$ 525
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	52,686	-	-	-
Accrued salaries payable	-	-	-	-	24,292	-	-	-	8,143	1,156	-	-
Unearned revenue	37,456	-	-	-	-	-	-	-	283	7,115	-	-
Total liabilities	<u>37,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,642</u>	<u>-</u>	<u>-</u>	<u>2,518</u>	<u>165,214</u>	<u>8,562</u>	<u>-</u>	<u>525</u>
Fund Balances:												
Nonspendable:												
Inventories	-	-	-	-	6,408	-	-	-	-	-	-	-
Prepaid assets	-	-	-	-	4,538	-	-	-	2,311	425	-	-
Restricted for:												
Debt service	-	-	-	-	346,116	-	-	-	-	-	-	-
Other purposes	40,484	112,373	337,843	1,784	-	17,936	585,349	15,955	-	126,411	736,384	45,966
Unassigned	-	-	-	-	-	-	-	-	(4,463)	-	-	-
Total fund balances	<u>40,484</u>	<u>112,373</u>	<u>337,843</u>	<u>1,784</u>	<u>357,062</u>	<u>17,936</u>	<u>585,349</u>	<u>15,955</u>	<u>(2,152)</u>	<u>126,836</u>	<u>736,384</u>	<u>45,966</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 77,940</u>	<u>\$ 112,373</u>	<u>\$ 337,843</u>	<u>\$ 1,784</u>	<u>\$ 451,704</u>	<u>\$ 17,936</u>	<u>\$ 585,349</u>	<u>\$ 18,473</u>	<u>\$ 163,062</u>	<u>\$ 135,398</u>	<u>\$ 736,384</u>	<u>\$ 46,491</u>

**City of Killeen, Texas**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (Continued)**  
**September 30, 2018**

	Teen Court Program	Court Technology	Court Security	Juvenile Case Manager	Photo Red Light Enforcement	Fire Department	Animal Control Donations	Child Safety	Police Department Donations	Employee Wellness	Killeen Volunteers Inc. (KVI)	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS</b>												
Cash and cash equivalents	\$ 7,898	\$ 96,250	\$ 167,909	\$ 559,883	\$ 24,741	\$ 1,323	\$ 115,921	\$ 240,713	\$ 201,137	\$ 152,818	\$ 63,882	\$ 3,929,659
Receivables (net of allowances for uncollectibles):												
Taxes	-	-	-	-	-	-	-	-	-	-	-	190,856
Accounts	-	-	-	-	2,125	-	-	-	-	-	-	9,520
Intergovernmental receivable	-	-	-	-	-	-	-	-	-	-	-	175,620
Inventories	-	-	-	-	-	-	-	-	-	-	-	6,408
Prepaid assets	-	-	-	-	-	-	-	-	-	-	-	7,274
Total assets	<u>\$ 7,898</u>	<u>\$ 96,250</u>	<u>\$ 167,909</u>	<u>\$ 559,883</u>	<u>\$ 26,866</u>	<u>\$ 1,323</u>	<u>\$ 115,921</u>	<u>\$ 240,713</u>	<u>\$ 201,137</u>	<u>\$ 152,818</u>	<u>\$ 63,882</u>	<u>\$ 4,319,337</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>												
Liabilities:												
Accounts payable	\$ 39	\$ -	\$ 105	\$ 455	\$ 25,707	\$ -	\$ 2,752	\$ -	\$ 45	\$ 6	\$ -	\$ 206,895
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	52,686
Accrued salaries payable	-	-	1,171	3,505	-	-	-	-	-	-	-	38,267
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	44,854
Total liabilities	<u>39</u>	<u>-</u>	<u>1,276</u>	<u>3,960</u>	<u>25,707</u>	<u>-</u>	<u>2,752</u>	<u>-</u>	<u>45</u>	<u>6</u>	<u>-</u>	<u>342,702</u>
Fund Balances:												
Nonspendable:												
Inventories	-	-	-	-	-	-	-	-	-	-	-	6,408
Prepaid assets	-	-	-	-	-	-	-	-	-	-	-	7,274
Restricted for:												
Debt service	-	-	-	-	-	-	-	-	-	-	-	346,116
Other purposes	7,859	96,250	166,633	555,923	1,159	1,323	113,169	240,713	201,092	152,812	63,882	3,621,300
Unassigned	-	-	-	-	-	-	-	-	-	-	-	(4,463)
Total fund balances	<u>7,859</u>	<u>96,250</u>	<u>166,633</u>	<u>555,923</u>	<u>1,159</u>	<u>1,323</u>	<u>113,169</u>	<u>240,713</u>	<u>201,092</u>	<u>152,812</u>	<u>63,882</u>	<u>3,976,635</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,898</u>	<u>\$ 96,250</u>	<u>\$ 167,909</u>	<u>\$ 559,883</u>	<u>\$ 26,866</u>	<u>\$ 1,323</u>	<u>\$ 115,921</u>	<u>\$ 240,713</u>	<u>\$ 201,137</u>	<u>\$ 152,818</u>	<u>\$ 63,882</u>	<u>\$ 4,319,337</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, 2018**

	Law Enforcement Grant	State Seizure	Federal Seizure	Emergency Management	Hotel Occupancy Tax	Special Events Center	Cablesystem Improvements	Library Memorial	Community Development	CDBG Home Program	TIRZ #2	Parks Donations
<b>REVENUES</b>												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,738,543	\$ -	\$ 239,615	\$ -	\$ -	\$ -	\$ 115,022	\$ -
Intergovernmental	1,330	31,589	18,564	-	-	-	-	-	638,002	198,711	86,100	-
Investment earnings	621	1,432	5,213	26	6,254	261	9,759	545	4	157	9,529	921
Contributions	-	-	-	-	-	-	-	9,255	1,273	-	-	29,478
Charges for services	-	-	-	-	636,451	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	8,357	52,405	-	-
Total revenues	<u>1,951</u>	<u>33,021</u>	<u>23,777</u>	<u>26</u>	<u>2,381,248</u>	<u>261</u>	<u>249,374</u>	<u>9,800</u>	<u>647,636</u>	<u>251,273</u>	<u>210,651</u>	<u>30,399</u>
<b>EXPENDITURES</b>												
Current:												
General government	-	-	-	-	-	-	1,321	-	-	-	-	-
Public safety	1,330	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	1,556,978	-	-	28,391	654,789	204,278	-	15,855
Debt service:												
Principal	-	-	-	-	465,000	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	251,372	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	36,300	-	37,882	-	-	-	-	49,815
Total expenditures	<u>1,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,309,650</u>	<u>-</u>	<u>39,203</u>	<u>28,391</u>	<u>654,789</u>	<u>204,278</u>	<u>-</u>	<u>65,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>621</u>	<u>33,021</u>	<u>23,777</u>	<u>26</u>	<u>71,598</u>	<u>261</u>	<u>210,171</u>	<u>(18,591)</u>	<u>(7,153)</u>	<u>46,995</u>	<u>210,651</u>	<u>(35,271)</u>
<b>OTHER FINANCING SOURCES (USES)</b>												
Sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	36,300	-	-	-	-	-	-	-	18,837	-	-	-
Transfers out	-	-	(36,300)	-	(11,000)	-	(470,000)	-	-	-	-	-
Total other financing sources (uses)	<u>36,300</u>	<u>-</u>	<u>(36,300)</u>	<u>-</u>	<u>(11,000)</u>	<u>-</u>	<u>(470,000)</u>	<u>-</u>	<u>18,837</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	36,921	33,021	(12,523)	26	60,598	261	(259,829)	(18,591)	11,684	46,995	210,651	(35,271)
Fund balance - beginning	3,563	79,352	350,366	1,758	296,464	17,675	845,178	34,546	(13,836)	79,841	525,733	81,237
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance - ending	<u>\$ 40,484</u>	<u>\$ 112,373</u>	<u>\$ 337,843</u>	<u>\$ 1,784</u>	<u>\$ 357,062</u>	<u>\$ 17,936</u>	<u>\$ 585,349</u>	<u>\$ 15,955</u>	<u>\$ (2,152)</u>	<u>\$ 126,836</u>	<u>\$ 736,384</u>	<u>\$ 45,966</u>

**City of Killeen, Texas**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds (Continued)**  
**For the Year Ended September 30, 2018**

	Teen Court Program	Court Technology	Court Security	Juvenile Case Manager	Photo Red Light Enforcement	Fire Department	Animal Control Donations	Child Safety	Police Department Donations	Employee Wellness	Killeen Volunteers Inc. (KVI)	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<b>REVENUES</b>												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,093,180
Intergovernmental	-	-	-	-	-	911	-	156,629	23,110	-	-	1,154,946
Investment earnings	112	1,579	2,427	8,272	183	16	787	2,982	2,958	1,957	-	55,995
Contributions	25	-	-	-	-	10	102,074	-	78,750	-	135,871	356,736
Charges for services	-	-	-	-	-	-	-	-	13,697	-	80,629	730,777
Fines	2,400	52,885	39,681	79,132	131,245	-	-	39,721	-	-	-	345,064
Miscellaneous	-	-	-	-	-	-	-	6	30,576	59,725	4,262	155,331
Total revenues	<u>2,537</u>	<u>54,464</u>	<u>42,108</u>	<u>87,404</u>	<u>131,428</u>	<u>937</u>	<u>102,861</u>	<u>199,338</u>	<u>149,091</u>	<u>61,682</u>	<u>220,762</u>	<u>4,892,029</u>
<b>EXPENDITURES</b>												
Current:												
General government	-	-	-	-	-	-	-	-	-	18,544	-	19,865
Public safety	2,068	75,876	36,806	95,142	106,504	-	4,705	10,064	63,062	-	-	395,557
Community services	-	-	-	-	-	-	-	-	-	-	239,537	2,699,828
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	465,000
Interest	-	-	-	-	-	-	-	-	-	-	-	251,372
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	123,997
Total expenditures	<u>2,068</u>	<u>75,876</u>	<u>36,806</u>	<u>95,142</u>	<u>106,504</u>	<u>-</u>	<u>4,705</u>	<u>10,064</u>	<u>63,062</u>	<u>18,544</u>	<u>239,537</u>	<u>3,955,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>469</u>	<u>(21,412)</u>	<u>5,302</u>	<u>(7,738)</u>	<u>24,924</u>	<u>937</u>	<u>98,156</u>	<u>189,274</u>	<u>86,029</u>	<u>43,138</u>	<u>(18,775)</u>	<u>936,410</u>
<b>OTHER FINANCING SOURCES (USES)</b>												
Sale of assets	-	-	-	-	-	-	-	-	1,166	-	-	1,166
Transfers in	-	-	-	-	10,625	-	-	-	-	-	-	65,762
Transfers out	-	-	-	-	-	-	-	-	-	-	-	(517,300)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,166</u>	<u>-</u>	<u>-</u>	<u>(450,372)</u>
Net changes in fund balances	469	(21,412)	5,302	(7,738)	35,549	937	98,156	189,274	87,195	43,138	(18,775)	486,038
Fund balance - beginning	7,390	117,662	161,331	563,661	(34,390)	386	15,013	51,439	113,897	109,674	82,657	3,490,597
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance - ending	<u>\$ 7,859</u>	<u>\$ 96,250</u>	<u>\$ 166,633</u>	<u>\$ 555,923</u>	<u>\$ 1,159</u>	<u>\$ 1,323</u>	<u>\$ 113,169</u>	<u>\$ 240,713</u>	<u>\$ 201,092</u>	<u>\$ 152,812</u>	<u>\$ 63,882</u>	<u>\$ 3,976,635</u>

**City of Killeen, Texas**  
**Capital Projects Funds**

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

**2011A Pass-Through Financing 190/2410:** This fund accounts for expenditures of funds to be used for improving roads on the state highway system located in the City, or as a continuation of the project or facility adjacent to the City.

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

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

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

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

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

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

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

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

**City of Killeen, Texas  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
September 30, 2018**

	2011A Pass-Through Financing 190/2410	2011 C.O. Bonds	2012 G.O. Bonds	Downtown Improvements Phase II	2014 C.O. Bonds	2014 G.O. Bonds	Governmental Capital Projects	Golf Capital Projects	Rosewood Extension Project	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
<b>ASSETS</b>										
Cash and cash equivalents	\$ 111,162	\$ 2,426,006	\$ 138,068	\$ 79,626	\$ 534,071	\$ 457,059	\$ 5,872,513	\$ 73,272	\$ 59,431	\$ 9,751,208
Intergovernmental receivable	-	-	-	-	-	412,912	422,499	-	-	835,411
Total assets	<u>\$ 111,162</u>	<u>\$ 2,426,006</u>	<u>\$ 138,068</u>	<u>\$ 79,626</u>	<u>\$ 534,071</u>	<u>\$ 869,971</u>	<u>\$ 6,295,012</u>	<u>\$ 73,272</u>	<u>\$ 59,431</u>	<u>\$ 10,586,619</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ -	\$ 743,531	\$ -	\$ -	\$ -	\$ 77,460	\$ 120,747	\$ 2,806	\$ -	\$ 944,544
Due to other funds	-	-	-	-	-	-	-	13,711	-	13,711
Total liabilities	<u>-</u>	<u>743,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,460</u>	<u>120,747</u>	<u>16,517</u>	<u>-</u>	<u>958,255</u>
Fund balances:										
Restricted for:										
Capital projects	111,162	1,682,475	138,068	79,626	534,071	792,511	6,174,265	56,755	59,431	9,628,364
Total fund balances	<u>111,162</u>	<u>1,682,475</u>	<u>138,068</u>	<u>79,626</u>	<u>534,071</u>	<u>792,511</u>	<u>6,174,265</u>	<u>56,755</u>	<u>59,431</u>	<u>9,628,364</u>
Total liabilities and fund balances	<u>\$ 111,162</u>	<u>\$ 2,426,006</u>	<u>\$ 138,068</u>	<u>\$ 79,626</u>	<u>\$ 534,071</u>	<u>\$ 869,971</u>	<u>\$ 6,295,012</u>	<u>\$ 73,272</u>	<u>\$ 59,431</u>	<u>\$ 10,586,619</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, 2018**

	2011A Pass Thru Financing 190/2410	2011 C.O. Bonds	2012 G.O. Bonds	Downtown Improvements Phase II	2014 C.O. Bonds	2014 G.O. Bonds	Governmental Capital Projects	Golf Capital Projects	Rosewood Extension Project	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
<b>REVENUES</b>										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 713,828	\$ 723,238	\$ -	\$ -	\$ 1,437,066
Investment earnings	1,616	35,520	2,008	1,158	9,068	14,439	43,181	705	1,129	108,824
Contributions	-	-	-	-	-	80,000	-	-	-	80,000
Miscellaneous	-	-	-	-	22	-	-	51,330	-	51,352
Total revenues	<u>1,616</u>	<u>35,520</u>	<u>2,008</u>	<u>1,158</u>	<u>9,090</u>	<u>808,267</u>	<u>766,419</u>	<u>52,035</u>	<u>1,129</u>	<u>1,677,242</u>
<b>EXPENDITURES</b>										
Public works	-	-	-	-	-	-	-	10,300	-	10,300
Community Services	-	-	-	-	-	-	10,290	-	-	10,290
Capital outlay	-	23,611	-	-	702,683	1,453,164	1,044,164	16,257	-	3,239,879
Total expenditures	<u>-</u>	<u>23,611</u>	<u>-</u>	<u>-</u>	<u>702,683</u>	<u>1,453,164</u>	<u>1,054,454</u>	<u>26,557</u>	<u>-</u>	<u>3,260,469</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,616</u>	<u>11,909</u>	<u>2,008</u>	<u>1,158</u>	<u>(693,593)</u>	<u>(644,897)</u>	<u>(288,035)</u>	<u>25,478</u>	<u>1,129</u>	<u>(1,583,227)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	-	-	-	-	4,972,468	-	-	4,972,468
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,972,468</u>	<u>-</u>	<u>-</u>	<u>4,972,468</u>
Net change in fund balances	1,616	11,909	2,008	1,158	(693,593)	(644,897)	4,684,433	25,478	1,129	3,389,241
Fund balance - beginning	109,546	1,670,566	136,060	78,468	1,227,664	1,437,408	1,489,832	31,277	58,302	6,239,123
Fund balance - ending	<u>\$ 111,162</u>	<u>\$ 1,682,475</u>	<u>\$ 138,068</u>	<u>\$ 79,626</u>	<u>\$ 534,071</u>	<u>\$ 792,511</u>	<u>\$ 6,174,265</u>	<u>\$ 56,755</u>	<u>\$ 59,431</u>	<u>\$ 9,628,364</u>

**City of Killeen, Texas**  
**Internal Service Fund**

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

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

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

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

**City of Killeen, Texas**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**September 30, 2018**

	Fleet Services	Risk Management	Information Technology	Total Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 5,147,481	\$ 80,063	\$ 239,763	\$ 5,467,307
Receivables (net of allowances for uncollectibles):				
Inventories	277,058	-	-	277,058
Prepaid assets	6,503	382	8,646	15,531
Total current assets	<u>5,431,042</u>	<u>80,445</u>	<u>248,409</u>	<u>5,759,896</u>
Noncurrent assets:				
Property and equipment:				
Furniture and equipment	293,125	-	1,381,998	1,675,123
Vehicles	3,989,602	-	-	3,989,602
Less accumulated depreciation	(1,799,048)	-	(812,641)	(2,611,689)
Net property and equipment	<u>2,483,679</u>	<u>-</u>	<u>569,357</u>	<u>3,053,036</u>
Total assets	<u>\$ 7,914,721</u>	<u>\$ 80,445</u>	<u>\$ 817,766</u>	<u>\$ 8,812,932</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows - Pension	66,078	-	-	66,078
Deferred Outflows - OPEB	4,262	-	-	4,262
Total deferred outflows of resources	<u>70,340</u>	<u>-</u>	<u>-</u>	<u>70,340</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 208,311	\$ 4,881	\$ 84,415	\$ 297,607
Accrued salaries payable	45,983	4,670	57,155	107,808
Compensated absences	37,307	3,271	55,053	95,631
Capital Lease payable	-	-	243,722	243,722
Total current liabilities	<u>291,601</u>	<u>12,822</u>	<u>440,345</u>	<u>744,768</u>
Noncurrent liabilities:				
Compensated absences	31,351	2,539	56,164	90,054
Net pension liability	332,367	-	-	332,367
OPEB Liability	56,490	-	-	56,490
Capital Lease Payable	-	-	251,606	251,606
Total noncurrent liabilities	<u>420,208</u>	<u>2,539</u>	<u>307,770</u>	<u>730,517</u>
Total liabilities	<u>711,809</u>	<u>15,361</u>	<u>748,115</u>	<u>1,475,285</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Pension	170,501	-	-	170,501
Total deferred inflows of resources	<u>170,501</u>	<u>-</u>	<u>-</u>	<u>170,501</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,483,679	-	317,751	2,801,430
Unrestricted	4,619,072	65,084	(248,100)	4,436,056
Total net position	<u>7,102,751</u>	<u>65,084</u>	<u>69,651</u>	<u>7,237,486</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,985,061</u>	<u>\$ 80,445</u>	<u>\$ 817,766</u>	<u>8,883,272</u>

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

**City of Killeen, Texas**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended September 30, 2018**

	Fleet Services	Risk Management	Information Technology	Total Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services	\$ 6,846,005	\$ 1,281,989	\$ 2,809,476	\$ 10,937,470
Miscellaneous	3,632	4	316	3,952
Total operating revenues	<u>6,849,637</u>	<u>1,281,993</u>	<u>2,809,792</u>	<u>10,941,422</u>
<b>OPERATING EXPENSES</b>				
Salaries and employee benefits	1,683,456	134,179	1,608,135	3,425,770
Repairs and maintenance	60,836	-	691,886	752,722
Supplies	31,536	-	10,328	41,864
Miscellaneous services and charges	42,593	1,082,929	165,724	1,291,246
Refuse disposal costs	5,569	-	-	5,569
Depreciation	833,643	-	245,327	1,078,970
Total operating expenses	<u>2,657,632</u>	<u>1,217,108</u>	<u>2,721,400</u>	<u>6,596,140</u>
Operating income (loss)	<u>4,192,005</u>	<u>64,885</u>	<u>88,392</u>	<u>4,345,282</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	93	-	-	93
Investment earnings	46,581	199	4,920	51,700
Interest and fiscal charges	-	-	(23,661)	(23,661)
Total nonoperating revenues (expenses)	<u>46,674</u>	<u>199</u>	<u>(18,741)</u>	<u>28,132</u>
Income (loss) before contributions and transfers	<u>4,238,679</u>	<u>65,084</u>	<u>69,651</u>	<u>4,373,414</u>
Change in net position	4,238,679	65,084	69,651	4,373,414
Net position - beginning	2,911,478	-	-	2,911,478
Prior year adjustment	(47,406)	-	-	(47,406)
Net position - ending	<u>\$ 7,102,751</u>	<u>\$ 65,084</u>	<u>\$ 69,651</u>	<u>\$ 7,237,486</u>

**City of Killeen, Texas**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2018**

	Fleet Services	Risk Management	Information Technology	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 6,851,379	\$ 1,281,993	\$ 2,809,792	\$ 10,943,164
Payments to suppliers	(30,890)	(1,078,430)	(792,169)	(1,901,489)
Payments to employees	(1,232,574)	(123,699)	(1,439,763)	(2,796,036)
Net cash provided (used) by operating activities	<u>5,587,915</u>	<u>79,864</u>	<u>577,860</u>	<u>6,245,639</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Net cash (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions/grants	93	-	-	93
Purchase and construction of capital assets	(790,188)	-	(83,271)	(873,459)
Principal paid on long-term debt	-	-	(236,085)	(236,085)
Interest and fees paid on long-term debt	-	-	(23,661)	(23,661)
Net cash provided (used) by capital and related financing activities	<u>(790,095)</u>	<u>-</u>	<u>(343,017)</u>	<u>(1,133,112)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends on investments	46,581	199	4,920	51,700
Net cash provided by investing activities	<u>46,581</u>	<u>199</u>	<u>4,920</u>	<u>51,700</u>
Net increase (decrease) in cash and cash equivalents	4,844,401	80,063	239,763	5,164,227
Cash and cash equivalents, beginning of year	303,080	-	-	303,080
Cash and cash equivalents, end of year	<u>\$ 5,147,481</u>	<u>\$ 80,063</u>	<u>\$ 239,763</u>	<u>\$ 5,467,307</u>
Cash and cash equivalents	\$ 5,147,481	\$ 80,063	\$ 239,763	\$ 5,467,307
Cash and cash equivalents - restricted	-	-	-	-
Total	<u>\$ 5,147,481</u>	<u>\$ 80,063</u>	<u>\$ 239,763</u>	<u>\$ 5,467,307</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 4,192,005	\$ 64,885	\$ 88,392	\$ 4,345,282
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	833,643	-	245,327	1,078,970
Changes in assets and liabilities:				
Decrease (increase) in receivables	1,742	-	-	1,742
Decrease (increase) in inventories	35,779	-	-	35,779
Decrease (increase) in other assets	(6,503)	(382)	(8,646)	(15,531)
Decrease (increase) in pension related deferred outflows	(66,078)	-	-	(66,078)
Decrease (increase) in OPEB deferred outflows	(4,051)	-	-	(4,051)
Increase (decrease) in payables	80,367	4,881	84,415	169,663
Increase (decrease) in accrued salaries payable	1,386	4,670	57,155	63,211
Increase (decrease) in compensated absences	7,885	5,810	111,217	124,912
Increase (decrease) in pension related deferred inflows	170,501	-	-	170,501
Increase (decrease) in net pension liability	332,367	-	-	332,367
Increase (decrease) in OPEB liability	8,872	-	-	8,872
Total adjustments	<u>1,395,910</u>	<u>14,979</u>	<u>489,468</u>	<u>1,900,357</u>
Net cash provided (used) by operating activities	<u>\$ 5,587,915</u>	<u>\$ 79,864</u>	<u>\$ 577,860</u>	<u>\$ 6,245,639</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -

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



**City of Killeen, Texas**  
**Law Enforcement Grant Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 1,330	\$ 138,303	\$ 382,337	\$ (381,007)
Investments earnings	621	-	-	621
Total revenues	<u>1,951</u>	<u>138,303</u>	<u>382,337</u>	<u>(380,386)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	1,330	138,303	361,456	360,126
Capital outlay	-	-	57,181	57,181
Total expenditures	<u>1,330</u>	<u>138,303</u>	<u>418,637</u>	<u>417,307</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	36,300	-	36,300	-
Total Other financing Sources	<u>36,300</u>	<u>-</u>	<u>36,300</u>	<u>-</u>
Net change in fund balance	36,921	\$ -	\$ -	\$ 36,921
Fund balance - beginning	3,563			
Fund balance - ending	<u>\$ 40,484</u>			

**City of Killeen, Texas**  
**State Seizure Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 31,589	\$ -	\$ -	\$ 31,589
Investment earnings	1,432	-	-	1,432
Total revenues	<u>33,021</u>	<u>-</u>	<u>-</u>	<u>33,021</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	79,352	79,352
Total expenditures	<u>-</u>	<u>-</u>	<u>79,352</u>	<u>79,352</u>
Net change in fund balance	33,021	\$ -	\$ (79,352)	\$ 112,373
Fund balance - beginning	<u>79,352</u>			
Fund balance - ending	<u>\$ 112,373</u>			

**City of Killeen, Texas**  
**Federal Seizure Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 18,564	\$ -	\$ -	\$ 18,564
Investment earnings	5,213	-	-	5,213
Total revenues	<u>23,777</u>	<u>-</u>	<u>-</u>	<u>23,777</u>
<b>EXPENDITURES</b>				
Public Safety	-	-	350,365	350,365
Total expenditures	<u>-</u>	<u>-</u>	<u>350,365</u>	<u>350,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,777</u>	<u>-</u>	<u>(350,365)</u>	<u>374,142</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(36,300)</u>	<u>-</u>	<u>(36,300)</u>	<u>-</u>
Total other financing sources	<u>(36,300)</u>	<u>-</u>	<u>(36,300)</u>	<u>-</u>
Net change in fund balance	(12,523)	\$ -	\$ (386,665)	\$ 374,142
Fund balance - beginning	<u>350,366</u>			
Fund balance - ending	<u>\$ 337,843</u>			

**City of Killeen, Texas**  
**Emergency Management Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ 26	\$ -	\$ -	\$ 26
Total revenues	<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	26	\$ -	\$ -	\$ 26
Fund balance - beginning	<u>1,758</u>			
Fund balance - ending	<u>\$ 1,784</u>			

**City of Killeen, Texas**  
**Hotel Occupancy Tax Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 1,738,543	\$ 1,785,000	\$ 1,785,000	\$ (46,457)
Charges for services	636,451	695,000	695,000	(58,549)
Investment earnings	6,254	1,875	1,875	4,379
Total revenues	<u>2,381,248</u>	<u>2,481,875</u>	<u>2,481,875</u>	<u>(100,627)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	1,556,978	1,552,539	1,627,588	70,610
Debt service:				
Principal	465,000	425,000	465,000	-
Interest and fiscal charges	251,372	297,060	257,060	5,688
Capital outlay	36,300	-	36,300	-
Total expenditures	<u>2,309,650</u>	<u>2,274,599</u>	<u>2,385,948</u>	<u>76,298</u>
Excess (deficiency) of revenues over (under) expenditures	<u>71,598</u>	<u>207,276</u>	<u>95,927</u>	<u>(24,329)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(11,000)	-	(11,000)	-
Total other financing sources	<u>(11,000)</u>	<u>-</u>	<u>(11,000)</u>	<u>-</u>
Net change in fund balance	60,598	<u>\$ 207,276</u>	<u>\$ 84,927</u>	<u>\$ (24,329)</u>
Fund balance - beginning	296,464			
Fund balance - ending	<u>\$ 357,062</u>			

**City of Killeen, Texas**  
**Special Events Center Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Investment earnings	\$ 261	\$ -	\$ -	\$ 261
Total revenues	261	-	-	261
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	261	\$ -	\$ -	\$ 261
Fund balance - beginning	17,675			
Fund balance - ending	\$ 17,936			

**City of Killeen, Texas**  
**Cable System Improvements Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 239,615	\$ 208,000	\$ 208,000	\$ 31,615
Investment earnings	9,759	1,800	1,800	7,959
Total revenues	<u>249,374</u>	<u>209,800</u>	<u>209,800</u>	<u>39,574</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,321	50,000	3,000	1,679
Capital outlay	<u>37,882</u>	-	<u>47,000</u>	<u>9,118</u>
Total expenditures	<u>39,203</u>	<u>50,000</u>	<u>50,000</u>	<u>10,797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>210,171</u>	<u>159,800</u>	<u>159,800</u>	<u>28,777</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(470,000)</u>	<u>(300,000)</u>	<u>(470,000)</u>	-
Total other financing sources	<u>(470,000)</u>	<u>(300,000)</u>	<u>(470,000)</u>	-
Net change in fund balance	(259,829)	<u>\$ (140,200)</u>	<u>\$ (310,200)</u>	<u>\$ 50,371</u>
Fund balance - beginning	<u>845,178</u>			
Fund balance - ending	<u>\$ 585,349</u>			

**City of Killeen, Texas**  
**Library Memorial Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Contributions	\$ 9,255	\$ -	\$ 35,500	\$ (26,245)
Investment earnings	545	-	-	545
Total revenues	<u>9,800</u>	<u>-</u>	<u>35,500</u>	<u>(25,700)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	28,391	-	35,500	7,109
Total expenditures	<u>28,391</u>	<u>-</u>	<u>35,500</u>	<u>7,109</u>
Net change in fund balance	(18,591)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,591)</u>
Fund balance - beginning	<u>34,546</u>			
Fund balance - ending	<u>\$ 15,955</u>			

**City of Killeen, Texas**  
**Community Development Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 638,002	\$ 1,213,957	\$ 1,213,957	\$ (575,955)
Contributions	1,273	1,500	1,500	(227)
Investment earnings	4	-	-	4
Miscellaneous	8,357	-	-	8,357
Total revenues	<u>647,636</u>	<u>1,215,457</u>	<u>1,215,457</u>	<u>(567,821)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	654,789	1,229,395	1,229,395	574,606
Total expenditures	<u>654,789</u>	<u>1,229,395</u>	<u>1,229,395</u>	<u>574,606</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,153)</u>	<u>(13,938)</u>	<u>(13,938)</u>	<u>6,785</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	18,837	-	18,837	-
Total other financing sources	<u>18,837</u>	<u>-</u>	<u>18,837</u>	<u>-</u>
Net change in fund balance	11,684	\$ (13,938)	\$ 4,899	\$ 6,785
Fund balance - beginning	(13,836)			
Fund balance - ending	<u>\$ (2,152)</u>			

**City of Killeen, Texas**  
**CDBG Home Program Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 198,711	\$ 853,301	\$ 853,301	\$ (654,590)
Investment earnings	157	-	-	157
Miscellaneous	52,405	-	-	52,405
Total revenues	<u>251,273</u>	<u>853,301</u>	<u>853,301</u>	<u>(602,028)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	<u>204,278</u>	<u>818,646</u>	<u>818,646</u>	<u>614,368</u>
Total expenditures	<u>204,278</u>	<u>818,646</u>	<u>818,646</u>	<u>614,368</u>
Net change in fund balance	46,995	<u>\$ 34,655</u>	<u>\$ 34,655</u>	<u>\$ 12,340</u>
Fund balance - beginning	<u>79,841</u>			
Fund balance - ending	<u>\$ 126,836</u>			

**City of Killeen, Texas**  
**TIRZ #2 Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 115,022	\$ 127,499	\$ 127,499	\$ (12,477)
Intergovernmental	86,100	99,934	99,934	(13,834)
Investment earnings	9,529	2,100	2,100	7,429
Total revenues	<u>210,651</u>	<u>229,533</u>	<u>229,533</u>	<u>(18,882)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	210,651	<u>\$ 229,533</u>	<u>\$ 229,533</u>	<u>\$ (18,882)</u>
Fund balance - beginning	<u>525,733</u>			
Fund balance - ending	<u>\$ 736,384</u>			

**City of Killeen, Texas**  
**Parks Donations Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Contributions	\$ 29,478	\$ 280,000	\$ 280,000	\$ (250,522)
Investment earnings	921	-	-	921
Total revenues	<u>30,399</u>	<u>280,000</u>	<u>280,000</u>	<u>(249,601)</u>
<b>EXPENDITURES</b>				
Current:				
Community services	15,855	280,000	230,000	214,145
Capital outlay	49,815	-	50,000	185
Total expenditures	<u>65,670</u>	<u>280,000</u>	<u>280,000</u>	<u>214,330</u>
Net change in fund balance	(35,271)	\$ -	\$ -	\$ (35,271)
Fund balance - beginning	<u>81,237</u>			
Fund balance - ending	<u>\$ 45,966</u>			

**City of Killeen, Texas**  
**Teen Court Program Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 2,400	\$ 1,704	\$ 1,704	\$ 696
Contributions	25	-	-	25
Investment earnings	112	20	20	(92)
Total revenues	<u>2,537</u>	<u>1,724</u>	<u>1,724</u>	<u>629</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	2,068	2,320	2,320	252
Total expenditures	<u>2,068</u>	<u>2,320</u>	<u>2,320</u>	<u>252</u>
Net change in fund balance	469	<u>\$ (596)</u>	<u>\$ (596)</u>	<u>\$ 1,065</u>
Fund balance - beginning	<u>7,390</u>			
Fund balance - ending	<u>\$ 7,859</u>			

**City of Killeen, Texas**  
**Court Technology Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 52,885	\$ 45,184	\$ 45,184	\$ 7,701
Investment earnings	1,579	500	500	(1,079)
Total revenues	<u>54,464</u>	<u>45,684</u>	<u>45,684</u>	<u>6,622</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	75,876	89,428	89,428	13,552
Capital outlay	-	-	-	-
Total expenditures	<u>75,876</u>	<u>89,428</u>	<u>89,428</u>	<u>13,552</u>
Net change in fund balance	(21,412)	<u>\$ (43,744)</u>	<u>\$ (43,744)</u>	<u>\$ 22,332</u>
Fund balance - beginning	<u>117,662</u>			
Fund balance - ending	<u>\$ 96,250</u>			

**City of Killeen, Texas**  
**Court Security Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 39,681	\$ 36,321	\$ 36,321	\$ 3,360
Investment earnings	2,427	400	400	2,027
Total revenues	<u>42,108</u>	<u>36,721</u>	<u>36,721</u>	<u>5,387</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>36,806</u>	<u>45,012</u>	<u>45,012</u>	<u>8,206</u>
Total expenditures	<u>36,806</u>	<u>45,012</u>	<u>45,012</u>	<u>8,206</u>
Net change in fund balance	5,302	<u>\$ (8,291)</u>	<u>\$ (8,291)</u>	<u>\$ 13,593</u>
Fund balance - beginning	<u>161,331</u>			
Fund balance - ending	<u>\$ 166,633</u>			

**City of Killeen, Texas**  
**Juvenile Case Manager Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 79,132	\$ 67,275	\$ 67,275	\$ 11,857
Investment earnings	8,272	1,500	1,500	6,772
Total revenues	<u>87,404</u>	<u>68,775</u>	<u>68,775</u>	<u>18,629</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	95,142	98,508	98,508	3,366
Total expenditures	<u>95,142</u>	<u>98,508</u>	<u>98,508</u>	<u>3,366</u>
Net change in fund balance	(7,738)	<u>\$ (29,733)</u>	<u>\$ (29,733)</u>	<u>\$ 21,995</u>
Fund balance - beginning	563,661			
Fund balance - ending	<u>\$ 555,923</u>			

**City of Killeen, Texas**  
**Photo Red Light Enforcement Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Fines	\$ 131,245	\$ -	\$ -	\$ 131,245
Investment earnings	183	-	-	183
Total revenues	<u>131,428</u>	<u>-</u>	<u>-</u>	<u>131,428</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	106,504	-	-	(106,504)
Total expenditures	<u>106,504</u>	<u>-</u>	<u>-</u>	<u>(106,504)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,924</u>	<u>-</u>	<u>-</u>	<u>24,924</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	10,625	-	15,000	(4,375)
Total other financing sources	<u>10,625</u>	<u>-</u>	<u>15,000</u>	<u>(4,375)</u>
Net change in fund balance	35,549	\$ -	\$ 15,000	\$ 20,549
Fund balance - beginning	<u>(34,390)</u>			
Fund balance - ending	<u>\$ 1,159</u>			

**City of Killeen, Texas**  
**Fire Department Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 911	\$ -	\$ -	\$ 911
Contributions	10	-	-	10
Investment earnings	16	-	-	16
Total revenues	<u>937</u>	<u>-</u>	<u>-</u>	<u>937</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	937	\$ -	\$ -	\$ 937
Fund balance - beginning	<u>386</u>			
Fund balance - ending	<u>\$ 1,323</u>			

**City of Killeen, Texas**  
**Animal Control Donations Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Contributions	\$ 102,074	\$ 15,970	\$ 95,970	\$ 6,104
Investment earnings	787	-	-	787
Total revenues	<u>102,861</u>	<u>15,970</u>	<u>95,970</u>	<u>6,891</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	4,705	20,000	85,000	80,295
Capital outlay	-	-	15,000	15,000
Total expenditures	<u>4,705</u>	<u>20,000</u>	<u>100,000</u>	<u>95,295</u>
Net change in fund balance	98,156	\$ (4,030)	\$ (4,030)	\$ 102,186
Fund balance - beginning	<u>15,013</u>			
Fund balance - ending	<u>\$ 113,169</u>			

**City of Killeen, Texas**  
**Child Safety Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 156,629	\$ -	\$ -	\$ 156,629
Fines	39,721	35,000	35,000	4,721
Investments earnings	2,982	-	-	2,982
Miscellaneous	6	-	-	6
Total revenues	<u>199,338</u>	<u>35,000</u>	<u>35,000</u>	<u>164,338</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	10,064	40,000	83,198	73,134
Capital outlay	-	146,000	123,031	123,031
Total expenditures	<u>10,064</u>	<u>186,000</u>	<u>206,229</u>	<u>196,165</u>
Net change in fund balance	189,274	<u>\$ (151,000)</u>	<u>\$ (171,229)</u>	<u>\$ 360,503</u>
Fund balance - beginning	<u>51,439</u>			
Fund balance - ending	<u><u>\$ 240,713</u></u>			

**City of Killeen, Texas**  
**Police Department Donations Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Intergovernmental	\$ 23,110	\$ -	\$ -	\$ 23,110
Investment earnings	2,958	-	-	2,958
Contributions	78,750	7,234	7,234	71,516
Charges for services	13,697	22,785	22,785	(9,088)
Miscellaneous	30,576	23,776	23,776	6,800
Total revenues	<u>149,091</u>	<u>53,795</u>	<u>53,795</u>	<u>95,296</u>
<b>EXPENDITURES</b>				
Public safety	<u>63,062</u>	<u>160,798</u>	<u>160,798</u>	<u>97,736</u>
Total expenditures	<u>63,062</u>	<u>160,798</u>	<u>160,798</u>	<u>97,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>86,029</u>	<u>(107,003)</u>	<u>(107,003)</u>	<u>193,032</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	<u>1,166</u>	<u>29,696</u>	<u>29,696</u>	<u>(28,530)</u>
Total other financing sources	<u>1,166</u>	<u>29,696</u>	<u>29,696</u>	<u>(28,530)</u>
Net change in fund balance	87,195	<u>\$ (77,307)</u>	<u>\$ (77,307)</u>	<u>\$ 164,502</u>
Fund balance - beginning	<u>113,897</u>			
Fund balance - ending	<u>\$ 201,092</u>			

**City of Killeen, Texas**  
**Employee Wellness Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Interest earnings	\$ 1,957	\$ -	\$ -	\$ 1,957
Miscellaneous	59,725	-	62,100	(2,375)
Total revenues	61,682	-	62,100	(418)
<b>EXPENDITURES</b>				
Current:				
General government	18,544	-	62,100	43,556
Total expenditures	18,544	-	62,100	43,556
Net change in fund balance	43,138	\$ -	\$ -	\$ 43,138
Fund balance - beginning	109,674			
Fund balance - ending	\$ 152,812			

**City of Killeen, Texas**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**For the Year Ended September 30, 2018**

	Actual	Budgeted Amounts		Variance - Positive (Negative)
		Original	Final	
<b>REVENUES</b>				
Taxes	\$ 14,563,970	\$ 14,688,478	\$ 14,688,478	\$ (124,508)
Intergovernmental	2,086,709	1,684,375	1,684,375	402,334
Investment earnings	168,891	45,000	45,000	123,891
Total revenues	<u>16,819,570</u>	<u>16,417,853</u>	<u>16,417,853</u>	<u>401,717</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	8,725,000	8,120,000	8,725,000	-
Interest and fiscal charges	7,004,221	7,616,661	7,011,661	7,440
Bond issuance costs	391,354	-	475,000	83,646
Total expenditures	<u>16,120,575</u>	<u>15,736,661</u>	<u>16,211,661</u>	<u>91,086</u>
Excess of revenues over expenditures	698,995	681,192	206,192	492,803
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	33,455,000	-	40,115,000	(6,660,000)
Premium on bonds issued	3,877,980	-	-	3,877,980
Payment to bond escrow agent	(36,938,001)	-	(39,640,000)	2,701,999
Total other financing sources	<u>394,979</u>	<u>-</u>	<u>475,000</u>	<u>(80,021)</u>
Net change in fund balance	1,093,974	<u>\$ 681,192</u>	<u>\$ 681,192</u>	<u>\$ 412,782</u>
Fund balance - beginning	<u>4,056,860</u>			
Fund balance - ending	<u>\$ 5,150,834</u>			



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

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	146
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	151
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	155
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	160
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.</i>	162
Continuing Financial Disclosures <i>These tables present various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. This financial information is provided to the Municipal Securities Rulemaking Board (MSRB) annually via the Electronic Municipal Market Access (EMMA) system.</i>	168

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015 <sup>(1)</sup>	2016	2017	2018 <sup>(2)</sup>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 70,086,573	\$ 66,697,447	\$ 67,024,699	\$ 62,566,576	\$ 62,867,902	\$ 54,564,150	\$ 55,015,444	\$ 52,004,821	\$ 48,083,942	\$ 52,468,959
Restricted for:										
Debt service	3,359,077	3,008,055	6,033,367	4,893,750	1,730,132	3,131,449	905,327	-	3,238,931	4,494,021
Capital projects	9,269,562	8,085,411	7,134,634	2,089,363	2,910,571	2,472,582	2,414,025	298,693	6,239,123	9,628,364
Other purposes	3,944,130	3,271,170	2,768,621	3,045,444	2,963,110	2,952,565	2,641,546	3,138,898	3,242,359	3,621,300
Unrestricted	17,417,463	16,516,531	12,126,100	16,857,071	14,455,124	11,671,245	(51,826,021)	(51,868,558)	(33,339,549)	(29,100,119)
<b>Total governmental activities net position</b>	<b>\$ 104,076,805</b>	<b>\$ 97,578,614</b>	<b>\$ 95,087,421</b>	<b>\$ 89,452,204</b>	<b>\$ 84,926,839</b>	<b>\$ 74,791,991</b>	<b>\$ 9,150,321</b>	<b>\$ 3,573,854</b>	<b>\$ 27,464,806</b>	<b>\$ 41,112,525</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 160,788,607	\$ 164,542,836	\$ 171,472,647	\$ 176,347,544	\$ 188,453,458	\$ 192,106,889	\$ 203,053,020	\$ 181,931,220	\$ 201,056,728	\$ 203,947,547
Restricted for:										
Debt service	9,025,106	7,987,426	7,963,550	7,999,802	8,724,350	8,437,776	8,436,533	5,965,000	5,115,000	5,295,000
Capital projects	-	-	-	-	-	-	-	14,588,933	3,054,410	1,796,524
Unrestricted	31,232,183	32,495,856	33,318,199	33,556,533	31,760,856	21,921,142	3,450,901	6,274,922	15,788,767	17,091,983
<b>Total business-type activities net position</b>	<b>\$ 201,045,896</b>	<b>\$ 205,026,118</b>	<b>\$ 212,754,396</b>	<b>\$ 217,903,879</b>	<b>\$ 228,938,664</b>	<b>\$ 222,465,807</b>	<b>\$ 214,940,454</b>	<b>\$ 208,760,075</b>	<b>\$ 225,014,905</b>	<b>\$ 228,131,054</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 230,875,180	\$ 231,240,283	\$ 238,497,346	\$ 238,914,120	\$ 251,321,360	\$ 246,671,039	\$ 258,068,464	\$ 233,936,041	\$ 249,140,670	\$ 256,416,506
Restricted for:										
Debt service	12,384,183	10,995,481	13,996,917	12,893,552	10,454,482	11,569,225	9,341,860	5,965,000	8,353,931	9,789,021
Capital projects	9,269,562	8,085,411	7,134,634	2,089,363	2,910,571	2,472,582	2,414,025	14,887,626	9,293,533	11,424,888
Other purposes	3,944,130	3,271,170	2,768,621	3,045,444	2,963,110	2,952,565	2,641,546	3,138,898	3,242,359	3,621,300
Unrestricted	48,649,646	49,012,387	45,444,299	50,413,604	46,215,980	33,592,387	(48,375,120)	(45,593,636)	(17,550,782)	(12,008,136)
<b>Total primary government activities net position</b>	<b>\$ 305,122,701</b>	<b>\$ 302,604,732</b>	<b>\$ 307,841,817</b>	<b>\$ 307,356,083</b>	<b>\$ 313,865,503</b>	<b>\$ 297,257,798</b>	<b>\$ 224,090,775</b>	<b>\$ 212,333,929</b>	<b>\$ 252,479,711</b>	<b>\$ 269,243,579</b>

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

(1) Implemented GASB 68

(2) Implemented GASB 75

Table II

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 13,873,564	\$ 16,580,327	\$ 18,165,769	\$ 16,841,919	\$ 18,130,388	\$ 18,280,688	\$ 19,738,067	\$ 23,881,088	\$ 7,640,003	\$ 18,532,927
Public safety	38,080,463	38,841,024	44,462,918	45,108,412	47,472,507	49,434,466	57,032,023	59,748,462	47,145,776	50,531,932
Public works	10,655,648	11,062,840	10,395,353	11,038,454	10,041,012	11,861,694	10,859,949	7,240,120	7,144,108	10,746,654
Community services	10,977,545	10,110,998	11,071,638	9,524,690	9,682,663	9,549,328	10,741,314	10,686,576	9,468,049	8,624,123
Community development	1,683,583	1,481,728	1,607,797	1,494,038	1,563,247	2,292,071	2,306,419	3,218,079	3,199,353	3,432,423
Fleet services	-	-	-	-	-	-	-	-	1,164,394	1,078,970
Interest on long-term debt	5,092,447	5,280,410	5,418,468	7,632,519	8,547,412	8,263,132	8,598,463	7,610,776	7,739,808	6,466,577
<b>Total governmental activities expenses</b>	<b>80,363,250</b>	<b>83,357,327</b>	<b>91,121,943</b>	<b>91,640,032</b>	<b>95,437,229</b>	<b>99,681,379</b>	<b>109,276,235</b>	<b>112,385,101</b>	<b>83,501,491</b>	<b>99,413,606</b>
<b>Business-type activities</b>										
Airport operations	6,788,224	6,843,195	7,266,448	7,244,913	7,287,062	7,572,452	7,439,685	8,253,375	5,827,440	6,536,318
Solid waste	11,811,015	12,239,129	12,522,011	13,019,791	12,871,668	12,953,683	13,025,124	13,579,907	11,069,243	14,513,999
Water and sewer	24,610,252	25,586,685	26,689,831	27,525,085	28,455,634	34,975,124	32,611,994	32,027,836	27,181,470	32,112,444
Drainage utility	2,405,678	2,336,704	2,926,201	2,778,690	2,949,262	3,400,443	3,092,520	3,289,469	2,393,986	3,170,071
<b>Total business-type activities expenses</b>	<b>45,615,169</b>	<b>47,005,713</b>	<b>49,404,491</b>	<b>50,568,479</b>	<b>51,563,626</b>	<b>58,901,702</b>	<b>56,169,323</b>	<b>57,150,587</b>	<b>46,472,139</b>	<b>56,332,832</b>
<b>Total primary government expenses</b>	<b>\$ 125,978,419</b>	<b>\$ 130,363,040</b>	<b>\$ 140,526,434</b>	<b>\$ 142,208,511</b>	<b>\$ 147,000,855</b>	<b>\$ 158,583,081</b>	<b>\$ 165,445,558</b>	<b>\$ 169,535,688</b>	<b>\$ 129,973,630</b>	<b>\$ 155,746,438</b>
<b>Program revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 4,501,278	\$ 4,185,056	\$ 4,613,298	\$ 5,340,754	\$ 5,894,028	\$ 5,750,455	\$ 3,755,430	\$ 6,610,874	\$ 1,127,516	\$ 4,629,114
Public safety	4,116,109	3,601,361	3,784,908	3,777,581	3,091,333	3,612,991	3,367,392	4,182,979	8,737,207	3,661,289
Community services	2,323,438	3,001,552	3,098,699	3,193,406	3,210,649	2,331,670	2,273,902	2,198,783	2,153,672	2,230,770
Community development	39,973	42,879	40,032	40,430	38,892	40,365	38,757	717,784	692,966	636,451
Fleet services	-	-	-	-	-	-	-	-	1,138,067	10,941,422
Operating grants and contributions	3,079,605	2,816,838	3,398,318	2,143,652	2,726,431	3,326,406	4,220,705	5,450,879	6,929,957	5,066,389
Capital grants and contributions	2,348,835	1,842,757	5,300,013	954,919	5,489,297	2,113,813	6,385,540	4,964,996	3,717,656	3,655,127
<b>Total governmental activities program revenues</b>	<b>\$ 16,409,238</b>	<b>\$ 15,490,443</b>	<b>\$ 20,235,268</b>	<b>\$ 15,450,742</b>	<b>\$ 20,450,630</b>	<b>\$ 17,931,978</b>	<b>\$ 20,889,041</b>	<b>\$ 24,126,295</b>	<b>\$ 24,497,041</b>	<b>\$ 30,820,562</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Airport operations	\$ 4,165,638	\$ 4,632,837	\$ 4,699,432	\$ 4,470,443	\$ 4,573,403	\$ 4,234,301	\$ 4,071,067	\$ 3,669,270	\$ 3,795,116	\$ 3,644,898
Solid waste	11,688,896	13,530,501	14,405,513	15,366,604	15,053,351	15,535,858	16,074,277	17,644,259	18,293,262	18,388,088
Water and sewer	30,603,258	30,001,656	35,659,361	37,571,221	36,532,116	35,391,913	37,487,713	38,806,421	39,446,531	40,089,479
Drainage utility	2,909,004	3,016,767	3,597,206	3,732,993	3,779,799	3,828,757	3,888,581	4,008,810	4,273,222	4,157,847
Operating grants and contributions	-	-	-	21,759	6,418	6,900	-	-	-	-
Capital grants and contributions	4,590,343	5,125,074	6,195,071	2,322,768	9,643,994	2,424,583	5,096,651	846,368	6,276,903	4,403,558
<b>Total business-type activities program revenues</b>	<b>53,957,139</b>	<b>56,306,835</b>	<b>64,556,583</b>	<b>63,485,788</b>	<b>69,589,081</b>	<b>61,422,312</b>	<b>66,618,289</b>	<b>64,975,128</b>	<b>72,085,034</b>	<b>70,683,870</b>
<b>Total primary government program revenues</b>	<b>\$ 70,366,377</b>	<b>\$ 71,797,278</b>	<b>\$ 84,791,851</b>	<b>\$ 78,936,530</b>	<b>\$ 90,039,711</b>	<b>\$ 79,354,290</b>	<b>\$ 87,507,330</b>	<b>\$ 89,101,423</b>	<b>\$ 96,582,075</b>	<b>\$ 101,504,432</b>
<b>Net (expense)/revenue:</b>										
Governmental activities	\$ (63,954,012)	\$ (69,866,884)	\$ (70,886,675)	\$ (76,189,290)	\$ (74,986,599)	\$ (81,749,401)	\$ (88,387,194)	\$ (88,258,806)	\$ (59,004,450)	\$ (68,593,044)
Business-type activities	8,341,970	9,301,122	15,152,092	12,917,309	18,025,455	2,520,610	10,448,966	7,824,541	25,612,895	14,351,038
<b>Total primary government net expense</b>	<b>\$ (55,612,042)</b>	<b>\$ (60,565,762)</b>	<b>\$ (55,734,583)</b>	<b>\$ (63,271,981)</b>	<b>\$ (56,961,144)</b>	<b>\$ (79,228,791)</b>	<b>\$ (77,938,228)</b>	<b>\$ (80,434,265)</b>	<b>\$ (33,391,555)</b>	<b>\$ (54,242,006)</b>

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues and other changes in net position										
Governmental activities:										
Ad valorem taxes	\$ 29,974,075	\$ 31,029,266	\$ 33,365,766	\$ 34,287,877	\$ 34,847,841	\$ 36,002,184	\$ 36,509,352	\$ 37,499,361	\$ 39,841,800	\$ 42,796,449
Mixed beverage taxes	268,902	293,119	254,405	202,262	179,856	293,502	233,159	236,722	253,215	257,411
Franchise taxes	5,203,332	5,406,007	6,277,179	5,621,923	5,269,332	5,428,953	5,836,042	5,268,332	5,504,632	5,680,187
Sales and occupancy taxes	19,850,152	20,648,682	20,306,910	21,557,147	22,058,498	22,118,887	23,315,571	23,725,822	24,354,825	25,723,407
Bingo taxes	221,231	220,694	213,972	218,269	218,595	258,546	203,264	198,375	153,142	146,237
Investment income	1,013,032	211,699	353,738	502,041	314,478	140,560	135,958	204,862	383,558	782,209
Insurance proceeds	-	-	-	-	-	-	-	795,893	296,262	138,552
Gain on sale of capital assets	-	-	-	27,600	-	24,192	262,934	90,763	-	252,468
Lease revenue	-	-	-	166,113	153,092	165,351	309,270	331,441	351,917	-
Transfers	7,697,188	5,559,226	7,623,512	7,970,841	7,419,542	8,394,420	9,294,363	14,330,769	9,901,033	9,813,125
Total governmental activities	64,227,912	63,368,693	68,395,482	70,554,073	70,461,234	72,826,595	76,099,913	82,682,340	81,040,384	85,590,045
Business-type activities:										
Investment income	747,651	203,576	128,751	144,151	168,372	140,175	120,247	155,399	281,939	556,044
Insurance proceeds	-	-	-	-	-	-	-	43,439	16,391	82,381
Gain on sale of capital assets	22,353	34,750	21,334	31,364	212,404	14,853	193,875	55,511	186,638	117,013
Lease revenue	-	-	49,613	27,500	48,096	66,000	27,500	71,500	58,000	102,000
Transfers	(7,697,188)	(5,559,226)	(7,623,512)	(7,970,841)	(7,419,542)	(8,394,420)	(9,294,363)	(14,330,769)	(9,901,033)	(9,813,125)
Total business-type activities	(6,927,184)	(5,320,900)	(7,423,814)	(7,767,826)	(6,990,670)	(8,173,392)	(8,952,741)	(14,004,920)	(9,358,065)	(8,955,687)
Total primary government	\$ 57,300,728	\$ 58,047,793	\$ 60,971,668	\$ 62,786,247	\$ 63,470,564	\$ 64,653,203	\$ 67,147,172	\$ 68,677,420	\$ 71,682,319	\$ 76,634,358
Changes in net position:										
Governmental activities	\$ 273,900	\$ (6,498,191)	\$ (2,491,193)	\$ (5,635,217)	\$ (4,525,365)	\$ (8,922,806)	\$ (12,287,281)	\$ (5,576,466)	\$ 22,035,934	\$ 16,997,001
Business-type activities	1,414,786	3,980,222	7,728,278	5,149,483	11,034,785	(5,652,782)	1,496,225	(6,180,379)	16,254,830	5,395,351
Total primary government	\$ 1,688,686	\$ (2,517,969)	\$ 5,237,085	\$ (485,734)	\$ 6,509,420	\$ (14,575,588)	\$ (10,791,056)	\$ (11,756,845)	\$ 38,290,764	\$ 22,392,352

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

Table III

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved										
Encumbrances	\$ 692,172	\$ 635,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	368,180	404,478	-	-	-	-	-	-	-	-
Debt service	240,170	240,170	-	-	-	-	-	-	-	-
Unreserved										
Designated	1,837,688	1,891,405	-	-	-	-	-	-	-	-
Undesignated	19,825,761	19,029,602	-	-	-	-	-	-	-	-
Nonspendable:										
Inventories	-	-	417,664	449,156	509,387	441,742	442,190	103,606	137,733	154,011
Prepaid assets	-	-	170,891	105,188	106,615	108,402	110,157	114,407	120,506	534,217
Restricted for:										
Debt service	-	-	240,171	-	68,313	68,313	68,313	-	-	-
Other purposes	-	-	380,641	492,440	468,064	315,957	-	-	-	-
Committed to:										
Vehicle replacement	-	-	63,383	-	-	-	-	-	-	-
Unassigned	-	-	17,977,741	22,517,086	21,182,627	19,398,607	17,508,236	17,437,198	19,918,779	21,626,790
Total general fund	<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>	<u>\$ 20,333,021</u>	<u>\$ 18,128,896</u>	<u>\$ 17,655,211</u>	<u>\$ 20,177,018</u>	<u>\$ 22,315,018</u>
All other governmental funds:										
Reserved for:										
Encumbrances	\$ 116,078	\$ 244,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	4,861	6,864	-	-	-	-	-	-	-	-
Debt service	4,042,477	3,630,277	-	-	-	-	-	-	-	-
Capital projects	34,946,977	18,801,542	-	-	-	-	-	-	-	-
Unreserved:										
Other governmental funds	1,972	-	-	-	-	-	-	-	-	-
Undesignated - special revenue	3,944,130	3,271,170	-	-	-	-	-	-	-	-
Nonspendable:										
Inventories	-	-	6,196	7,493	4,905	5,850	7,173	6,381	7,871	6,408
Prepaid expenses	-	-	-	-	-	-	-	4,828	-	7,274
Restricted for:										
Debt service	-	-	7,055,118	6,315,862	2,900,309	4,434,714	2,098,113	801,898	4,345,453	5,496,950
Capital projects	-	-	56,991,885	73,687,602	47,546,673	44,788,179	26,964,619	10,506,281	6,239,123	9,628,364
Other purposes	-	-	2,387,980	2,553,004	2,495,046	2,636,608	2,641,546	3,138,898	3,242,359	3,621,300
Committed to:										
Killeen Arts and Activities Cer	-	-	38,232	34,311	101,169	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(36,429)	(1,341)	(48,226)	(4,463)
Total all other governmental funds	<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>	<u>\$ 51,865,351</u>	<u>\$ 31,675,022</u>	<u>\$ 14,456,945</u>	<u>\$ 13,786,580</u>	<u>\$ 18,755,833</u>
<b>Total all governmental funds</b>	<u><b>\$ 66,020,466</b></u>	<u><b>\$ 48,155,335</b></u>	<u><b>\$ 85,729,902</b></u>	<u><b>\$ 106,162,142</b></u>	<u><b>\$ 75,383,108</b></u>	<u><b>\$ 72,198,372</b></u>	<u><b>\$ 49,803,918</b></u>	<u><b>\$ 32,112,156</b></u>	<u><b>\$ 33,963,598</b></u>	<u><b>\$ 41,070,851</b></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 the previous years' activity.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 55,435,770	\$ 57,594,108	\$ 60,328,145	\$ 61,993,688	\$ 62,585,863	\$ 64,115,782	\$ 66,189,875	\$ 66,997,659	\$ 70,109,923	\$ 74,505,377
Licenses and permits	1,100,819	1,365,200	1,284,569	1,396,708	1,290,444	1,898,797	1,589,563	1,615,634	1,527,193	1,218,182
Intergovernmental	2,416,723	3,302,656	4,714,540	2,067,471	4,761,906	3,043,666	4,958,666	6,706,747	11,485,054	8,108,586
Charges for services	5,474,140	5,581,992	5,896,989	5,952,211	5,487,183	5,944,876	6,186,000	6,241,344	6,412,087	6,675,688
Fines	3,993,509	3,246,230	3,503,274	3,308,807	3,893,338	3,488,335	3,761,425	4,287,878	4,472,891	3,062,812
Investment earnings	-	-	-	-	-	-	-	168,320	371,354	730,509
Contributions	2,449,968	1,297,161	3,925,053	450,532	513,433	766,886	321,188	1,709,636	585,705	483,382
Miscellaneous	2,021,935	905,216	1,220,296	1,931,194	1,711,522	1,424,859	1,938,413	1,283,522	418,291	335,727
Total revenues	<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>	<u>80,683,201</u>	<u>84,945,130</u>	<u>89,010,740</u>	<u>95,382,498</u>	<u>95,120,263</u>
Expenditures:										
General government	8,709,995	10,465,499	10,794,299	10,704,020	11,193,546	11,297,186	11,890,861	14,491,763	9,134,337	13,387,734
Public safety	35,666,780	36,873,391	40,841,867	41,517,877	42,733,351	44,735,530	48,458,020	51,064,651	55,388,559	50,616,632
Public works	4,672,140	4,047,734	4,340,764	5,097,995	4,249,519	4,769,726	4,144,229	4,608,741	4,409,555	4,075,919
Community services	10,863,401	9,305,228	10,701,424	8,858,814	9,056,971	-	-	8,968,135	8,772,321	7,596,793
Community development	-	-	-	-	-	9,636,330	10,395,629	2,196,927	3,462,380	3,186,783
Miscellaneous	4,247,495	5,531,595	6,412,904	5,451,968	6,181,920	6,256,371	6,495,235	-	-	-
Capital outlay	37,746,644	20,243,349	19,187,531	19,626,046	30,380,527	22,861,208	20,640,470	18,972,495	7,873,907	4,325,318
Debt service:										
Principal	5,005,274	4,985,911	5,366,470	5,575,102	5,915,391	4,421,871	5,718,681	7,580,693	8,010,000	9,359,679
Interest and fiscal charges	4,957,056	5,220,832	5,136,579	7,597,361	8,991,182	8,103,822	8,888,561	7,950,995	8,189,380	7,287,928
Costs of issuance	-	109,000	335,000	336,101	170,215	196,863	2,261	584,349	-	391,354
Deferred amount on refunding	-	546,097	140,981	-	-	-	-	-	-	-
Total expenditures	<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>112,278,907</u>	<u>116,633,947</u>	<u>116,418,749</u>	<u>105,240,439</u>	<u>100,228,140</u>
(Deficiency) of revenues (under) expenditures	<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>	<u>(31,595,706)</u>	<u>(31,688,817)</u>	<u>(27,408,009)</u>	<u>(9,857,941)</u>	<u>(5,107,877)</u>
Other financing sources (uses):										
Capital-related bonds issued	19,675,000	-	50,100,000	39,320,000	-	18,730,000	-	-	-	-
Refunding bonds issued	744,600	13,330,000	6,875,000	18,345,000	37,290,000	4,940,000	-	44,090,000	-	33,455,000
Premium/discount on issuance of debt	(82,825)	365,808	2,451,008	3,391,957	5,716,664	1,739,296	-	7,810,525	-	3,877,980
Capital lease	-	-	-	-	258,936	-	-	-	-	483,616
Insurance proceeds	-	-	-	-	-	-	-	795,893	296,262	138,552
Sale of capital assets	-	-	-	-	-	-	-	90,763	33,165	252,468
Payment to refunded bond escrow age	(727,601)	(13,084,092)	(7,090,000)	(20,930,885)	(42,835,243)	(5,392,746)	-	(51,901,703)	-	(36,938,001)
Transfers in	13,392,203	20,103,714	18,075,712	10,257,467	11,216,236	10,629,638	14,865,656	15,322,481	12,130,635	14,101,355
Transfers out	(5,695,015)	(14,544,488)	(10,452,200)	(2,286,626)	(3,796,694)	(2,235,218)	(5,571,293)	(6,491,712)	(851,937)	(4,288,230)
Total other financing sources	<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>28,410,970</u>	<u>9,294,363</u>	<u>9,716,247</u>	<u>11,608,125</u>	<u>11,082,740</u>
Net change in fund balances	<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>	<u>\$ (3,184,736)</u>	<u>\$ (22,394,454)</u>	<u>\$ (17,691,762)</u>	<u>\$ 1,750,184</u>	<u>\$ 5,974,863</u>
Debt service as a percentage of noncapital expenditures	13.3%	12.8%	12.4%	15.5%	16.8%	14.0%	15.2%	16.1%	16.6%	17.4%

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

Table V

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

Fiscal Year Ended	Taxable Assessed Value		Less: 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					
2009	\$4,399,405,101	\$388,992,264	\$ 390,286,994	\$ 4,398,110,371	\$ 0.6950	\$4,810,217,058	91.43%
2010	\$4,697,341,556	\$381,864,985	\$ 513,563,290	\$ 4,565,643,251	\$ 0.6950	\$5,097,637,799	89.56%
2011	\$4,757,431,670	\$379,688,426	\$ 538,872,784	\$ 4,598,247,312	\$ 0.7428	\$5,153,883,639	89.22%
2012	\$4,910,126,647	\$372,499,175	\$ 555,982,344	\$ 4,726,643,478	\$ 0.7428	\$5,301,412,785	89.16%
2013	\$5,056,322,730	\$367,818,504	\$ 612,203,199	\$ 4,811,938,035	\$ 0.7428	\$5,439,453,166	88.46%
2014	\$5,260,588,761	\$414,547,783	\$ 670,960,505	\$ 5,004,176,039	\$ 0.7428	\$5,677,195,525	88.15%
2015	\$5,378,345,788	\$405,312,087	\$ 764,110,031	\$ 5,019,547,844	\$ 0.7498	\$5,784,580,161	86.77%
2016	\$5,601,877,911	\$434,281,825	\$ 860,867,315	\$ 5,175,292,421	\$ 0.7498	\$6,036,159,736	85.74%
2017	\$5,885,042,124	\$443,095,052	\$ 987,711,674	\$ 5,340,425,502	\$ 0.7498	\$6,328,137,176	84.39%
2018	\$6,466,293,461	\$451,716,724	\$1,167,352,778	\$ 5,750,657,407	\$ 0.7498	\$6,918,010,185	83.13%

Source: Bell County Tax Appraisal District

Table VI

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

Fiscal Year	Tax Year	City of Killeen			Overlapping Rates				
		Operating Rate	Debt Service Rate	Total Direct Rate	Bell County	Killeen ISD	Central Texas College	Clear Water Underground Water Conservation District	Total Direct and Overlapping Rates
2009	2008	\$0.49281	\$0.20219	\$ 0.6950	\$ 0.4078	\$ 1.1412	\$ 0.1410	\$ 0.00400	\$2.38899
2010	2009	\$0.49057	\$0.20443	\$ 0.6950	\$ 0.4058	\$ 1.1412	\$ 0.1409	\$ 0.00400	\$2.38689
2011	2010	\$0.50872	\$0.23408	\$ 0.7428	\$ 0.4119	\$ 1.1412	\$ 0.1409	\$ 0.00400	\$2.44079
2012	2011	\$0.54734	\$0.19546	\$ 0.7428	\$ 0.4395	\$ 1.1412	\$ 0.1409	\$ 0.00400	\$2.46839
2013	2012	\$0.50563	\$0.23717	\$ 0.7428	\$ 0.4511	\$ 1.1310	\$ 0.1400	\$ 0.00400	\$2.46890
2014	2013	\$0.50410	\$0.23870	\$ 0.7428	\$ 0.4511	\$ 1.1280	\$ 0.1370	\$ 0.00400	\$2.46290
2015	2014	\$0.52290	\$0.22690	\$ 0.7498	\$ 0.4511	\$ 1.1280	\$ 0.1366	\$ 0.00395	\$2.46945
2016	2015	\$0.49380	\$0.25600	\$ 0.7498	\$ 0.4511	\$ 1.1280	\$ 0.1366	\$ 0.00392	\$2.46942
2017	2016	\$0.44670	\$0.30310	\$ 0.7498	\$ 0.4511	\$ 1.1260	\$ 0.1366	\$ 0.00392	\$2.46742
2018	2017	\$0.49380	\$0.25600	\$ 0.7498	\$ 0.4212	\$ 1.1100	\$ 0.1399	\$ 0.00385	\$2.42475

Source: Bell County Tax Appraisal District

Table VII

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

Name of Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Oncor Electric Delivery Co. LLC	\$ 61,337,128	1	1.07%	\$ 39,831,126	1	0.91%
Credit Suisse First Boston Mort Sec Corp	22,515,495	2	0.39%			
HEB Grocery Company LP	20,782,185	3	0.36%	12,074,184	8	0.27%
Amber Chase Townhome LLC & Hunting Apt	16,625,471	4	0.29%			
Wal-Mart Real Estate Business Trust	15,591,748	5	0.27%	18,629,411	3	0.42%
Watercrest Place LP	15,049,062	6	0.26%	13,486,306	5	0.31%
Keystone 212 Partners LP	12,191,271	7	0.21%			
LHCS LLC	12,042,372	8	0.21%			
Feiga/Sierra Creek LP	11,547,744	9	0.20%	10,092,423	10	0.23%
Dorel Killeen Holdings LLC	10,834,500	10	0.19%			
Central Telephone Co. of Texas				27,306,850	2	0.62%
Killeen Mall LLC				16,974,485	4	0.39%
Sallie Mae Inc.				12,755,880	6	0.29%
Secretary of Veterans Affairs				12,667,589	7	0.29%
TWE Advance/Newhouse				11,939,090	9	0.27%
Subtotal	<u>198,516,976</u>		<u>3.45%</u>	<u>175,757,344</u>		<u>4.00%</u>
All other taxpayers	<u>5,552,140,431</u>		<u>96.55%</u>	<u>4,222,353,027</u>		<u>96.00%</u>
	<u>\$ 5,750,657,407</u>		<u>100.00%</u>	<u>\$ 4,398,110,371</u>		<u>100.00%</u>

Source: Bell County Tax Appraisal District

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

Fiscal Year September 30	Total Tax Levy for Year	Ad Valorem Rate			Tax Levy	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years (1)	Total Collections to Date	
		Tax Rate	General Fund	Interest & Sinking Fund		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	2008	\$0.69500	\$0.49281	\$0.20219	\$30,566,865	\$29,523,348	96.59%	\$ 354,100	\$29,877,448	97.74%
2010	2009	\$0.69500	\$0.49057	\$0.20443	\$31,715,948	\$30,605,848	96.50%	\$ 370,681	\$30,976,529	97.67%
2011	2010	\$0.74280	\$0.50870	\$0.23410	\$34,067,649	\$32,916,498	96.62%	\$ 295,346	\$33,211,844	97.49%
2012	2011	\$0.74280	\$0.54730	\$0.19550	\$35,011,924	\$33,901,259	96.83%	\$ 432,065	\$34,333,324	98.06%
2013	2012	\$0.74280	\$0.50560	\$0.23720	\$35,654,174	\$34,501,855	96.77%	\$ 248,085	\$34,749,940	97.46%
2014	2013	\$0.74280	\$0.50410	\$0.23870	\$37,098,327	\$35,407,969	95.44%	\$ 252,866	\$35,660,835	96.13%
2015	2014	\$0.74980	\$0.52290	\$0.22690	\$37,567,615	\$36,064,932	96.00%	\$ 228,450	\$36,293,382	96.61%
2016	2015	\$0.74980	\$0.49380	\$0.25600	\$38,715,541	\$38,091,782	98.39%	\$ 240,106	\$38,331,888	99.01%
2017	2016	\$0.74980	\$0.44670	\$0.30310	\$39,677,125	\$39,354,013	99.19%	\$ 225,640	\$39,579,653	99.75%
2018	2017	\$0.74980	\$0.49330	\$0.25650	\$42,927,120	\$42,255,422	98.44%	\$ 196,066	\$42,451,488	98.89%

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

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

Fiscal Year	Governmental Activities					Business-Type Activities				
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Unamortized bond premiums/ discounts	Total Governmental Activities (1)	General Obligation Bonds	Revenue Bonds	Certificates of Obligation	Unamortized bond premiums/ discounts	Total Business-Type Activities (1)
2009	\$ 56,829,600	\$ 68,331,973	\$ 658,937	\$ (76,496)	\$125,744,014	\$ 3,635,400	\$60,390,000	\$ 17,073,027	\$ 974,532	\$ 82,072,959
2010	\$ 67,810,500	\$ 52,865,000	\$ 449,099	\$ 295,798	\$121,420,397	\$ 2,614,500	\$56,640,000	\$ 16,320,000	\$ 1,238,245	\$ 76,812,745
2011	\$ 72,163,200	\$ 93,250,000	\$ 229,602	\$ 2,735,003	\$168,377,805	\$ 1,626,800	\$53,570,000	\$ 15,710,000	\$ 1,571,499	\$ 72,478,299
2012	\$ 79,662,700	\$ 118,365,000	\$ -	\$ 5,995,983	\$204,023,683	\$ 6,887,300	\$50,945,000	\$ 8,570,000	\$ 2,285,920	\$ 68,688,220
2013	\$ 92,135,000	\$ 98,420,000	\$ 191,245	\$ 11,106,401	\$201,852,646	\$10,095,000	\$65,430,000	\$ 3,725,000	\$ 6,069,368	\$ 85,319,368
2014	\$ 97,255,000	\$ 107,520,000	\$ 129,374	\$ 12,498,860	\$217,403,234	\$11,105,000	\$60,775,000	\$ 2,010,000	\$ 5,698,043	\$ 79,588,043
2015	\$ 93,770,000	\$ 105,350,000	\$ 65,693	\$ 11,972,680	\$211,158,373	\$10,805,000	\$55,820,000	\$ 1,590,000	\$ 5,341,354	\$ 73,556,354
2016	\$ 123,625,000	\$ 66,945,000	\$ -	\$ 17,711,321	\$208,281,321	\$11,295,000	\$50,745,000	\$ 270,000	\$ 5,151,179	\$ 67,461,179
2017	\$ 119,060,000	\$ 63,500,000	\$ -	\$ 16,665,784	\$199,225,784	\$10,620,000	\$45,540,000	\$ 185,000	\$ 4,584,638	\$ 60,929,638
2018	\$ 142,790,000	\$ 29,805,000	\$ 1,140,588	\$ 18,451,604	\$193,469,900	\$ 9,930,000	\$41,205,000	\$ 95,000	\$ 4,179,094	\$ 55,409,094

Fiscal Year	Total Primary Government (1)	Percentage of Personal Income (2)	Population (3)	Per Capita
2009	\$ 207,816,973	1.41%	116,934	\$ 1,777
2010	\$ 198,233,142	1.31%	119,510	\$ 1,659
2011	\$ 240,856,104	1.54%	127,921	\$ 1,883
2012	\$ 272,711,903	1.65%	131,286	\$ 2,077
2013	\$ 287,172,014	1.71%	135,015	\$ 2,127
2014	\$ 296,991,277	1.78%	137,147	\$ 2,165
2015	\$ 284,714,727	1.72%	140,806	\$ 2,022
2016	\$ 275,742,500	1.59%	143,400	\$ 1,923
2017	\$ 260,155,422	1.49%	144,930	\$ 1,795
2018	\$ 248,878,994	1.38%	145,935	\$ 1,705

(1) Debt presented net of original issuance discounts and premiums

(2) Personal income is disclosed on Table 14

(3) Source: U. S. Census Bureau, Greater Killeen Chamber of Commerce

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

Fiscal Year Ended September 30	General Obligation Bonds (1)	Plus: Unamortized Premium/Bond Discounts (2)	Less: Amounts Available in Debt Service Fund (3)	Total	Percentage of Estimated Actual Taxable Value of Property (4)	Per Capita (5)
2009	\$ 60,465,000	\$ (76,496)	\$ 3,100,000	\$ 57,288,504	1.19%	\$ 490
2010	\$ 70,425,000	\$ 295,798	\$ 3,565,000	\$ 67,155,798	1.31%	\$ 562
2011	\$ 73,790,000	\$ 2,735,003	\$ 3,780,000	\$ 72,745,003	1.36%	\$ 569
2012	\$ 86,550,000	\$ 5,995,983	\$ 4,115,000	\$ 88,430,983	1.55%	\$ 674
2013	\$ 102,230,000	\$ 11,106,401	\$ 2,840,000	\$ 110,496,401	1.83%	\$ 818
2014	\$ 108,360,000	\$ 12,498,860	\$ 3,785,000	\$ 117,073,860	1.84%	\$ 854
2015	\$ 104,575,000	\$ 11,972,680	\$ 4,900,000	\$ 111,647,680	1.72%	\$ 793
2016	\$ 134,920,000	\$ 17,711,321	\$ 5,240,000	\$ 147,391,321	2.15%	\$ 1,028
2017	\$ 129,680,000	\$ 16,665,784	\$ 4,056,860	\$ 142,288,924	2.25%	\$ 982
2018	\$ 152,720,000	\$ 18,451,604	\$ 5,150,835	\$ 166,020,769	2.40%	\$ 1,138

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

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

**City of Killeen, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
As of September 30, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Amount Applicable to Primary Government</u>
Bell County	\$ 128,565,000	32.14%	\$ 41,320,791
Killeen Independent School District	\$ 312,160,000	79.15%	247,074,640
Subtotal, overlapping debt			288,395,431
City of Killeen, debt payable from ad valorem taxes			193,469,900 <sup>(1)</sup>
Total direct and overlapping funded debt			<u>\$ 481,865,331</u>
Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation			8.38% <sup>(1)</sup>
Per Capita Direct and Overlapping Funded Debt			\$ 3,301.92 <sup>(1)</sup>

Sources: Outstanding debt provided by each governmental unit.

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

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

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

**Table XII**

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

Fiscal Year	Assessed Value, Tax Roll	Legal Debt Limit Percentage	Legal Debt Limit	Actual Amount Expended for General Obligation Debt Service During the Year
2009	\$ 4,398,110,371	1.50%	\$ 65,971,656	\$ 6,162,242
2010	\$ 4,565,643,251	1.50%	\$ 68,484,649	\$ 6,100,636
2011	\$ 4,598,247,312	1.50%	\$ 68,973,710	\$ 6,407,155
2012	\$ 4,726,643,478	1.50%	\$ 70,899,652	\$ 6,834,172
2013	\$ 4,811,938,035	1.50%	\$ 72,179,071	\$ 8,202,360
2014	\$ 5,004,176,039	1.50%	\$ 75,062,641	\$ 7,184,594
2015	\$ 5,019,547,844	1.50%	\$ 75,293,218	\$ 8,457,092
2016	\$ 5,175,292,421	1.50%	\$ 77,629,386	\$ 15,463,387
2017	\$ 5,340,425,502	1.50%	\$ 80,106,383	\$ 15,459,661
2018	\$ 5,750,657,407	1.50%	\$ 86,259,861	\$ 16,120,575

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

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

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

Fiscal Year	Gross Revenue	Operating Expenses *	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$ 30,603,258	\$ 19,476,310	\$ 11,126,948	\$ 3,870,000	\$ 2,776,886	\$ 6,646,886	1.67
2010	\$ 30,001,656	\$ 20,290,881	\$ 9,710,775	\$ 3,050,000	\$ 2,298,482	\$ 5,348,482	1.82
2011	\$ 35,659,361	\$ 21,360,822	\$ 14,298,539	\$ 3,280,000	\$ 2,383,260	\$ 5,663,260	2.52
2012	\$ 37,571,221	\$ 21,373,966	\$ 16,197,255	\$ 3,765,000	\$ 2,259,114	\$ 6,024,114	2.69
2013	\$ 36,532,116	\$ 21,749,379	\$ 14,782,737	\$ 4,655,000	\$ 2,780,579	\$ 7,435,579	1.99
2014	\$ 35,391,913	\$ 23,329,781	\$ 12,062,132	\$ 4,955,000	\$ 2,204,430	\$ 7,159,430	1.68
2015	\$ 37,487,713	\$ 24,850,101	\$ 12,637,612	\$ 5,075,000	\$ 2,088,175	\$ 7,163,175	1.76
2016	\$ 38,806,421	\$ 25,417,427	\$ 13,388,994	\$ 5,205,000	\$ 1,956,301	\$ 7,161,301	1.87
2017	\$ 39,446,531	\$ 20,119,105	\$ 19,327,426	\$ 4,335,000	\$ 1,830,870	\$ 6,165,870	3.13
2018	\$ 40,089,479	\$ 23,768,307	\$ 16,321,172	\$ 4,480,000	\$ 1,690,688	\$ 6,170,688	2.64

Source: Finance Department, City of Killeen

\* Total operating expenses less depreciation

**Table XIV**

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

Fiscal Year	Population (a)	Killeen-Temple Fort Hood Metropolitan Statistical Area Population (b)	Killeen-Temple Fort Hood Metropolitan Per Capita Income	Killeen-Temple Fort Hood Metropolitan Personal Income (amounts expressed in thousands) (b)	Killeen-Temple Fort Hood Metropolitan Unemployment Rates (c)
2009	116,934	379,231	\$ 38,757	\$ 14,697,693	7.1%
2010	119,510	408,366	\$ 37,142	\$ 15,167,523	7.8%
2011	127,921	405,300	\$ 38,260	\$ 15,620,330	8.5%
2012	131,286	412,804	\$ 39,971	\$ 16,500,090	7.2%
2013	135,015	420,532	\$ 39,973	\$ 16,809,925	7.2%
2014	137,147	423,257	\$ 39,520	\$ 16,727,204	5.9%
2015	140,806	424,858	\$ 39,017	\$ 16,576,889	4.7%
2016	143,400	433,658	\$ 40,237	\$ 17,343,479	4.8%
2017	144,930	435,857	\$ 40,096	\$ 17,475,962	3.8%
2018	145,935	443,773	\$ 40,773	\$ 18,093,956	3.9%

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

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

Name of Employer	Business Category	2018			2009		
		Employees	Rank	% of Total	Employees	Rank	% of Total
III Corp & Fort Hood	Government	36,187	1	58.76%	62,897	1	82.94%
Military Defense Contractors & Others	Defense Contractor	7,502	2	12.18%	-	-	-
Killeen ISD	Education	6,000	3	9.74%	6,000	2	7.91%
Civilian Personnel Office	Government	5,493	4	8.92%	-	-	-
Teleperformance	Call Center	1,800	5	2.92%	-	-	-
Central Texas College	Education	1,488	6	2.42%	1,500	3	1.98%
City of Killeen	Government	1,282	7	2.08%	1,100	5	1.45%
AdventHealth	Health Care	1,000	8	1.62%	-	-	-
Z-Systems	Defense Contractor	413	9	0.67%	-	-	-
ESP, Inc.	Defense Contractor	420	10	0.68%	510	8	0.67%
Metroplex Health System	Health Care				1,200	4	1.58%
Westar Aerospace & Defense Group, Inc.					1,050	6	1.38%
L-3 Communications					600	7	0.79%
Convergys Corporation					500	9	0.66%
Sallie Mae					480	10	0.63%
Total		<u>61,585</u>		<u>100.00%</u>	<u>75,837</u>		<u>100.00%</u>

Source: Greater Killeen Chamber of Commerce

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
<b>Administration</b>										
City Manager	4.0	4.0	4.0	3.0	4.0	2.0	2.0	2.0	2.0	2.0
Assistant City Manager	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Deputy City Manager	-	-	-	-	-	2.0	2.0	2.0	1.0	0.3
Downtown Revitalization	-	-	-	1.0	-	-	-	-	-	-
City Auditor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Grant Administration	-	1.0	1.0	-	-	-	-	-	-	-
<b>Total Administration</b>	<b>8.0</b>	<b>9.0</b>	<b>9.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>5.0</b>	<b>4.3</b>
<b>Municipal Court</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>25.0</b>	<b>23.0</b>	<b>23.0</b>	<b>23.0</b>	<b>22.0</b>	<b>19.7</b>
<b>Communications</b>										
Communications	2.5	2.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5	4.9
Printing Services	2.5	2.5	2.5	2.5	3.0	3.0	3.0	3.0	2.0	2.0
Legislative Affairs	-	-	-	-	-	-	-	-	-	0.1
<b>Total Communications</b>	<b>5.0</b>	<b>4.5</b>	<b>4.5</b>	<b>5.0</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>4.5</b>	<b>7.0</b>
<b>Legal</b>										
City Attorney	7.0	7.0	8.0	8.0	7.0	7.0	7.0	8.0	7.0	7.0
City Secretary	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total Legal</b>	<b>8.0</b>	<b>8.0</b>	<b>9.0</b>	<b>9.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>9.0</b>	<b>8.0</b>	<b>8.0</b>
<b>Finance</b>										
Finance	13.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
EMS Billing and Collections	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	3.3	-
Purchasing	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Total Finance</b>	<b>22.0</b>	<b>21.0</b>	<b>23.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>21.3</b>	<b>18.0</b>
<b>Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>2.0</b>	<b>-</b>	<b>-</b>
<b>Human Resources</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>13.0</b>	<b>14.0</b>	<b>14.0</b>	<b>13.0</b>	<b>12.0</b>
<b>Information Technology</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>14.0</b>	<b>17.0</b>	<b>17.0</b>	<b>19.0</b>	<b>19.0</b>	<b>17.0</b>	<b>-</b>
<b>Community Services</b>										
Administration	-	-	-	-	-	-	-	-	-	3.0
Volunteer Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Golf Course	18.0	19.0	19.0	19.0	20.0	19.0	18.5	20.2	19.0	16.9
Golf Course Food and Beverage	5.0	5.0	5.0	-	-	-	-	-	-	-
Community Center Operations	6.0	6.0	6.0	6.0	3.0	5.0	3.0	3.0	3.0	2.0
Parks	33.0	33.0	33.0	33.0	33.0	35.0	37.0	37.0	33.0	32.0
Lions Club Park	14.0	14.0	14.0	14.0	13.0	12.0	16.0	15.5	14.5	7.6
Family Aquatics Center	2.0	2.0	2.0	2.0	2.0	2.0	1.0	15.3	16.4	14.3
Recreation	6.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Athletics	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Cemetery	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	4.0	4.0
Senior Citizens	6.0	6.0	6.0	6.0	4.0	4.0	4.0	4.0	3.0	3.5
<b>Total Community Services</b>	<b>102.0</b>	<b>99.0</b>	<b>99.0</b>	<b>94.0</b>	<b>89.0</b>	<b>91.0</b>	<b>92.5</b>	<b>107.9</b>	<b>100.9</b>	<b>92.2</b>
<b>Community Development</b>										
Library Services	32.0	32.0	32.0	32.0	29.0	26.0	26.0	27.0	25.5	24.3
Arts and Activities Center	-	-	-	4.0	4.0	4.5	5.0	6.0	6.0	6.0
Community Development	3.0	3.0	3.0	3.0	4.0	5.0	4.0	4.0	4.0	1.0
Home Program	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Lien Services	-	-	-	-	-	-	2.0	2.0	2.0	-
Building Services	3.5	3.5	3.5	3.5	6.0	6.0	7.0	7.0	7.0	7.0
Custodial Services	10.0	13.0	13.0	12.0	18.0	18.0	18.0	18.0	18.0	16.0
<b>Total Community Development</b>	<b>49.5</b>	<b>52.5</b>	<b>52.5</b>	<b>55.5</b>	<b>62.0</b>	<b>60.5</b>	<b>63.0</b>	<b>65.0</b>	<b>63.5</b>	<b>54.3</b>
<b>Public Works</b>										
Public Works	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.1	0.1	0.1
Street Operations	57.0	57.0	57.0	58.0	57.0	57.0	57.0	57.0	54.0	54.0
Engineering	2.0	2.0	2.0	-	-	-	-	-	2.3	3.0
<b>Total Public Works</b>	<b>61.0</b>	<b>61.0</b>	<b>61.0</b>	<b>60.0</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>	<b>57.1</b>	<b>56.4</b>	<b>57.2</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Planning and Development</b>										
Planning and Development	9.0	10.0	10.0	10.0	7.0	7.0	7.0	7.0	6.0	8.0
Building Inspections	14.0	15.0	15.0	15.0	15.0	14.0	14.0	14.0	14.0	14.0
Code Enforcement	9.0	9.0	11.0	11.0	13.0	14.0	15.0	15.0	14.0	14.0
<b>Total Planning &amp; Development</b>	<b>32.0</b>	<b>34.0</b>	<b>36.0</b>	<b>36.0</b>	<b>35.0</b>	<b>35.0</b>	<b>36.0</b>	<b>36.0</b>	<b>34.0</b>	<b>36.0</b>
<b>Police</b>										
Commissioned Officers	225.0	225.0	240.0	242.0	244.0	256.0	268.0	281.0	280.0	260.0
Civilian Personnel	80.0	89.0	76.0	85.0	75.0	86.0	87.0	87.0	85.0	82.0
Animal Control	11.0	11.0	11.0	11.0	12.0	13.0	17.0	18.0	18.0	16.0
<b>Total Police</b>	<b>316.0</b>	<b>325.0</b>	<b>327.0</b>	<b>338.0</b>	<b>331.0</b>	<b>355.0</b>	<b>372.0</b>	<b>386.0</b>	<b>383.0</b>	<b>358.0</b>
<b>Fire</b>										
Commissioned Officers	195.0	195.0	195.0	195.0	195.0	195.0	195.0	231.0	230.0	230.0
Civilian Personnel	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0
Emergency Management	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total Fire</b>	<b>201.0</b>	<b>238.0</b>	<b>237.0</b>	<b>237.0</b>						
<b>Total General Fund</b>	<b>855.5</b>	<b>866.0</b>	<b>873.0</b>	<b>879.5</b>	<b>876.5</b>	<b>900.0</b>	<b>925.0</b>	<b>993.5</b>	<b>965.5</b>	<b>903.7</b>
<b>Aviation Funds</b>										
<b>Killeen-Fort Hood Regional Airport</b>										
Operations	38.0	38.0	38.0	38.0	38.0	38.0	38.0	38.0	37.0	36.3
Information Technology	3.0	3.0	3.0	3.0	3.0	3.0	1.0	1.0	1.0	-
<b>Total KFHRA</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>41.0</b>	<b>39.0</b>	<b>39.0</b>	<b>38.0</b>	<b>36.3</b>
<b>Skylark Field</b>	<b>4.0</b>	<b>3.3</b>								
<b>Total Aviation Funds</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>43.0</b>	<b>43.0</b>	<b>42.0</b>	<b>39.7</b>
<b>Solid Waste Fund</b>										
Public Works	-	-	-	-	-	-	-	0.6	0.6	1.2
Custodial	1.0	1.0	1.0	1.0	1.0	-	-	-	-	-
Accounting	-	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Residential Services	40.0	41.2	41.2	42.2	44.0	44.5	44.5	43.5	38.0	37.0
Commercial Services	21.0	20.0	20.0	20.0	20.0	21.0	21.0	23.0	23.0	23.0
Recycling	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.2	5.2	5.2
Transfer Station	13.0	15.0	15.0	16.0	16.0	15.5	15.5	15.5	15.5	15.5
Mowing Operations	19.0	22.0	22.0	22.0	17.5	22.5	22.5	21.5	20.5	16.5
<b>Total Solid Waste Fund</b>	<b>101.0</b>	<b>110.2</b>	<b>110.2</b>	<b>112.2</b>	<b>109.5</b>	<b>113.5</b>	<b>113.5</b>	<b>114.3</b>	<b>106.8</b>	<b>102.3</b>
<b>Water/Sewer Fund</b>										
Public Works	-	-	-	-	-	-	-	1.2	1.2	1.6
Utility Collections	35.0	38.0	38.0	38.0	40.0	40.5	40.5	40.5	39.5	39.5
Fleet Services	23.0	23.0	23.0	23.0	26.0	26.0	26.0	27.0	-	-
Information Technology	-	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	-
Water Distribution	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Sanitary Sewers	13.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	19.0	19.0
Water and Sewer Operations	24.0	24.0	24.0	26.0	27.0	28.0	28.0	28.0	29.0	28.0
Engineering	9.0	9.6	9.6	10.6	11.8	11.8	13.8	13.8	12.2	11.7
Environmental Services	-	-	-	-	-	-	-	-	-	0.8
<b>Total Water/Sewer Fund</b>	<b>123.0</b>	<b>133.6</b>	<b>133.6</b>	<b>136.6</b>	<b>143.8</b>	<b>145.3</b>	<b>147.3</b>	<b>149.5</b>	<b>124.9</b>	<b>119.5</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Drainage Utility Fund</b>										
Public Works	-	-	-	-	-	-	-	0.1	0.1	0.2
Engineering	3.0	3.2	3.2	4.2	4.2	4.0	4.0	4.0	3.3	1.3
Streets	-	-	-	-	-	-	-	-	-	2.0
Drainage Maintenance	21.0	30.0	30.0	31.0	32.5	33.5	33.5	35.2	36.0	34.6
Environmental Services	-	-	-	-	-	1.2	1.2	1.2	1.2	5.2
Mowing	-	-	-	-	-	-	-	-	-	0.5
<b>Total Drainage Utility Fund</b>	<b>24.0</b>	<b>33.2</b>	<b>33.2</b>	<b>35.2</b>	<b>36.7</b>	<b>38.7</b>	<b>38.7</b>	<b>40.5</b>	<b>40.6</b>	<b>43.8</b>
<b>Special Revenue Funds</b>										
Killeen Civic Conference Center	14.0	14.0	14.0	14.0	14.0	11.5	11.5	11.5	11.0	11.0
Convention Visitor Bureau	-	-	-	-	-	2.5	2.5	2.5	2.5	2.5
Housing and Rehabilitation	4.0	5.0	5.0	2.0	2.0	1.0	1.0	1.0	1.0	1.4
Cablesystem Improvements PEG	1.5	1.5	1.5	3.1	3.5	3.5	3.5	3.5	2.5	-
CDBG Program	-	-	-	-	-	-	-	-	-	2.1
Home Program	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	0.5
Court Security Fund	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Juvenile Case Manager Fund	-	-	-	-	-	1.0	2.0	2.0	2.0	2.0
<b>Total Special Revenue Fund</b>	<b>20.5</b>	<b>21.5</b>	<b>21.5</b>	<b>20.1</b>	<b>20.5</b>	<b>21.5</b>	<b>22.5</b>	<b>21.5</b>	<b>20.0</b>	<b>20.5</b>
<b>Capital Project Funds</b>										
Bond Construction	-	1.0	1.0	1.0	1.0	-	-	-	-	-
Water and Sewer Improvements	-	-	-	-	-	-	5.0	4.0	-	-
Pass-Through Finance Construction	-	-	-	5.0	5.0	8.0	8.0	4.0	-	-
<b>Total Capital Project Funds</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>	<b>6.0</b>	<b>6.0</b>	<b>8.0</b>	<b>13.0</b>	<b>8.0</b>	<b>-</b>	<b>-</b>
<b>Internal Service Funds</b>										
Fleet	-	-	-	-	-	-	-	-	26.0	26.0
Risk Management	-	-	-	-	-	-	-	-	-	3.0
Information Technology	-	-	-	-	-	-	-	-	-	24.0
<b>Total Information Technology Funds</b>	<b>-</b>	<b>26.0</b>	<b>53.0</b>							
<b>Total Personnel</b>	<b>1,169.0</b>	<b>1,210.5</b>	<b>1,217.5</b>	<b>1,234.6</b>	<b>1,238.0</b>	<b>1,272.0</b>	<b>1,303.0</b>	<b>1,370.3</b>	<b>1,325.7</b>	<b>1,282.6</b>

Table XVII

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Building Permits Issued	16,316	11,468	11,620	11,126	10,711	16,091	12,264	10,522	10,373	9,212
<b>Public Safety</b>										
<b>Police</b>										
Calls for Service	135,530	157,625	161,936	171,736	166,454	170,695	156,167	149,738	163,947	156,391
Citations	20,039	24,570	23,615	22,641	31,985	23,278	20,979	19,843	19,439	17,247
Traffic Accidents	3,293	3,045	2,319	2,479	2,199	2,324	2,396	2,540	2,258	2,160
UCR Part 1 Violent Crimes	751	999	815	850	753	846	869	992	1,147	585
UCR Part 1 Non-violent Crimes	5,516	5,837	5,199	5,006	4,791	4,703	4,034	3,946	4,175	3,413
Arrests	7,426	7,515	7,887	7,932	7,913	6,449	5,355	4,459	4,624	4,460
<b>Fire</b>										
Fire Emergency Responses	560	479	685	447	486	529	459	468	516	630
Fire Inspections	3,135	1,930	1,486	1,451	1,321	1,225	1,000	1,124	1,085	1,118
EMS Responses	12,229	13,548	13,831	14,245	13,725	13,961	15,763	16,877	18,436	19,586
<b>Public Works</b>										
Number of Shade Trees:										
Removed	10	3	19	13	6	6	6	19	11	57
Trimmed	28	90	66	181	179	119	755	536	552	314
Added	-	-	-	-	-	-	-	-	5	1,464
<b>Parks and Recreation</b>										
Number of Shade Trees:										
Removed	-	-	-	-	-	-	-	-	-	32
Trimmed	-	-	-	-	-	-	-	-	-	641
Added	-	-	-	-	-	-	-	-	-	70
<b>Library</b>										
Visitors	308,007	269,360	294,139	292,086	284,072	271,495	270,983	227,411	242,223	251,262
Volumes in Collection	116,908	119,679	128,268	134,567	136,022	138,140	140,235	143,012	148,295	149,744
Children's Program Attendance	11,108	14,701	11,166	9,655	9,427	7,816	8,933	8,679	9,866	18,091
Public Computer Sessions	59,114	92,110	99,563	98,371	100,560	100,057	81,897	56,308	57,921	56,964
<b>Aviation</b>										
Airlines	3	3	3	3	3	3	3	3	3	2
Passengers Enplaning	198,827	211,439	188,121	168,487	175,353	165,452	149,008	136,008	128,978	129,798
Passengers Deplaning	198,487	208,473	189,800	165,568	174,961	163,722	154,124	135,412	131,891	134,349
<b>Solid Waste</b>										
Tons Collected and Disposed:										
Solid Waste - Residential	-	-	-	-	-	52,421	54,367	56,542	53,378	56,770
Solid Waste - Commercial	-	-	-	-	-	35,838	35,887	36,595	41,637	39,317
Recyclable Material	-	-	-	-	-	5,549	5,825	5,859	5,539	5,429
<b>Water</b>										
Metered Accounts	43,440	44,689	45,873	47,040	48,172	49,189	50,175	51,058	52,200	52,597
Water Demand (Purchased) (MG)	5,157	5,063	5,940	5,855	5,497	5,371	5,585	4,967	5,325	5,500
Avg. Daily Demand (MGD)	15	15	15	15	15	15	15	14	15	15
Avg. Monthly Demand/Cust (gal)	3,596	3,298	3,838	3,711	3,440	3,318	3,405	2,990	3,125	3,161
Peak Demand (MGD)	26	26	25	26	25	22	22	25	25	25
<b>Sewer</b>										
Service Connections	36,520	39,321	40,786	39,945	41,621	42,650	43,691	45,221	46,487	47,975
Total Sewer Flows (MGD)	13	13	10	11	11	11	14	12	11	10
Total Sewer Flow (MG)	4,581	4,742	3,607	3,871	3,941	4,165	5,022	4,470	4,149	3,721
Avg Daily Demand (MGD)	13	13	10	11	11	11	14	12	11	10
Avg Daily Demand/Cust (gal)	105	102	77	81	81	85	101	89	80	71

Table XVIII

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Area of City (square miles)	54.69	54.72	54.72	55.47	55.562	55.564	55.564	55.564	55.868	55.868
Vehicles	-	-	-	-	-	-	-	48	50	49
<b>Public Safety</b>										
<b>Police</b>										
Police Stations	3	3	3	3	3	3	3	3	3	2
Firing Ranges	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	-	-	-	-	-	-	-	140	159	171
Other Police Vehicles	-	-	-	-	-	-	-	147	145	142
Animal Shelters	1	1	1	1	1	1	1	1	1	1
Animal Control Vehicles	-	-	-	-	-	-	-	8	10	10
<b>Fire</b>										
Fire Stations	8	8	8	8	8	8	8	8	8	8
Fire Apparatus	17	27	35	20	19	23	23	20	22	22
EMS Units	12	11	11	10	11	14	14	18	18	18
Other Vehicles	-	-	-	-	-	-	-	24	24	23
<b>Public Works</b>										
Paved Streets (miles)	503	512	522	525	533	539	552	563	575	575
Unpaved Streets (miles)	1	1	1	1	1	1	1	1	1	1
Curb and Gutter (miles)	600	866	866	866	866	878	878	900	924	902
Signalized Intersections	87	87	89	92	95	88	92	97	99	95
Vehicles	-	-	-	-	-	-	-	44	39	55
<b>Parks and Recreation</b>										
Parks	19	21	21	21	21	21	21	21	21	23
Playgrounds	22	22	22	22	22	22	22	22	22	25
Municipal Golf Courses	1	1	1	1	1	1	1	1	1	1
Disc Golf Course	-	-	1	1	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2	2	1	1	1
Tennis Courts	9	9	9	9	9	9	5	5	5	5
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Fields	14	15	15	15	15	15	15	15	15	15
Soccer Fields	-	6	6	6	6	6	6	6	6	6
Jogging/Walking Trails	-	6	6	7	7	7	7	3	3	3
Senior Centers	2	2	2	2	2	2	2	2	2	2
Aquatics Centers	-	1	1	1	1	1	1	1	1	1
Vehicles	-	-	-	-	-	-	-	26	26	27
<b>Library</b>										
Libraries	2	2	2	2	2	2	2	2	2	2
Vehicles	-	-	-	-	-	-	-	1	1	1

Table XVIII

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Aviation</b>										
Airports	2	2	2	2	2	2	2	2	2	2
Acreage	289	289	289	289	289	289	289	289	289	289
Skylark on road vehicles	2	2	2	2	3	3	3	3	3	3
Skylark off road vehicles	1	1	1	1	1	1	1	1	2	2
KFHRA on road vehicles	6	6	6	6	6	6	6	6	6	7
KFHRA off road vehicles	3	3	3	3	3	3	3	3	3	4
<b>Solid Waste</b>										
Refuse Disposal Vehicles	-	-	-	-	-	-	-	58	51	51
Other Vehicles	-	-	-	-	-	-	-	35	37	35
<b>Water</b>										
Rated Daily Capacity (gpd)	29,500,000	29,500,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000	32,000,000
Storage Capacity (gallons)	29,250,000	29,250,000	29,250,000	32,380,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000	41,000,000
Water Mains (miles)	677	685	602	617	617	618	618	618	655	676
Fire Hydrants	3,431	3,530	3,630	4,315	4,800	5,000	5,000	5,000	4,611	4,931
Vehicles	-	-	-	-	-	-	-	61	32	35
<b>Sewer</b>										
Sanitary Sewers (miles)	511.86	521.86	520.20	522.41	535.00	535.00	535.00	574.00	595.00	600.00
Manholes	-	6,247	6,630	6,780	7,230	7,230	7,230	7,863	8,197	8,248
Sewer Treatment Capacity:										
Plant 1 (mgd)	15	15	15	15	15	18	18	18	18	18
Plant 2 (mgd)	6	6	6	6	6	6	6	6	6	6
Plant 3 (mgd)	6	6	6	6	6	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	15	44	31
<b>Drainage</b>										
Storm Sewers (linear feet)	150,000	150,000	150,000	150,000	150,000	150,000	93,099	93,099	94,349	94,349
Inlets and Outfalls	3,000	3,000	3,173	3,173	3,173	3,173	3,125	3,173	3,233	3,233
Open Channels (miles)	150.0	131.0	283.0	316.6	312.0	312	96.0	197.0	140.4	141.0
Vehicles	-	-	-	-	-	-	-	22	25	22
<b>Fleet</b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	-	-	-	-	-	-	-	7	7	7

**Table XIX**

**City of Killeen, Texas**  
**General Obligation Bond Tables**  
**Valuation, Exemptions, and Tax Supported Debt**  
September 30, 2018

Market Valuation Established by Bell County Appraisal District		\$ 6,918,010,185
Less Exemptions/Deductions		1,167,352,778
Net Taxable Assessed Valuation		<u>\$ 5,750,657,407</u>
Debt Payable from Ad Valorem Taxes		
General Obligation Bonds	\$ 152,720,000	
Certificates of Obligation	<u>29,900,000</u>	
Debt Payable from Ad Valorem Taxes		\$ 182,620,000
Less Self-Supporting Debt <sup>(1)</sup>		16,520,000
Net Debt Payable from Ad Valorem Taxes		<u>\$ 166,100,000</u>
Interest and Sinking Fund		<u>\$ 5,150,835</u>
Ratio of Tax Supported Debt to Taxable Assessed Valuation		3.18%
Ratio of Net Tax Supported Debt to Taxable Assessed Valuation		2.89%
Estimated Population		145,935
Per Capita Taxable Assessed Valuation	\$	39,406
Per Capita Net Debt Payable from Ad Valorem Taxes	\$	1,138

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

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

Fiscal Year	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at Year End (2) (3)	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2011	127,921	\$ 4,598,247,312	\$ 35,946	\$ 182,979,601	3.98%	\$ 1,430
2012	130,018	\$ 4,726,643,478	\$ 36,354	\$ 213,485,000	4.52%	\$ 1,642
2013	134,654	\$ 4,811,938,035	\$ 35,736	\$ 204,375,000	4.25%	\$ 1,518
2014	137,147	\$ 5,004,176,039	\$ 36,488	\$ 217,890,000	4.35%	\$ 1,589
2015	140,806	\$ 5,019,547,844	\$ 35,649	\$ 211,515,000	4.21%	\$ 1,502
2016	143,400	\$ 5,175,292,421	\$ 36,090	\$ 232,730,000	4.50%	\$ 1,623
2017	144,930	\$ 5,340,425,502	\$ 36,848	\$ 193,365,000	3.62%	\$ 1,334
2018	145,935	\$ 5,750,657,407	\$ 39,406	\$ 182,620,000	3.18%	\$ 1,251

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

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

(3) Includes capital lease payable which was paid off in fiscal year Ended September 30, 2012.

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

<b>Fiscal Year</b>	<b>Outstanding Debt <sup>(1)</sup></b>			<b>System- Supported Debt Service</b>	<b>Total Tax- Supported Debt Service</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>		
2019	\$ 9,935,000	\$ 7,892,270	\$ 17,827,270	\$ 1,988,998	\$ 15,838,272
2020	10,320,000	7,492,775	17,812,775	1,977,263	15,835,512
2021	10,740,000	7,081,425	17,821,425	1,961,313	15,860,112
2022	11,210,000	6,630,675	17,840,675	1,962,063	15,878,612
2023	11,730,000	6,141,425	17,871,425	1,962,613	15,908,812
2024	11,415,000	5,626,113	17,041,113	1,965,113	15,076,000
2025	11,980,000	5,102,913	17,082,913	1,978,513	15,104,400
2026	12,540,000	4,534,663	17,074,663	1,966,263	15,108,400
2027	11,575,000	3,939,663	15,514,663	1,325,863	14,188,800
2028	12,140,000	3,388,863	15,528,863	1,427,763	14,101,100
2029	12,695,000	2,840,663	15,535,663	1,418,813	14,116,850
2030	11,185,000	2,299,994	13,484,994	1,277,588	12,207,406
2031	9,755,000	1,858,325	11,613,325	109,200	11,504,125
2032	10,210,000	1,418,575	11,628,575	-	11,628,575
2033	7,150,000	2,086,250	9,236,250	-	9,236,250
2034	7,380,000	737,300	8,117,300	-	8,117,300
2035	5,110,000	439,900	5,549,900	-	5,549,900
2036	2,970,000	233,050	3,203,050	-	3,203,050
2037	825,000	111,700	936,700	-	936,700
2038	860,000	76,000	936,000	-	936,000
2039	895,000	38,750	933,750	-	933,750
	<u>\$ 182,620,000</u>	<u>\$ 69,971,292</u>	<u>\$ 252,591,292</u>	<u>\$ 21,321,366</u>	<u>\$ 231,269,926</u>

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

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

<u>Fiscal Year</u>	<u>Total Collected</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Per Capita</u>
2009	\$ 18,124,196	59.29%	0.4121	\$ 155.00
2010	\$ 18,947,322	59.74%	0.4152	\$ 158.54
2011	\$ 18,670,908	54.81%	0.4416	\$ 145.96
2012	\$ 19,904,737	56.85%	0.4573	\$ 151.61
2013	\$ 20,361,888	57.11%	0.4596	\$ 150.81
2014	\$ 20,396,264	54.98%	0.4084	\$ 148.72
2015	\$ 21,539,372	57.33%	0.4299	\$ 152.97
2016	\$ 21,784,258	56.27%	0.4219	\$ 151.91
2017	\$ 22,539,599	56.81%	0.4259	\$ 155.52
2018	\$ 23,727,452	55.27%	0.4144	\$ 162.59

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Taxes	\$ 1,725,955	\$ 1,701,360	\$ 1,636,001	\$ 1,652,409	\$ 1,696,609	\$ 1,722,623	\$ 1,776,199	\$ 1,941,564	\$ 1,815,226	\$ 1,738,543
Intergovernmental	3,000	-	-	-	-	-	-	-	82,498	-
Charges for Services	436,580	433,727	-	-	-	-	-	608,426	599,472	636,451
Investment Earnings	-	-	-	-	-	-	-	221	4,046	6,254
Miscellaneous	283,571	273,569	579,242	702,994	637,271	616,840	678,495	-	-	-
Total Revenues	<u>2,449,106</u>	<u>2,408,656</u>	<u>2,215,243</u>	<u>2,355,403</u>	<u>2,333,880</u>	<u>2,339,463</u>	<u>2,454,694</u>	<u>2,550,211</u>	<u>2,501,242</u>	<u>2,381,248</u>
<b>Expenditures:</b>										
General Government	1,757,473	1,760,925	1,606,911	1,582,371	1,540,785	1,506,634	1,567,108	-	-	-
Community Services	204,266	233,188	264,559	213,883	252,097	175,652	274,526	1,627,656	1,475,285	1,556,978
Miscellaneous	22,579	-	-	-	-	-	-	-	-	-
Capital Outlay	62,540	55,390	87,959	14,001	-	5,136	19,097	183,333	289,677	36,300
Debt Service	760,000	690,000	695,300	607,200	725,200	727,900	727,200	714,924	739,719	716,372
Total Expenditures	<u>2,806,858</u>	<u>2,739,503</u>	<u>2,654,729</u>	<u>2,417,455</u>	<u>2,518,082</u>	<u>2,415,322</u>	<u>2,587,931</u>	<u>2,525,913</u>	<u>2,504,681</u>	<u>2,309,650</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(357,752)</u>	<u>(330,847)</u>	<u>(439,486)</u>	<u>(62,052)</u>	<u>(184,202)</u>	<u>(75,859)</u>	<u>(133,237)</u>	<u>24,298</u>	<u>(3,439)</u>	<u>71,598</u>
<b>Other Financing Uses:</b>										
Sale of Assets	-	-	-	-	-	-	-	2,228	18	-
Transfers Out	-	-	-	-	-	-	-	-	-	(11,000)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,228</u>	<u>18</u>	<u>(11,000)</u>
Net Change in Fund Balance	(357,752)	(330,847)	(439,486)	(62,052)	(184,202)	(75,859)	(133,237)	26,526	(3,421)	60,598
Beginning Fund Balance	1,856,794	1,499,042	1,168,195	728,709	666,657	482,455	406,596	273,359	299,885	296,464
Ending Fund Balance	<u>\$ 1,499,042</u>	<u>\$ 1,168,195</u>	<u>\$ 728,709</u>	<u>\$ 666,657</u>	<u>\$ 482,455</u>	<u>\$ 406,596</u>	<u>\$ 273,359</u>	<u>\$ 299,885</u>	<u>\$ 296,464</u>	<u>\$ 357,062</u>

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

Customer	Water				Wastewater		
	Annual Water Usage	Annual Amount Billed	% of Total Water Usage	Ranking	Annual Wastewater Usage	Annual Amount Billed	Ranking
Killeen Independent School District	161,248,100	\$ 558,019	3.63532%	1	61,081,190	\$ 241,542	1
City of Killeen	70,028,800	\$ 253,996	1.57879%	2			
Metroplex Health Systems	30,951,200	\$ 104,969	0.69779%	3	23,894,980	\$ 91,437	3
Stone Hill Apartments	21,089,900	\$ 67,756	0.47547%	4	16,313,760	\$ 62,178	4
Premier Cemetery Service, Inc.	20,599,500	\$ 67,566	0.46441%	5			
Independence Place at Fort Hood	18,415,100	\$ 57,783	0.41517%	6	14,273,910	\$ 52,564	5
Y&B Properties	12,739,000	\$ 41,069	0.28720%	7	11,046,510	\$ 42,349	6
Copper Mountain Apts	12,062,200	\$ 38,873	0.27194%	8			
101 S. Twin Creek, LLC	11,333,500	\$ 36,713	0.25551%	9	9,234,540	\$ 35,184	9
AMG Wood Fair DBA Bridgewater	11,310,000	\$ 37,100	0.25498%	10	10,193,400	\$ 39,552	7
Central Texas College					40,529,020	\$ 146,841	2
Today's Car Wash					9,616,650	36,722	8
Summerfield Community					9,203,200	\$ 49,140	10

Note: Percentage of total consumption based on 4,435,598,566 gallons annual consumption.

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

**Water Rates**

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

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

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

**Wastewater Rates**

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

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues: (1)</b>										
Charges for Services	\$30,603,258	\$30,001,656	\$35,659,361	\$37,571,221	\$36,532,116	\$35,243,516	\$37,007,157	\$38,803,969	\$39,409,416	\$40,086,634
Miscellaneous	-	-	104,123	103,721	132,662	148,397	480,556	2,452	37,115	2,845
<b>Total Revenues</b>	<u>30,603,258</u>	<u>30,001,656</u>	<u>35,763,484</u>	<u>37,674,942</u>	<u>36,664,778</u>	<u>35,391,913</u>	<u>37,487,713</u>	<u>38,806,421</u>	<u>39,446,531</u>	<u>40,089,479</u>
<b>Expenditures: (2)</b>										
Water Purchases	6,278,399	5,858,835	6,925,331	6,692,095	6,897,853	7,467,995	7,637,005	7,810,794	8,447,593	7,938,535
Sewage Treatment	4,870,662	6,273,881	5,230,533	5,452,759	5,553,338	6,297,470	6,594,789	7,183,054	6,366,159	6,053,339
Operating Costs	8,327,249	8,158,165	9,204,958	9,229,112	9,298,188	9,564,316	10,618,307	10,423,579	5,305,353	9,776,433
<b>Total Expenditures</b>	<u>19,476,310</u>	<u>20,290,881</u>	<u>21,360,822</u>	<u>21,373,966</u>	<u>21,749,379</u>	<u>23,329,781</u>	<u>24,850,101</u>	<u>25,417,427</u>	<u>20,119,105</u>	<u>23,768,307</u>
<b>Net Available for Debt Service</b>	<u>\$11,126,948</u>	<u>\$ 9,710,775</u>	<u>\$14,402,662</u>	<u>\$16,300,976</u>	<u>\$14,915,399</u>	<u>\$12,062,132</u>	<u>\$12,637,612</u>	<u>\$13,388,994</u>	<u>\$19,327,426</u>	<u>\$16,321,172</u>
<b>Customer Count:</b>										
Water	43,440	44,689	45,873	47,040	48,172	49,189	50,175	51,058	52,200	52,597
Sewer	36,520	39,321	40,786	39,945	43,205	52,636	52,636	55,786	47,407	47,975

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

(2) Expenditures do not include depreciation.