

*Killeen  
Independent  
School  
District*

**Comprehensive  
Annual  
Financial  
Report**

*Fiscal Year Ended  
August 31, 2016*



*200 North W.S. Young Drive  
Killeen, Texas 76543*

# *Comprehensive Annual Financial Report*

*of the*

*Killeen Independent School District*

*For the Fiscal Year Ended August 31, 2016*

*Issued by:  
John Craft, Ed.D.  
Superintendent*

*Killeen Independent School District  
200 North W.S. Young Drive  
Killeen, Texas 76543*

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED AUGUST 31, 2016

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CERTIFICATE OF BOARD

Killeen Independent School District  
Name of School District

Bell  
County

014906  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2016 at a meeting of the Board of Trustees of such school district on the 10th day of January, 2017.

Minerva A. Trujillo  
Signature of Board Secretary

Demetrius O. Ochoa  
Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is(are):  
(attach list as necessary)





# **KILLEEN INDEPENDENT SCHOOL DISTRICT**

P.O. Box 967 • 200 North W.S. Young Drive • Killeen, Texas 76540-0967  
254/336-0000

John Craft, Ed.D.  
Superintendent

December 30, 2016

Board of Trustees  
Killeen Independent School District  
200 North W. S. Young Drive  
Killeen, Texas 76543

To the Members of the Board, and Citizens of the Killeen Independent School District:

The comprehensive annual financial report of the Killeen Independent School District (District) for the fiscal year ended August 31, 2016, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. This is based upon a comprehensive framework of internal control 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 of any material misstatements. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introductory overview, and analysis of the basic financial statements and should be read in conjunction with this letter.

The District includes all funds of its governmental operations that are controlled by or dependent upon the District as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity". The accompanying financial statements include only those funds of the District, as there are no other organizations for which it has financial accountability.

The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

## **ECONOMIC CONDITION AND OUTLOOK**

The Killeen area's economy continues to grow. New retail, medical service, and food service businesses continue to locate in the area. Jobs are created regularly which encourages people leaving the Army at Fort Hood to choose to stay in this area. The area continues to reap the benefits of having Ft. Hood as an economic neighbor directly through continued expansion and indirectly through associated professional business services.

Major metropolitan areas are easily accessible - 150 miles to San Antonio, 162 miles to Dallas-Fort Worth, and 190 miles to Houston. Killeen is located on the main line of the Santa Fe Railroad and straddles U.S. Highway 190/Central Texas Expressway, a four-lane divided highway. In fiscal year 2017, U.S. Highway 190/Central Texas Expressway will become Interstate 14. Austin is just 60 miles to the south. This close proximity lends a "big city advantage." Killeen is far enough away to enjoy its own lifestyle, yet close enough to enjoy one of the most sophisticated, urban population centers in the Southwest.

Low cost of living, excellent schools, regional medical facilities, regional airport, abundant shopping, mild climate, area lakes, and recreational facilities, each have played a positive role in the rapid growth of the Killeen/Harker Heights area.

Killeen, Texas, is home to Fort Hood, the largest active duty armored post in the United States Armed Forces and the largest single location employer in the state of Texas. Many soldiers who separate from Fort Hood each month remain in the area and provide a constant supply of labor-trained personnel in microelectronics, hydro-mechanical devices, laser optics, and other high-tech fields. Well-trained and educated military spouses and retirees provide an experienced labor force needed by a relocating industry.

Commercial and residential building remained constant throughout 2016. Diversification of the Killeen economic base has stayed steady in the current year as more industries and industrial site consultants discover that Killeen has an abundant labor force, excellent climate, good schools and overall excellence in quality of life. Restaurant and retail shopping establishments continue to open throughout the area, but at a slower pace. The area vigorously seeks new opportunities and is fortunate to be situated near the I-35 trade corridor with Mexico, and recently experienced a significant expansion of the medical complex at Ft. Hood. The area recognizes that diversification is paramount to success and continues to provide a hospitable business environment tailored to expansion and relocation.

The following table indicates the historical change in dollar value of building permits:

VALUATION OF BUILDING PERMITS

Calendar Year	Killeen	Harker Heights	Total	Change
2001	197,121,933	42,959,910	240,081,843	39%
2002	213,652,321	40,367,053	254,019,374	6%
2003	208,139,868	79,369,412	287,509,280	13%
2004	211,245,733	83,147,270	294,393,003	2%
2005	257,684,913	168,273,751	425,958,664	45%
2006	315,818,349	104,850,232	420,668,581	-1%
2007	229,823,247	99,034,705	328,857,952	-22%
2008	263,582,235	72,142,443	335,724,678	2%
2009	210,267,727	44,514,886	254,782,613	-24%
2010	271,644,287	47,906,060	319,550,347	25%
2011	204,486,630	146,171,009	350,657,639	9%
2012	230,451,385	61,222,209	291,673,594	-17%
2013	209,707,964	82,473,469	292,181,433	.2%
2014	280,424,868	93,981,892	374,406,760	28%
2015	255,860,911	48,353,668	304,214,579	-19%

***ECONOMIC GROWTH RESULTS IN CONTINUED GROSS SALES INCREASE***

The Killeen-Temple-Fort Hood Metropolitan Statistical Area (MSA) experienced a 1.8% increase in gross sales during the 2015 calendar year. This increase is due to a growing local economy and reduced deployments of military forces. The MSA is once again ranked as one of the best-performing cities (number 158) of the 200 largest metro areas in the United States by the Milken Institute for 2016. The Texas Comptroller of Public Accounts, Economic Analysis Center published the following information:

***GROSS RETAIL SALES BY CALENDAR YEAR  
KILLEEN-TEMPLE-FORT HOOD MSA  
(IN 000's)***

	2011	2012	2013	2014	2015
Motor Vehicle and Parts Dealers	\$1,008,214	\$1,443,382	\$1,123,363	\$1,216,936	\$1,371,033
Furniture and Home Furnishings Stores	104,766	111,573	105,416	116,740	117,580
Electronics and Appliance Stores	96,214	88,878	82,696	84,957	87,320
Building Material and Garden Equipment	298,479	357,814	393,415	422,249	405,536
Food and Beverage Stores	720,758	771,907	822,366	841,185	811,841
Health and Personal Care Stores	204,959	184,190	190,585	206,887	213,959
Gasoline Stations	638,622	641,607	610,295	613,737	512,509
Clothing and Accessories Stores	117,242	131,452	128,796	132,971	132,623
Sporting Goods, Hobby, Book & Movies	97,656	105,373	108,947	101,763	100,828
General Merchandise Stores	1,004,206	1,043,509	1,044,752	1,098,290	1,159,947
Miscellaneous Stores	117,383	120,215	118,112	116,706	115,957
Nonstore Retailers	35,836	36,446	37,777	41,571	34,850
Food Services and Drinking Places	<u>488,958</u>	<u>529,863</u>	<u>558,531</u>	<u>566,002</u>	<u>596,319</u>
Total	\$4,933,293	\$5,566,209	\$5,325,051	\$5,559,994	\$5,660,302

***FORT HOOD***

Fort Hood is the Army's premier maneuver installation and strategic power projection platform, providing facilities and resources to sustain, maintain, train, and deploy combat-ready forces capable of meeting our nation's needs at all points along the ground warfare conflict spectrum. Fort Hood's primary mission focus is supporting the training of its assigned units as a mobilization station for Army Reserve and National Guard units, and as a strategic power projection platform.

The training installation contains 199,000 acres of training area, of which 197,000 acres are set aside for maneuvers. Its largest single training segment is the Western Maneuver Area - an area that stretches 20 miles from north to south and from the western boundary of the installation eastward to the live fire impact area.

It is also home to the largest combat aviation training area in the free world, comprising 15,900 square miles, permitting both US and allied military helicopter crews to train over a variety of terrain, in a realistic environment that affords the distances and depths required in combat aviation operations.

With approximately 40,800 assigned soldiers and airmen, in addition to approximately 18,000 civilian and contractor employees. Fort Hood is the largest single site employer in the state of Texas. The installation also serves a wide variety of tenant organizations and ensures the highest quality of life and support for a diverse military community of soldiers, family members and retirees.

## ***KILLEEN-FORT HOOD REGIONAL AIRPORT***

The Killeen-Fort Hood Regional Airport is centrally located in the heart of Texas, adjacent to Fort Hood, and offers direct, non-stop air access to Dallas/Fort Worth, Houston and Atlanta airports.

The Killeen-Fort Hood Regional Airport offers excellent commercial airline service with daily flights to and from Dallas / Fort Worth International (Dallas/Fort Worth, Texas), George Bush Intercontinental (Houston, Texas) and Hartsfield-Jackson Atlanta International (Atlanta, Georgia) airports. Centrally located along the Interstate 35 corridor, the Killeen-Fort Hood Regional Airport is only an hour drive from Austin, and less than three hours from Dallas and San Antonio. It is also close to the Killeen Mall and other shopping areas. Our Corporate Aviation FBO offers a full range of services for the corporate aviation community.

## ***HEALTH CARE***

The outstanding medical facilities in the area are key attractions of the Killeen community with over 1,340 hospital beds within 20 miles.

Metroplex Hospital, Scott & White Hospital, Scott & White Clinic, Seton Medical Center, McLane Children's Scott and White and Darnall Army Medical Center provide comprehensive health care to more than 141,000 beneficiaries that include civilians, active duty military, their family members and retirees who live within 40 miles of the hospital.

Located just west of Killeen, Metroplex Health System provides 245 beds and more than 300 physicians in 42 specialties. Metroplex Hospital is a modern, acute-care facility with high-end, state-of-the-art technology and equipment. The hospital houses a 24-hour emergency center, advanced diagnostic imaging capabilities, general and same day surgery, a birthing center and the Pavilion, a full service behavioral health facility offering inpatient and outpatient services for all ages.

Seton Medical Center Harker Heights is a full-service acute care that opened in June 2012 with more than 300 employees. Among the services offered at the 83 bed facility are emergency care, women's services, orthopedics, cardiology and imaging and diagnostics, to name a few. Seton Medical Center Harker Heights is a joint venture between the Austin-based Seton Healthcare Family and Plano-based LHP Hospital Group, INC.

The Scott and White Killeen Clinic and Killeen Clinic West accommodate more than 26 physicians. The Killeen Clinics provide primary care for all patients. Specialty clinics offering comprehensive care in cardiology, oncology, nephrology, obstetrics/gynecology and dialysis services are located nearby. The Scott and White Health Care System is composed of a network of regional clinics, a 636 bed not-for-profit hospital in Temple, a children's hospital with practitioners highly skilled in 40 pediatric specialties and the not-for-profit Scott & White Health Plan. Scott & White Hospital and Darnall Army Medical Center are both teaching hospitals affiliated with the Texas A&M Health Science Center College of Medicine. Darnall is also home to the Robertson Blood Center, the largest blood center in the Department of Defense.

## ***CULTURAL ACTIVITIES***

The Killeen Special Events Center Complex is composed of the Civic and Conference Center, Exhibition Hall, Rodeo Arena and Vive Les Arts Theatre. The 64,000 square-foot Civic and Conference Center, with a multi-functional ballroom, can house 100 booths and subdivides into three smaller halls. There are six meeting rooms seating 40 each or 80 with partition open. A beautiful Special Events Room seats 125 people, and the Executive Board Room seats 25. As a testament to the flexibility of this facility, numerous events are booked each year to include: meetings, banquets, weddings, conventions, workshops and trade shows. Gallery hanging equipment was added in the hallways providing free space for exhibits of local art and other travelling exhibits. The multiuse complex provides a variety of flexible space for conventions and can host multiple events simultaneously.

Shilo Inn and Suites, a 160 room, full-service, all-suites hotel opened in early 2007. In addition, over 2,500 hotel rooms, most located within one mile, provide a variety of rooms to suit every budget.

The Vive Les Arts Societe was organized in May 1976 to provide a base for cultural activities in the greater Killeen area. Vive Les Arts not only supports both performing and visual arts, but also brings concerts, symphonies and children's theater productions to the area. In 1991 The Societe opened a center for the performing arts. The center features a 370 seat theater and a combination gallery/reception area.

## **EDUCATION**

### ***KILLEEN INDEPENDENT SCHOOL DISTRICT***

The Killeen Independent School District (KISD) has grown from an enrollment of 34,743 students in 2005-2006 to a peak enrollment of 43,429 in 2015-2016.

The largest school District between Austin and Dallas and the 27<sup>th</sup> largest in the state of Texas, KISD employs over 6,400 faculty and support personnel to educate and serve more than 43,000 students on 55 separate educational campuses. The district's footprint includes 1,280 acres of property and 6.4 million square feet of facilities across 157 square miles. Students from Killeen, Harker Heights, Fort Hood, Nolanville and rural West Bell County attend classes at thirty-two elementary schools (PK-5), ten middle schools (6-8), four high schools (9-12), seven alternative schools, and the Career and Technology Education center. Additionally, the district will add a 1,250 student middle school and a 1,050 student elementary school in the fall of 2017. The district's 234 portable buildings (227,304 square feet or the equivalent to 288 potential classrooms) provide flexibility to meet the educational needs of a constantly changing population.

The KISD Career Center provides core academic courses and upper level Career & Technical courses in the following career clusters: Agriculture, Food & Natural Resources; Architecture & Construction; Arts, A/V Technology & Communications; Education & Training; Health Science; Human Services; Information Technology; Manufacturing; and Transportation, Distribution & Logistics. These courses include state & national certifications, hands-on labs, work-based learning, and job site training. Hospitality & Tourism courses are contracted service dual credit courses taught at Central Texas College. The firefighter program is taught through collaboration with the City of Killeen Fire Department. All KISD Career Center programs have co-curricular youth leadership organizations. Shoemaker H.S. provides STEM education and certifications. Ellison H.S. provides Government and Public Administration courses. All four traditional high schools offer Business Management and Administration, Finance, as well as Law, Public Safety, Corrections, and Security.

Transportation support is provided by the District from two facilities: the main Bus Park located at 110 North WS Young Drive and a satellite location, the Garland D. Sheridan Transportation Facility, located at 9132 Trimmier Road. Transportation is provided for secondary students who live two or more miles from their designated school, for elementary students who live one or more miles from their designated schools, and for any students who live in an area that has been designated as hazardous by school officials. Students in grades pre-kindergarten through 12 board buses at designated bus stops. Students who are assigned to special education transportation are transported between the locations specified by Admissions Review and Dismissal (ARD) Committee without regard for minimum distance from school. Special program transportation is also provided for students in Alternative Education Programs (AEP). Elementary AEP students who live one or more miles from the supporting campus (Cavazos Elementary) are provided transportation between their residence and school. Secondary AEP students and JJAEP students are provided transportation between the supporting campus (Gateway Campus or Bell County Juvenile Detention Facility, respectively) to bus stops that are within two miles of their residence. Pathways and Early College High School students are provided transportation between the supporting campus (Pathways Academic Campus or Early College High School Campuses, respectively) to bus stops that are within two miles of their residence. International Baccalaureate (IB) students are provided transportation on a limited basis between the supporting campus (Killeen High) and bus stops that are within two miles of their residence. The District also provides transportation for extra-curricular and co-curricular student activities.

### ***CENTRAL TEXAS COLLEGE***

Central Texas College (CTC) is a public, two-year community college offering associate degrees, certificates of completion and continuing education courses for personal or professional development. Programs are available in traditional classroom settings, and by online and multimedia delivery methods for academic, professional and vocational/technical fields. In 2014-2015 CTC awarded 3,219 associate degrees and 810 certificates of completion at more than 140 sites around the world. Outside Texas, CTC offers classes on military installations, ships at sea and correctional institutions. CTC's central campus is situated on 543.9 acres between the cities of Killeen and Copperas Cove. Central Texas College has maintained its accredited status with the Southern Association of Colleges and Schools since first being awarded accreditation in 1969, and was reaffirmed most recently in June 2015.

## *TEXAS A&M UNIVERSITY – CENTRAL TEXAS*

Texas A&M University–Central Texas was born in the spirit of community cooperation in 2009 as a member of The Texas A&M University System, one of the largest systems of higher education in the nation. A&M-Central Texas is a military friendly, upper-level institution offering bachelor’s and master’s degrees for life’s next chapter. The student population at A&M-Central Texas is diverse and growing, currently serving over 2,500 students. Classes are offered on our beautiful new campus, online, and at several convenient sites; including Fort Hood and Hutto in order to accommodate both full-time and part-time students. The University serves the entire Central Texas region, providing a wide-range of distinguished academic programs that foster excellence and achievement through lifelong learning and civic engagement.

### ***MAJOR INITIATIVES***

#### *KISD DIRECTIONAL PLAN FOR SCHOOL YEAR 2016/2017*

#### **VISION STATEMENT**

Through the implementation of a full, innovative, rigorous, comprehensive education program, KISD will provide superior learning opportunities so that upon graduation, students are prepared for success in the workforce and/or in higher education.

#### **MISSION:**

Teach so that students learn to their maximum potential.

#### **OBJECTIVES:**

Achievement

Responsiveness

Classroom Support

Leadership Development

Financial Accountability

#### **VALUES:**

Teamwork

Quality

Integrity

Caring Attitude

Maximum Effort

Innovation

#### **DISTRICT ACCOMPLISHMENTS**

1. **Parent and Community Involvement** - The KISD Parent and Community Engagement Program offers a myriad of ways for parents to be involved in the education of their children. Opportunities are provided at the district and campus levels. There are currently thirty-one Title I school-wide campuses and one Title I targeted assistance

campus at the elementary level. Local funds provide support and services for families at the district's non-Title I elementary schools, ten middle schools, four high schools, an Early College High School and special campuses. The special campuses include the Bell County Juvenile Detention Center, Gateway High, Gateway Middle, KISD Career Center and Pathways Academic Campus. The District Parent and Community Involvement Specialist coordinates events and activities at the district level, supports and provides monthly training for parent liaisons/parent program contacts at the campus level and coordinates the district's volunteer services program.

2. **Parent Liaisons** – KISD had twenty parent liaisons in place at nineteen of our thirty-two elementary campuses during the 2015-2016 School year. Parenting program contacts facilitated parent engagement activities at the remaining thirteen elementary schools. Four of the liaisons are bilingual. Parent liaisons and program contacts assist campus principals with various parental involvement activities and serve as one of the front-line links between the home and school. They facilitate distribution of parent education materials, offer informative workshop presentations, provide campus based orientation sessions for volunteers, and assist in coordinating, scheduling, and leading meetings among parents, teachers, and volunteers.

Monthly professional development is provided for parent liaisons & program contacts. Nineteen of the liaisons serve as campus volunteer coordinators. Parent liaisons provide early literacy club activities for families with children 0-4 years of age who are not yet enrolled in school. Literacy clubs serve as an early intervention strategy to help prepare children by building a basic learning foundation that is necessary for school success. Parent liaisons and program contacts support district level parent and community engagement events and programs.

3. **Parent-Teacher Conferences** – Parent-teacher conferences during the 2015-2016 school year were conducted based on schedules designed by each campus. These conferences gave parents the opportunity to meet with their child's teacher and discuss the progress and/or support that their child may need. Due to the KISD partnerships with Fort Hood, parents who are active duty military are able to attend their conference and know that their child's school is their expected place of duty during parent-teacher conference times. This philosophy fosters an overall increase of parent participation during scheduled parent-teacher conference times.
4. **Adult Education**- Members of our community are able to complete their education or increase their English language ability as a result of a collaborative partnership between CTC Adult Education and KISD Special Programs Department. This partnership continues to be successful. During the 2015-2016 school year, English as a Second Language and GED classes were offered during the regular school year and during the summer.

Computer classes are also offered for the community. The intent is to provide consistent computer learning opportunities for parents and community members so that their computer literacy skills increase. Opportunities offered provide hands-on instruction extending access to technology that empowers the use of tools to support student achievement and performance. Increases in computer skills (basic, intermediate and advanced) are also goals. A mobile unit containing 20 Dell laptops, a charging cart and two printers support this initiative.

5. **Newsletters for Parents** - The Home-School Connection is the parent engagement newsletter printed in English and Spanish for families at the elementary school level. Twenty copies are provided to each campus and a copy is posted on the Special Programs Department website. This initiative was aligned during a prior school year and now includes Middle School Years and High School Years for our secondary campuses. Newsletters at this level are provided in English, Spanish, German, and Korean. Newsletters are distributed monthly through-out the school year beginning each September.
6. **For Kids' Sake** - "For Kids' Sake" classes are offered for divorcing parents, potential foster parents or for people who are mandated by a court for other reasons. This four-hour seminar is offered once a month for a small fee of forty-dollars per person. KISD is the only service provider for non-military parents within an hour's drive in any direction. The focus of "For Kids' Sake" is to provide parents with effective tools to assist and guide them and their children through the process of divorce with as little trauma as possible. Two certified instructors, both with master's degrees, provide the instruction. All participants receive a curriculum workbook at the beginning of the seminar, and a certificate of completion at the end of the seminar. Participant feedback in the form of a post service survey indicates a positive view of the program.
7. **Adopt-A-School Program** - Our Fort Hood/KISD Adopt-A-School Program is a partnership between the KISD Student, District and Community Relations Department, Special Programs Department, KISD schools, and Fort Hood. Our Volunteer Program tracks volunteers and hours of service. Working together, we are able to partner with an adopted military unit for each campus. Schools provide volunteer opportunities. The Special Programs Department tracks the volunteer service hours. This allows us to monitor the number of hours and types of service

our military members and parent/community volunteers provide to the district. During the annual volunteer luncheon, the district is presented with a check reflecting the number of volunteers and hours of service for that year.

8. **Recurring Activities and Events Serving Parents/Community** - The Special Programs Department offers a variety of district-level events and activities to encourage parent, family, and community involvement. Empowered Parents provides topic specific identified workshops for parents and community members. Early Literacy Clubs at elementary campuses meet throughout the year. During the summer, early literacy education continues at the district level as Summer Hot Tots. The KISD Parent Advisory Council provides parents with leadership opportunities. The KISD Volunteer program is active on all campuses in the district. The annual Family Fitness and Wellness Fair is a successful collaborative between the KISD School Nutrition Department, the School Health Advisory Council, Student Services, Special Programs Department and the City of Killeen's Celebrate Killeen Committee. This event is a family affair focused on healthy eating and lifestyle choices.
9. **Professional Development** - Professional development opportunities provided for campus parent liaisons and parent program contacts allow for increased learning about research-based practices, requirements for Title I parent involvement, written parent involvement policy and home-school compacts as required by the No Child Left Behind Act of 2001- PL107-110, Section 1118. Best practices and other innovative ideas learned will be presented during scheduled monthly training sessions.
10. **Parenting Program Curriculum** – Practical Parent Education is the researched-based curriculum used for parent education workshops. Information provided supports families of the Killeen Independent School District. We will continue to refine and increase effectiveness of the implementation of the Practical Parent Education Curriculum. Sessions designed around identified needs, as disaggregated from parent survey input and training discussions completed by our team of parent educators, aid in determining topics presented. We continue to receive implementation support and updated online curriculum access for each participant. This curriculum comes with on-line access, quick-tip handouts for parents/community, continued consultation and evaluative support.
11. **Student Achievement** – Killeen ISD had several notable academic achievements for the 2015-2016 school year within the state's accountability system. The district and all campuses received an accountability rating of *Met Standard* (highest rating possible) and 32 out of 48 of Killeen ISD campuses earned one or more distinction designations. Two campuses earned a distinction in every possible area and were recognized by the state of Texas for that achievement. Killeen ISD met or exceeded the state average in math in grades 3-8, reading (grades 3, 5, and 8), English I, and Biology. Improvement was made from the previous year in grade 4 reading, grades 5 and 8 science and grade 8 social studies. In addition to academic content, the state accountability system measures dropout and graduation rates. Killeen ISD exceeded the state average in both of these measures, as well.
12. **District-Wide Curriculum** - During the 2015-2016 school year, the district continued to work on ensuring a guaranteed and viable curriculum in every class, for every student, every day, through the implementation of the Killeen ISD LEARN Model. Our vision continues to be a deeper and clearer focus, along with increased rigor and relevance to both elementary and secondary classroom instruction through the implementation of the TEKS Resource System curriculum. TEKS Resource System not only aligns and clearly articulates student-learning expectations, but also provided teachers with research-based instructional strategies and model lessons. The implementation of TEKS Resource System is supported by ongoing professional development opportunities for teachers and campus leaders. The TEKS-focused professional learning included studies of Blackburn's work on rigor, Hess's Cognitive Rigor Matrix, continued work on unit mapping for effective instruction, effective questioning, Marzano's high yield instructional strategies, nine-week math, science, and language arts content study sessions, hands-on math and science activities, the use of interactive notebooks, effective use of TI-Inspire Handhelds, and the integration of technology.
13. **Response-to-Intervention** - The district continues to improve its Response-to-Intervention. During the 2015-2016 school year, professional development on RtI was aligned to ensure consistency of implementation across the district. This professional development included increased focus on documentation through Student Success Plan, fidelity of implementation through consistent Operating Guidelines, and clear delineation of roles for campus staff. In addition to implementing a student-centered, collaborative problem-solving continuum to ensure timely RtI actions, elementary and middle school campuses are provided reading and math universal screening tools to identify and monitor the progress of struggling learners. Both reading and math research-based intervention programs are implemented district-wide to address the needs of the targeted students.
  - Reading Universal Screens: During the 2015-2016 school year, the Texas Primary Reading Inventory and Tejas Lee were used to diagnose the reading skill and comprehension development of students in kindergarten

through 2<sup>nd</sup> grade. The Scholastic Reading Inventory was the reading screen for students in grades 3-8. It is an assessment of reading comprehension skills and provides immediate, actionable data on students' reading levels and growth over time. During the school year, district staff investigated options for universal screens that would provide additional diagnostic information to teachers and campus staff. In May 2016 campus staff received professional development on a newly selected screener, Measures of Academic Progress (MAP) through NWEA. This assessment provides comprehensive diagnostic data, aligned to standards. The implementation of MAP will provide better aligned, data driven decision making.

- Reading Interventions: The Fountas and Pinnell Leveled Literacy Intervention System may be used with the RtI students in kindergarten through 5th grades. It is a small-group, supplementary intervention program designed to help teachers provide powerful, daily, small-group instruction for the lowest achieving students. Comprehension at the Core is used in reading classrooms K-8 to provide effective intervention in reading comprehension. A reading intervention course is provided for students struggling with reading in grades 9-12. In addition, all campuses have the option to use Fast ForWord, a computer-based intervention that focuses on phonetics, decoding, fluency, vocabulary building and comprehension. iStation (grades 3-5) and PathBlazer (grades 6-8), are computer-based applications provided by the State of Texas and implemented on campuses to help remediate reading skills for struggling students.
- Math Universal Screens: During the 2015-2016 school year, the mCLASS: Math assessment was the universal screening tool used to identify Kindergarten-2nd grade students who would benefit from math interventions. In grades 3-8, the Scholastic Math Inventory is used to evaluate students' math achievement and their level of math skills and concepts. During the school year, district staff investigated options for universal screens that would provide additional diagnostic information to teachers and campus staff. In May 2016 campus staff received professional development on a newly selected screener, Measures of Academic Progress (MAP) through NWEA. This assessment provides comprehensive diagnostic data, aligned to standards. The implementation of MAP will provide better aligned, data driven decision making.
- Math Interventions: During the 2015-2016 school year, the Do the Math Intervention program was used in elementary classrooms to focus on "rebuilding" the foundations of mathematics – computation, number sense, and problem solving – for those students targeted for math intervention. In addition, struggling math students could also participate in FASTT Math and Fraction Nation interventions. Both of these intervention programs are computer-based and help develop fluency with basic math facts, fractions, and decimals. Think Through Math, a computer-based application, for grades 3-8, has also been provided by the state of Texas and implemented on campuses to help remediate reading skills for struggling students.

**14. Professional Development** - Elementary and Secondary Curriculum and Professional Development departments provide on-going professional development opportunities to equip teachers with best practice instructional strategies and support their implementation of TEKS Resource System. Professional Development includes summer workshops and academies, Saturday learning opportunities, after-school specials, campus learning sessions, and facilitation of campus PLC's. Ongoing learning opportunities include the following:

- 504 Updates
- ActivExpressions
- Assessment on the Run with Running Records and MSV Analysis
- Authentic Assessment in PreK and Kindergarten Classrooms
- Balanced Literacy: Planning Balanced Literacy Using the IFD
- Balanced Literacy: Guided Reading in a Balanced Literacy Classroom
- Balanced Literacy: Structures to Support a Balanced Literacy Program
- Box Cars and One-Eyed Jacks – Elementary Math Games that Build Brain Matter
- Building Academic Vocabulary
- Classroom Strategies for Success
- Coding and Analyzing Reading Records
- Comprehension at the Core: Toolkit Training
- Comprehension at the Core: Toolkit Integration
- Connecting Rigor to the PE Classroom
- CreAPptivity
- Creating a Learning Environment
- Creation Station Digital Storytelling
- Daily Five
- Decisions: Revising & Editing

- Designing a Reading Workshop
- Differentiated Instruction
- Educating Everybody’s Children: Supporting Language Development While Building Content Knowledge
- Effective and Purposeful Stations
- Effects of Poverty on the Student
- Empowering Writers
- Engaging Presentation Skills: Engaging Students in the Primary Classroom
- Expository Writing
- Fall Down 7 Times, Stand up 8
- Fountas and Pinnell: Leveled Literacy Intervention and Benchmark Assessments
- Fountas and Pinnell: Continuum of Literacy Learning
- Framework for Understanding Poverty
- Growing Positive Attitudes to Support Academic Success
- iLearn
- Impact Teaching
- Instructional Implications for Reading Records
- Integrating Content into Reading/Writing
- Interactive Science, Math and Reading Notebooks
- Leading Intentional Intervention
- LPAC Training
- Measures of Academic Progress: Implementation Training
- Math: Creating Choice with Meaningful Menus
- Math: Numeracy in the Primary Classroom
- Math: Numeracy in the Intermediate Classroom
- Math: Operations and Algebraic Thinking
- Math: Fractions in the Classroom
- Math: Elementary Math Academy, grades K-5
- Math: Representations to Application – Perimeter, Area, Volume
- Math: Develop Number Sense Using Number Talks
- Math: Cooling the Hot Spots
- Math: Meaningful Math Stations
- Math Talk Multisensory Word walls for Secondary Science
- Nonlinguistic Representations in Language Arts and Social Studies
- Nonlinguistic Representations in Math and Science
- Pixie Party
- Poetry – Don’t Let it Scare You
- Progress Monitoring Made Easy
- Research Based Strategies for Under Resourced Learners
- Response to Intervention
- Rigor is NOT a 4-Letter Word
- Rigor in Your Classroom
- Rock ‘n Roll Classroom
- Running Records and Error Coding to Guide Reading Instruction
- Scaffolding Instruction for ELLs
- Science and Literacy
- Science: Differentiation Strategies Trainings
- Science: Teaching Science in an Early Childhood Classroom
- Sheltered Instruction
- Showcasing Mathematics for Young Children
- Small-Group Lessons for the Comprehension T and the Core Toolkit
- Spotlight on Reading Strategies
- STAAR Based STAAR Ready Writing
- ST Math-Implementation and Best Practices
- Technology in PE
- TEKS Resource System Study Sessions: Math
- TEKS Resource System Study Sessions: ELAR
- TEKS Resource System Study Sessions: Science
- TEKS Resource System Differentiating for Gifted Learners
- TEKS Resource System and Balance Literacy

- Think Through Math: Implementation and Best Practices
- Those Pertinent Principles by Law Related Education
- Under-Resourced and Struggling Learners
- Using Mentor Texts to Support the Reading and Writing Connection
- Visual Literacy
- Vocabulary Acquisition Training
- Word Nerds
- Word Play: It's Serious Business
- Writing: Editing and Revising
- Young Learners and Big Discoveries: Literacy Connections to Math and Science
- Teach Like a Pirate-Book Study
- Social Studies Curriculum Night
- Lead Teachers Meetings
- McGraw Hill Social Studies
- Strategies for any classroom
- TEKS Trees in lesson plans
- CPR Training – Harker Heights HS
- AP Saturday Study Sessions for all Core Content Areas
- Pearson AP textbook demo
- Bedford Textbook PD
- Visible Learning
- ABC-Clio Designing lessons
- ABC-Clio website PD
- Anchor your Classroom
- DBQ's and You
- ELL and ELPS in Social Studies
- ELL and Social Studies – S3Strategies
- History Happens – Debra Straford
- How to grow TEKS
- Planting you TEKS trees in your units
- Schoology
- Scientific Social Studies
- Strategies from an AP Classroom anyone can use
- Teach like a pirate in 45 minutes
- The DBQ Project
- Write Path Social Studies
- 10 Strategies in 45 minutes
- Free your mind historical thinking
- Job A Like MS
- Job A Like HS
- Math Lead Teacher Meeting
- Math Curriculum Night
- SpringBoard Initial Implementation Institute
- ASCD Capacity Building: Coaching and Mentoring for Understanding by Design and Differentiated Instruction
- TAMU-CT Collaborative
- TI-Nspire Night Academy
- STEPS Secondary Teachers Enhancing Performance for Students
- Doceri
- Blended Learning 101: The Remix
- OneNote in Math
- 5 Practices
- Region XII PRIME TIME
- DI Strategies in the Math Classroom
- AIMS Math Looking at Lines and Linear Functions
- Blended Instruction 200 Blended vs Flipped
- Surviving the Block in Middle Math
- AIMS-Geometry
- Web 2.0 Math

- The Fundamental 5
- Mathterrific Games
- Schoology in Math Classroom
- Edgenuity Implementation
- Comprehension at the Core
- New Teacher Induction
- RTI Training
- ELA Lead Teacher Meetings
- Fun-Sized Academic Writing for Serious Learning
- English Curriculum Night Sessions
- Webb’s DOK Training
- New Teacher Coaching
- Figuring out Figure 19 – Volume 1
- Figuring out Figure 19 – Volume 2
- Expository Summaries
- Documenting the RTI
- Writing in the Content Areas – LORMS
- Purpose Driven Reading
- High Impact Lesson Spiraling
- Guiding the Reluctant Writer Through the Writing Process
- Poetry Terms Flipbook
- Trello and Simple Collaboration for the 21<sup>st</sup> Century
- DxElysAi in the Classroom
- Integrating Technology in the Language Arts Classroom
- Reader Response Journals
- Teaching the Mutli-Genre Research Project
- Raising the Bar
- Grammar Keepers
- Literacy TA University (two day session)
- Examining Student Writing Through Three Different Lenses
- Close Reading of Complex Texts
- Pieces of the Thesis
- Building Text-Dependent Questions Using DOK
- MadLibs Grammar and Sentence Structure
- Text Marking and Writing Strategies
- The Fight is ON Combatting Student Apathy
- Texts and Lessons for Content Area Reading
- Deeper Reading Strategies for Fiction
- Conversation Café Using Text Dependent Questions
- CC Poetry Analysis
- CC Inferencing
- CC Revising
- CC Short Answer
- CC Expository Writing
- Everyday Editing
- CC Persuasive Writing
- Anchor Charts and Learning Laps
- Forensics Science CSI/Who Killed Henry Ward
- Potato Head Genetics
- Curriculum Night Secondary Science
- Science Lead Teacher Meetings
- STEMscopes for Biology Teachers
- Worth the Wait Teacher Training
- Science Data Drive
- Questioning
- CLOBS for new teachers
- Science as a Verb
- Inquiry Bases Chemistry: Teaching Chemistry through inquiry and games
- How & Why to move your Labs toward an Inquiry Format

- Science textbook re-fresher course
- Newton’s Laws
- A Refresher on Biochemistry
- Science Skills: Strategies Activities to build vocabulary skills
- Multisensory Word Walls in Science
- Force Motion – Interpreting Graphs in Math and Science
- Space Camp Activities
- First Semester Chemistry Activities
- Creating TEKS Trees in science
- Using TEKS Trees in science
- Secondary Word Wall in Action
- Flipped Classroom in Science Catering for All Students
- Potpourri Instructional Strategies Lead4ward
- Texas Regional Collaborative in Science TRC
- A Refresher on Scientific Experimentation
- I Speak for the Trees-Ecological Sustainability and Succession Using the Lorax
- Meal-worms best class pet ever:
- PASCO’s
- Nature and Needs of the Gifted Learner
- Differentiated Instruction
- Identification and Assessment of Gifted Students
- GT Book Study – Curriculum
- GT Book Study – Nature Needs
- GT Book Study – Identification
- GT Coordinators Update
- AVID Coordinators PLC
- AVID Tutor Training
- AVID Summer Institute
- Equity High Achiever vs Gifted Identification
- 21<sup>st</sup> Century Skills – Curriculum and Instruction
- GT Myths vs Reality
- Dyslexia Section 504 and Accommodations in the Classroom
- Secondary Dyslexia After School Special
- Dyslexia Update
- Secondary Dyslexia Update
- Learning Ally
- Dyslexia Training
- Dyslexia Assessment
- Secondary 504 Compliance Update
- Secondary Section 504 Meeting
- At Risk Training
- Section 504/Dyslexia Training and Compliance
- Section 5047 Guideline
- Success Ed Implementation for Section 504

15. **Teacher Recruiting Program** – The District’s recruiting initiative with an annual budget of approximately \$103,000 continues to be effective in recruiting, hiring and retaining between 350 to 500 teachers each year. The efforts primarily focus inside Texas but extend throughout the nation, and include a KISD teacher job fair, multiple external job fairs, alternative teacher certification preparation programs, and numerous internet recruiting sites. KISD employment is profiled at [www.killeenisd.org](http://www.killeenisd.org). The KISD on-line application, HireVue and the Gallup Teacher Insight Interview, also on-line, provide immediate information about prospective employees. Additionally, the KISD Board of Trustees fund a bonus of \$2,925 for every new middle school math teacher hired and a \$2,080 sign-on bonus for incoming teachers certified in critical shortage subject areas. Additionally, a recurring stipend of \$3,000 is provided for Bilingual, Spanish and Special Education teachers and a \$3,120 stipend is provided to High School Chemistry, Physics and Mathematics teachers.

Once again, KISD remained consistent in minority hiring this year; nearly 38% of all classroom teachers hired were minorities. At KISD, over 50% of our total staff are minorities. Our goal continues to be a staff that mirrors the rich diversity of our students.

Our critical shortages this year continue reflecting the state-wide critical shortages of secondary math, chemistry, physics, Special Education, Spanish and bilingual certificate holders.

## ***TECHNOLOGY***

KISD follows a Strategic Technology Framework encompassing all aspects of educational and administrative technology services. The framework is designed to align with the District vision and serve as a guide for the school District and campuses to implement and utilize technology as a tool to assist with facilitating engaging student experiences leading to profound student learning. This framework is composed of a Digital Review process, a Campus Lifecycle Management Plan (LCMP), a Projector LCMP and an Operations and Networking LCMP.

The process and framework provides guidance to the Office of the Superintendent, the Deputy Superintendent and the Assistant Superintendent for Curriculum and Instruction, and the Assistant Superintendent for Leadership in support of the integration of technology into the curriculum. The key areas of framework support include:

- All curriculum areas will have hardware and software that supports the District vision.
- Each curriculum area will integrate technology into content scope and sequence to provide direction and support of the curriculum.
- All faculty and staff will have appropriate initial and ongoing training and support in the use of technology as related to their assignments.
- Access to technology resources will be available for all District staff.
- Access to information for staff, students, and parents will be readily available and easily accessible.
- All District departments will have access to technology resources that enhance departmental objectives.

In the acquisition and implementation of resources, each department or campus will create an action plan that will include an analysis, technology expenditures, and a measurement of student achievement. Campus action plans will be included in their Campus Improvement Plan, or CIP. District initiatives will be included in the District Improvement Plan (DIP) to determine its effectiveness and efficiency in the integration of technology in curriculum, administrative and support services, as well as infrastructure in order to determine resources needed, and their priority in advancing the District's Strategic Technology Framework. Additionally, each year the District facilitates a BrightBytes survey wherein teachers, campus administrators, and students self-access their access to technology, use of technology and provide feedback on services the district offers. All new technologies, systems and resources go through a district Digital Review process.

Killeen ISD has a long history as pioneers of technology integration into daily curriculum. KISD provides teachers with state-of-the-art laptops leveraging content specific subscriptions and instructional software applications. All district staff has access to multiple digital resources and content as well as a comprehensive online curriculum system to enhance the learning opportunities in our classrooms. The district provides around the clock access for students, parents and staff to our digital library and media holdings as well as considerable digital media resources. All classrooms are equipped with digital projectors, document cameras and support peripherals. Killeen ISD supports a five-year lifecycle plan to ensure that instructional resources are up-to-date and equipped for today's digital classroom. Killeen ISD continues to strive to be a focused and purposeful leader in the nation in technology services by collaborating with all disciplines and embracing best practices of instruction.

## **ACADEMIC SERVICES**

Professional learning opportunities are provided for all district employees by Assessment & Accountability, Elementary Curriculum & Professional Development, Secondary Curriculum & Professional Development and Special Programs departments. In collaboration with the Superintendent, campuses and other departments, District-wide learning experiences as well as customized conferences, seminars, workshops and on-site work are organized for teachers, administrators and support personnel. Instructional employees have the opportunity to learn through a variety of formats and understand how to incorporate these structures for sustained learning.

## **INDUCTION**

Leadership, Elementary Curriculum & Professional Development, and Secondary Curriculum & Professional Development departments provide all professional employees who are new to the District with a comprehensive and differentiated induction experience. Induction's four tiered approach (Connectedness, Communication, Collaboration,

and Curriculum) is designed to help new members of the District understand and embrace the culture of Killeen ISD and develop the skills necessary to continuously improve the quality of work provided to students.

In August, the first day experience focuses on the district and campus culture for all district professionals new to KISD, their mentors and campus leadership teams. For the remainder of Induction, teachers learn concepts through focused conversations around topics such as under-resourced learners, the uniqueness of the military child, TEKS Resource System (District curriculum), relationship building and the tenets of effective classroom management. Appraisal training, a classroom observation day, and six elective professional learning hours based on new teachers' content and pedagogical needs are also included. All sessions, with the exception of the classroom observation day, are outside the school day or in the summer.

### **MENTORING**

All inexperienced teachers in KISD are assigned a mentor. Experienced teachers who are new to KISD are assigned a buddy at the discretion of the building principal. The School Leadership Department provides mentor training for teachers who are selected by their principals to serve as mentors. First-Time mentors are required to complete two 2-hour mentor training sessions in order to qualify as a mentor, Initial Mentoring and Leadership for Mentors. Experienced mentors participate in Mentor Networking in order to maintain their mentor status and deepen their capacity to support new teachers. Mentors sign a KISD Mentor Commitment, agreeing to complete the required and fulfill the expectations of the mentoring program.

### **TE<sub>x</sub>ES REVIEW**

To assist with certification requirements, Elementary Curriculum & Professional Development and, Secondary Curriculum & Professional Development also provide pedagogy and content-specific TE<sub>x</sub>ES Review sessions for current KISD teachers.

### **CLASSROOM MANAGEMENT**

The KISD classroom management framework and modules provide overviews for administrators, volunteer sessions for teachers, and support for campus implementation. The framework consists of six concepts of effective classroom management. The concepts focus on building positive, trusting relationships with students, establishing and communicating high expectations for students, and promoting student self-management and positive supportive feedback from teachers. The six sessions can be taken alone or as a series of professional development.

### **TEXAS TEACHER EVALUATION AND SUPPORT SYSTEM (T-TESS)**

The Texas Teacher Evaluation and Support System (T-TESS) training and documentation for administrators and teachers and Advancing Educational Leadership certification for administrators are sponsored and managed by the Leadership department.

### **ADMINISTRATOR TRAINING**

Principals are provided targeted support and networking opportunities to continue developing leadership skills. Assistant principals meet monthly to continually develop their instructional leadership skills. An Aspiring Leaders Academy (ASPIRE) prepares participants for the role of principal by providing various learning experiences that support the vision and mission of the Killeen Independent School District.

### **ADDITIONAL PROFESSIONAL LEARNING OPPORTUNITIES AND SUPPORT**

Additional learning opportunities that support the District's focus areas, as well as identified content/curricular needs and the diverse needs of KISD's students, are provided to employees. Sessions are offered throughout the school year and in the summer on topics such as Ruby Payne's work on under-resourced learners, differentiation, core content, effective TEKS Resource System (District curriculum) implementation, cooperative learning, and emerging technologies. Numerous sessions on digital literacy, podcasting, creating digital media and other instructional technology offerings address the need to foster student creativity and innovation. Learning opportunities are continually redesigned to support District goals as a result of feedback from focus groups and session surveys.

The Assistant Superintendent for Curriculum and Instruction also provides logistical and technology support for professional development and meetings sponsored by other departments and campuses. In addition to the Teacher Media

Center and KISD professional library which are housed at Jackson Professional Learning Center, approximately 1,200 events are sponsored by all district departments at the center throughout the year.

KISD provides online registration and Continuing Professional Education (CPE) transcripts for KISD-sponsored professional learning for all employees, via LEARN, a system designed in collaboration with the Web Development Team from the Public Information Office.

## ***FINANCIAL INFORMATION***

### ***SINGLE AUDIT***

As a recipient of federal and state financial assistance, the District is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the accounting staff of the District.

As a part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the fiscal year ended August 31, 2016, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

### ***BUDGETARY CONTROLS***

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. Every school District in Texas is required by law to prepare and file a budget with the Texas Education Agency. Activities of the general, school nutrition (special revenue) and debt service funds are included in the District's budget. Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level within each fund. These functional categories are defined by the Texas Education Agency and identify the purpose of transactions. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, encumbrances generally are re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

## ***OTHER INFORMATION***

### ***INDEPENDENT AUDIT***

The Texas Education Code requires an annual audit of all public schools. This audit must be on an organization-wide basis and includes all fund types and account groups that are the accounting responsibility of the District. The audit is performed by a certified public accountant selected by the District's Board of Trustees. The auditor's opinion has been included in this report.

### ***AWARDS***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Killeen Independent School District for its comprehensive annual financial report for the fiscal year ended August 31, 2015. This was the twenty-fifth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for School Systems to the Killeen Independent School District for its comprehensive annual financial report for the fiscal year ended August 31, 2015. This award certifies that the comprehensive annual financial report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO. The award is granted only after an intensive review of the CAFR by an expert panel of certified public accountants and practicing school business officials.

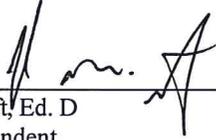
ASBO's Certificate of Excellence in Financial Reporting is valid for one year only. Killeen Independent School District has received a Certificate of Excellence in Financial Reporting for the past twenty-four consecutive years (fiscal years 1991-2015). We believe that our current CAFR continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO.

#### *ACKNOWLEDGMENTS*

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the business services office and other administrative staff of the District. In addition, the Board of Trustees should be commended for its continued support and leadership in the planning and operations of the financial service area of the District. Their concern for the business of the District and that it be conducted efficiently and responsibly, as well as their recognition of the importance of such services, makes such tasks rewarding for the staff as a whole.

I would like to extend a special thanks to the independent auditors from Lott, Vernon and Company, P.C., for their technical assistance in the preparation of the Killeen Independent School District comprehensive annual financial report.

Respectfully submitted,

  
\_\_\_\_\_  
John Craft, Ed. D  
Superintendent

  
\_\_\_\_\_  
Megan Bradley  
Chief Financial Officer

# KILLEEN INDEPENDENT SCHOOL DISTRICT

## PRINCIPAL OFFICERS

### *BOARD OF TRUSTEES*

Terry Delano -- *President*

Corbett Lawler -- *Vice President*

Minerva Trujillo -- *Secretary*

Shelley Wells -- *Board Member*

Susan Jones -- *Board Member*

JoAnn Purser -- *Board Member*

Marvin Rainwater -- *Board Member*

COL Todd M. Fox -- *Fort Hood Advisor*

### *SCHOOL DISTRICT ADMINISTRATION*

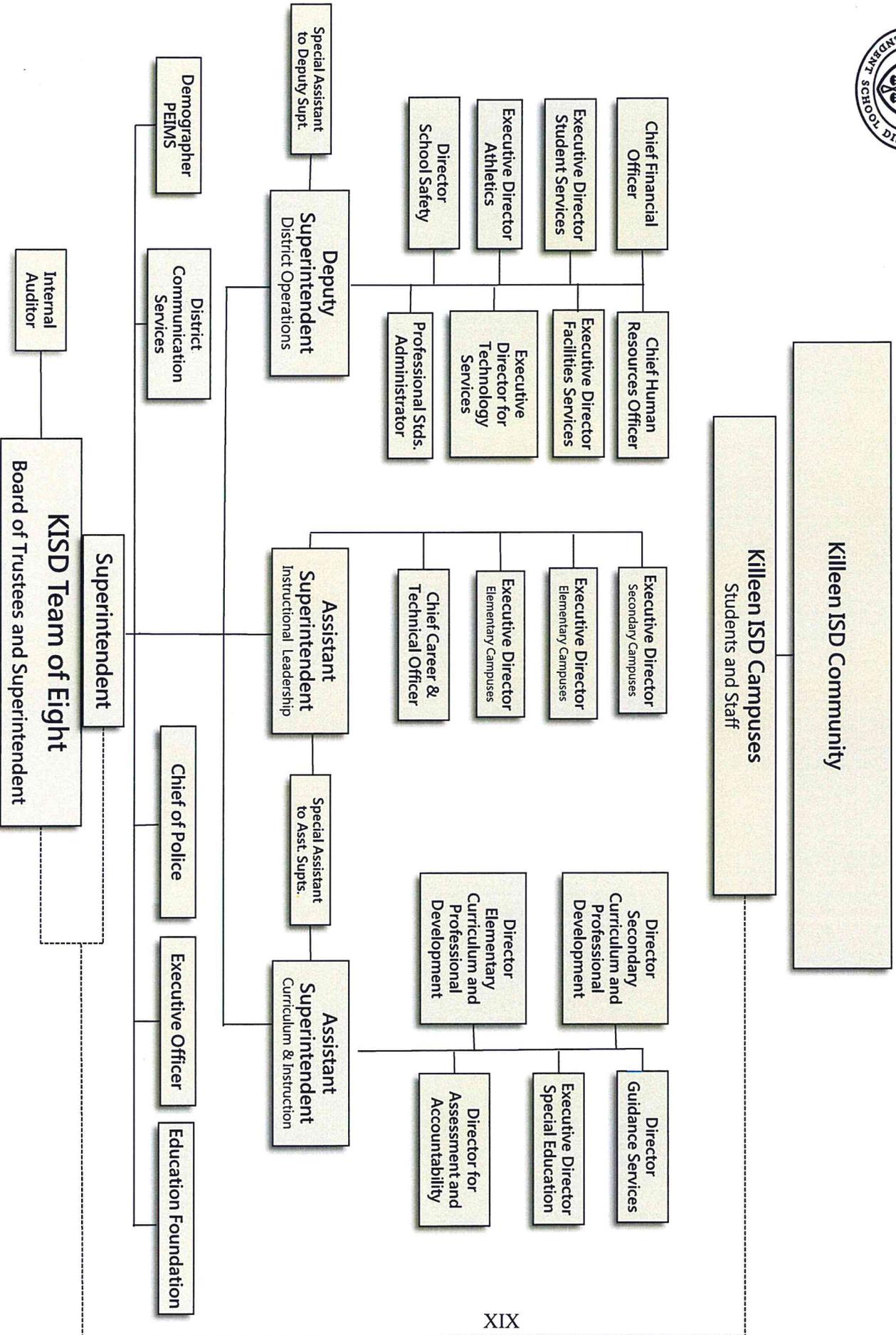
John Craft, Ed.D.

*Superintendent*



# Killeen ISD

## Organizational Leadership Support





**ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting Award  
is presented to**

**Killeen Independent School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended August 31, 2015.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



*Brenda Burkett*

*John D. Russo*



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Killeen Independent School District**  
**Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2015**

Executive Director/CEO





**LOTT, VERNON & COMPANY, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

20 SOUTH FOURTH STREET 254/778/4783  
POST OFFICE BOX 160 800/460/4783  
TEMPLE, TEXAS 76503 FAX 254/778/4792

KILLEEN • COPPERAS COVE • TEMPLE

*Member of  
American Institute & Texas Society of  
Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Killeen Independent School District  
200 North W.S. Young Drive  
Killeen, Texas 76543

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Killeen Independent School District (the District), as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District'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.

### **Auditor's Responsibility**

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Killeen Independent School District as of August 31, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the Schedule of the District's Proportional Share of the Net Pension Liability and Schedule of the District Contributions as listed in 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 District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, required TEA schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Texas Education Agency requires school districts to include certain information in the Annual Financial Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as Required TEA Schedules. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Introductory and Statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the 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 December 30, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial report and compliance.

A handwritten signature in cursive script that reads "Jott, Vernon & Co., P.C.".

Killeen, Texas

December 30, 2016



# MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Killeen Independent School District’s annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year ended August 31, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

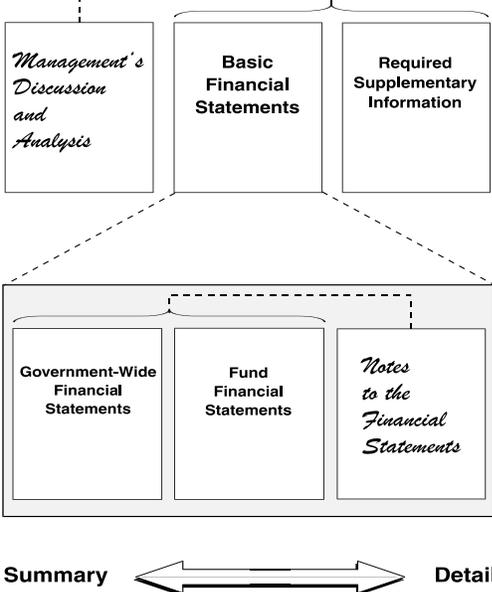
- The District’s total combined net position was \$516.4 million at August 31, 2016, compared to \$499.4 million at August 31, 2015 (see Table A-1).
- The adjusted allotment for State Foundation funding increased from \$5,110 to \$5,140 resulting in \$16.9 million revenue increase from the previous year. Federal revenues increased \$4.5 million mainly from additional impact aid funding.
- The District transferred an additional \$8.1 million from the General fund to the School Building Projects fund to bring the General fund unassigned balance down to three month’s operating expenditures in accordance with board policy. An additional \$13.9 million Impact Aid Funding was transferred to the School Building Projects fund.
- The District started building two new schools in 2015-2016.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District’s operations in *more detail* than the government-wide statements.
  - The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
  - *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

**Figure A-1. Required Components of the District’s Annual Financial Report**



The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**Figure A-2 Major Features of the District's Government-Wide and Fund Financial Statements**

Type of Statements	Government-Wide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self-insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	Statement of net position	Balance sheet	Statement of net position	Statement of changes in fiduciary net position
	Statement of activities	Statement of revenues, expenditures & changes in fund balance	Statement of revenues, expenses and changes in fund net position	
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of deferred outflows/deferred inflows	A consumption or acquisition of net position applicable to a future period.	A consumption or acquisition of fund balance applicable to a future period.	A consumption or acquisition of net assets applicable to a future period.	A consumption or acquisition of net assets applicable to a future period.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets and deferred outflows of resources less liabilities and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District’s net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District’s tax base and the condition of school buildings and other facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* - Most of the District’s basic services are included here, such as instruction, transportation, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes, impact aid and grants finance most of these activities.
- *Business-type activities* – The District currently does not have any business-type activities.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District’s most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has two kinds of funds:

- *Governmental funds*—Most of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

### **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

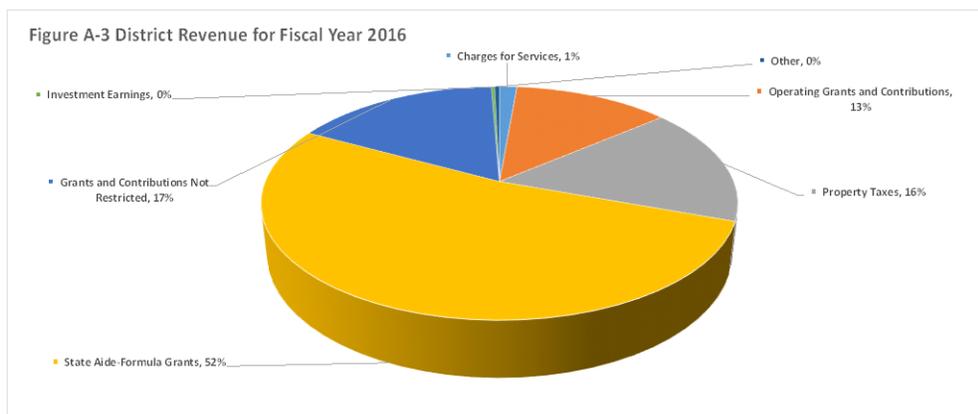
**Net position** – The District’s net position increased by \$16,948,764 from the previous fiscal year. An \$84,098,018 liability, \$6,258,977 deferred inflow of resources, and a \$37,409,038 deferred outflow of resources is reported in the current year for the District’s proportionate share of the Teacher Retirement System’s net pension liability. A \$16,948,764 change in net position increases the District’s *combined* net position to \$516,385,837 million on August 31, 2016 (See Table A-1). The \$65.0 million of the District’s restricted net position represents fund balance that is restricted for federal and state programs

(\$15.1 million), retirement of Long-Term Debt (\$1.6 million), scholarships and federal non-grant funding (\$2.0 million), and construction projects at year end (\$46.3 million). The \$116.7 million of General and Capital Projects Funds unrestricted net position represents resources available to fund the programs of the District in future years. Current and Other Assets increased \$10.5 million due to increased revenue funds held in cash and investments. Additionally, long term liabilities increased by \$29.9 million as a result of the TRS net pension liability noted above.

**Table A-1**  
**The District's Net Position**  
*(in millions of dollars)*

	<b>Governmental Activities</b>		<b>Percentage Change</b>
	<b>2016</b>	<b>2015</b>	
Current and Other Assets	264.8	254.3	4.1%
Capital Assets	389.0	383.3	1.5%
<b>Total Assets</b>	<b>653.8</b>	<b>637.6</b>	<b>2.5%</b>
<b>Deferred Outflows of Resources</b>	37.4	10.7	
Current Liabilities	17.0	13.8	23.2%
Long Term Liabilities	151.5	121.6	24.6%
<b>Total Liabilities</b>	<b>168.5</b>	<b>135.4</b>	<b>24.4%</b>
<b>Deferred Inflows of Resources</b>	6.3	13.5	
Net Position			
Net Investment in Capital Assets	334.7	321.2	4.2%
Restricted	65.0	19.9	230.7%
Unrestricted	116.7	158.3	-26.8%
<b>Total Net Position</b>	<b>516.4</b>	<b>499.4</b>	<b>3.4%</b>

A significant portion, approximately 52 percent, of the District's revenue comes from state aid. (See Figure A-3.) Sixteen percent comes from property taxes, while only two percent relates to charges for services. The total cost of all programs and services was approximately \$429.6 million; 87% of these costs are for instructional and student services.



**Governmental Activities**

- The District continues to build new instructional facilities.
- Property values grew by approximately \$28.7 million.
- Student enrollment did not exceed projections for the 2016 school year. Projections were 43,615 while peak enrollment was 43,429.

**Table A-2**  
**Changes in the District's Net**  
**Position**  
*(in millions of dollars)*

	<b>Governmental Activities</b>		<b>Total % Change</b>
	<b>2016</b>	<b>2015</b>	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	6.3	7.1	-11.3%
Operating Grants and Contributions	56.4	47.0	20.0%
<u>General Revenues</u>			
Property Taxes	73.0	72.9	0.1%
State Aid - Formula Grants	233.8	216.9	7.8%
Grants and Contributions Not Restricted	74.2	69.7	6.5%
Investment Earnings	1.1	0.3	266.7%
Other	1.8	4.6	-60.9%
<b>Total Revenues</b>	<b>446.6</b>	<b>418.5</b>	<b>6.7%</b>
<b>Expenses</b>			
Instruction and instructional related	273.7	250.0	9.5%
Instructional leadership/school administration	29.1	24.9	16.9%
Guidance, social work, health, transportation	36.4	31.4	15.9%
Food services	23.9	20.3	17.7%
Extracurricular activities	10.6	9.3	14.0%
General administration	9.2	7.4	24.3%
Plant maintenance and security	37.9	39.8	-4.8%
Data processing services	4.8	4.7	2.1%
Community services	1.2	1.1	9.1%
Debt service	2.0	2.8	-28.6%
Other intergovernmental charges	0.8	0.8	0.0%
<b>Total Expenses</b>	<b>429.6</b>	<b>392.5</b>	<b>9.5%</b>
<b>Increase in Net Position</b>	<b>16.9</b>	<b>26.0</b>	
<b>Beginning Net Position</b>	<b>499.4</b>	<b>523.6</b>	
<b>Restatement of Beginning Net Position -per GASB #68</b>	<b>0.0</b>	<b>-50.2</b>	
<b>Ending Net Position</b>	<b>516.3</b>	<b>499.4</b>	

Program Revenues – Charges for services decreased \$0.8 million. General Revenues – property taxes increased by \$0.1 million due to a 0.44% increase in property values. The State foundation adjusted allotment increased \$30 per weighted average daily attendance. This netted with the previous year’s final summary of finance adjustments increased State aid formula grants by \$16.9 million. The \$4.5 million increase in Grants & Contributions not Restricted is primarily the increased funding in federal impact aid

funding mentioned previously on page 5. Lastly, other general revenues experienced a \$2.8 million decrease largely due to insurance proceeds from hail damages received in 2015 but not 2016.

The expense variances from Table A-2 that exceed \$1,000,000 from the prior year occurred due to the following:

- (a) Instruction and instruction related expenses increased by \$23.7 million due to salary and health insurance premium increases; additional positions; increased TRS non-OASDI contributions; increase in the purchase of musical instruments; and an increase in the purchase of Career Center instructional technology items.
- (b) Instructional leadership and school administration increased by \$4.2 million due to salary, health insurance premiums and TRS increases as well as an increase in positions.
- (c) Guidance, social work, health and transportation increased \$5 million due to salary, health insurance premiums and TRS increases as well as the purchase of 12 buses and other vehicles.
- (d) Plant maintenance and security expenses decreased by \$1.9 million due to hail damage that was repaired in the previous fiscal year but not in fiscal year 2016.

Table A-3 presents costs of some of the District’s largest functions as well as each function’s *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$429.6 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$73.0 million (which is approximately 17.0%).
- Most of the cost was paid by federal grants and State Aid (TEA foundation payments).
- Some of the cost was paid by those who directly benefited from the programs (\$6.2 million).

**Table A-3**  
**Net Cost of Selected District Functions**  
*(in million of dollars)*

	Total Cost of Services		% Change	Net Cost of Services		% Change
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>	
Instruction	\$ 250.9	\$ 228.1	10.0%	\$ 224.8	\$ 207.4	8.4%
Extracurricular	10.6	9.3	14.0%	8.5	7.3	16.4%
Food Services	24.0	20.3	18.2%	2.8	(0.5)	-660.0%
Plant Maintenance & Operations	34.2	36.8	-7.1%	33.0	36.1	-8.6%

### Fiduciary Funds

Fiduciary Funds (trust and agency funds) are used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District accounts for scholarship funds that are received by a school that is to be awarded to current and former students for post-secondary education purposes as private-purpose trust funds. The District accounts for student activity funds as agency funds. These funds have no equity and do not include revenues and expenditures of the District.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General fund revenue increased \$21.1 million from the prior year due to the state foundation fund allotment, per weighted average daily attendance, increasing by \$30 a student and an increase in enrollment. Property tax values increased \$1.4 million. Lastly, the district received an additional \$13.9 in impact aid funding from the previous year. General fund expenditures increased by \$18.3 million due to a 2% pay increase, increased health benefit costs, TRS contributions, athletic field maintenance, athletic and fine arts equipment, and bus purchases.

School building projects fund experienced a \$3.3 million decrease in revenues as a result of less impact aid construction funding. Construction expenditures, on the other hand, increased \$13 million.

As mentioned below, the large transfer from general fund to school building projects fund resulted in a \$3.8 million surplus to general fund and a \$2.5 million surplus to the building projects fund.

### General Fund Budgetary Highlights

Additional budget considerations were approved during the year to amend the original budget. These additional considerations included the following:

- Accrued expenditures for outstanding purchase orders, and approved capital improvement and construction projects not yet completed at year end.
- \$5.8 million was transferred to the capital projects funds to decrease the general fund balance to 3.0 months of operating expenditures and fund future construction needs and capital improvement projects.

Table A-4 summarizes seven significant budget amendments as well as actual expenses made relating to the affected functional category. Budget amendments are presented to the Board of Trustees at regularly scheduled meetings. Each budget amendment must be approved by the Board and reflected in the official minutes of the Board before overspending in any functional category.

General Fund	Original Budget	Final Amended Budget	Amendment Increase (Decrease)	Actual Expense	Actual vs Final Amended Budget	Explanation Number
199-11-6XXX	221.2	223.3	2.1	215.6	7.7	1
199-13-6XXX	6.5	7.2	0.7	6.8	0.4	2
199-23-6XXX	21.5	22.4	0.9	22.2	0.2	3
199-31-6XXX	14.3	15.5	1.2	14.5	1.0	4
199-34-6XXX	12.8	13.9	1.1	14.0	(0.1)	5
199-36-6XXX	9.2	10.2	1.0	9.5	0.7	6
199-00-8911	4.5	26.5	22.0	26.5	0.0	7

1. The amended increase in expenditures is due to a \$0.9 million increase in TRS On-Behalf, \$0.1 million increase to purchase musical instruments and a \$1.1 million increase for Career Center technology items.

2. The amended increase in expenditures is due to a \$0.7 million increase in supplemental pay, reading material, and travel for instructional staff development.
3. The amended increase in expenditures is due to a \$0.9 million increase in supplemental pay, temporary salaries for principal/assistant principal vacancies, technology lifecycle replacements, controlled items, capital outlay, and TRS On-Behalf costs.
4. The amended increase in expenditures includes \$0.5 million for supplemental pay, temporary employees, associated employer expenses and TRS On-Behalf as well as \$0.4 million for contracted professional services, and \$0.2 million for testing materials.
5. The amended increase in expenditures includes \$1.6 million for 12 buses and other vehicles, \$1.0 million in auxiliary employee salary costs and supplemental pay costs as well as a reduction of \$0.8 million in fuel and a reduction of \$0.8 million in parts.
6. The amended increase in expenditures includes \$0.4 million for capital outlay purchases for Athletics and the Career Center as well as an increase in \$0.2 million for yellow bus transportation for student athletes and an increase of \$0.3 million for extra-curricular student travel.
7. A \$5.8 million transfer was made to the school building projects fund in an attempt to lower general fund unassigned balance to three months operating expenditures in accordance with board policy. An additional \$13.9 million of unanticipated Impact Aid funding was subsequently transferred also.

## **Fund Balances**

Fund balance is the accumulated excess of revenues over expenditures during the life of a school District. At any given point, the amount in fund balance represents the difference between governmental fund assets and liabilities. Although fund balances may change drastically during the business cycle of a school District, the standard measuring point is at the fiscal year end.

The amount maintained in fund balance is critical. First, such balances indicate financial stability. This is especially important when the District issues bonds. Second, by maintaining this balance at August 31, operations can continue without requiring debt until state funds and taxes are received. State funds are generally received proportionately each month.

Local property taxes are received primarily from early October through the end of January. The Board of Trustees has approved a resolution initiating discounts for prompt payments. The Appraisal District mails tax statements in early October. Payments received by October 31 receive a 3% discount; those received by November 30 receive a 2% discount; and those received by December 31 receive a 1% discount.

The District records five types of fund balance categories. The non-spendable portion of general fund balance is comprised of inventories, prepaid items, and permanent fund principal that cannot be converted to cash and spent. Restricted fund balance is the amount that is restricted to a specific purpose. The constraint on the use of these funds is externally imposed by creditors, grantors, contributors, laws and regulations. Committed fund balance is the amount that can only be used for specific purposes that the Board of Trustees determines through formal action. Assigned fund balanced is the amount that the District intends to use on a specific purpose. The Superintendent has the authority to assign fund balance and does not need formal board approval. The remaining fund balance is unassigned and may be used for any purpose without constraints.

Fund balance in the General Fund at year-end was \$112,995,382. This is a \$3,808,909 increase from the prior year. The increase is the net result of a \$28,359,209 excess of revenues over expenditures and a reduction for other financing sources and uses of \$24,550,300. Transfers to capital projects funds were the majority of the other financing sources and uses.

The General Fund unassigned fund balance of \$98,771,776 is equivalent to approximately three months of expenditures. The unassigned fund balance minimizes the likelihood that the District would be required to enter the short-term debt market to pay for current operating expenditures. In addition, \$7,504,170 of restricted fund balance is the amount remaining from state & federal grants. A fund balance of \$3,966,710 is set aside to pay for financial software and two natatorium contracts and is reported as assigned.

The School Building Projects fund accounts for funds transferred from the general fund to use in constructing future building needs due to student growth. Fund balance in the School Building Projects fund increased by \$2,515,242. This increase is the net result of \$2,829,972 in revenue, \$22,255,153 in facilities construction expenditures, \$22,056,036 transfer from the general fund, and \$115,613 transfer to the New School Furniture & Equipment fund to furnish and equip new campuses. Fund balance at year end is \$121,035,581 and is comprised of \$46,278,947 committed by the board of trustees to pay for approved projects on the strategic facilities plan and fulfill uncompleted construction contracts currently in progress, and \$74,756,634 assigned for future facilities needs identified by the board in the strategic facilities plan.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2016, the District had invested approximately \$388.8 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-5.) This amount represents a net decrease (including additions and deductions) of \$5.5 million over last year. More detailed information about the District's capital assets activity is presented in Note E of the Notes to the Financial Statements.

**Table A-5**  
**District's Capital Assets**  
*(in millions of dollars)*

	<b>Governmental Activities</b>		<b>Total % Change</b>
	<b>2016</b>	<b>2015</b>	
Land	12.9	12.9	0.0%
Buildings and Improvements	576.9	576.6	0.1%
Furniture and Equipment	73.2	76.8	-4.7%
Construction in Progress	19.7	0.8	2362.5%
Totals at historical cost	<b>682.7</b>	<b>667.1</b>	2.3%
Total accumulated depreciation	<b>(293.9)</b>	<b>(283.8)</b>	3.6%
Net capital assets	<b>388.8</b>	<b>383.3</b>	1.4%

#### **Bond Ratings**

The District's bonds presently carry an "Aa2" rating with Moody's Investor Service and an "AA-" rating with Standard & Poor's

## **Long-Term Debt**

Debt Service requirements for the general obligation bonds outstanding on August 31, 2016 totaled \$60,295,000. The ratios of the District's net bonded debt to assessed valuation and the amount of net bonded debt per capita are disclosed in schedule 12 of the Statistical Section. The outstanding general obligation bonds are for school construction purposes.

As of the end of the fiscal year, the District requires \$74,473,525 (including principal, interest due and accrued interest) through 2028 to retire its outstanding general long-term bonds. The debt service fund has \$1,579,814 restricted in fund balance for retirement of funded indebtedness.

The District levied a debt service tax rate of \$0.088 during the 2015-2016 fiscal year to fund a portion of the principal and interest payments on our bonded indebtedness. Due to legislation to assist school Districts with school construction, a significant share (approximately 50%) of the District's debt service is paid by the state. The District's local share of debt service is covered by Interest & Sinking taxes or local revenue as outlined above. More detailed information about the District's debt is presented in Note F of the Notes to the Financial Statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND TAX RATES**

The District expects student enrollment to increase in the 2017 fiscal year.

While there is uncertainty in the area of school finance at the local, state and federal levels, the district maintains a healthy fund balance both for operational purposes and for funding future facilities. Additionally, the district's debt service fund is generated through the interest and sinking rate. The district has taken steps to decrease the amount of debt service owed for future years by refunding higher interest bonds. This allows the District's interest and sinking rate to remain stable regardless of future changes in assessed values. The Board approved the maintenance and operations tax rate for the 2016-2017 fiscal year of \$1.04 and a debt service rate of \$0.086 for a total of \$1.126.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2016

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 51,861,321
1120 Current Investments	200,198,052
1220 Property Taxes Receivable (Delinquent)	2,019,556
1230 Allowance for Uncollectible Taxes	(302,933)
1240 Due from Other Governments	4,181,864
1267 Due from Fiduciary Funds	2,475,947
1290 Other Receivables, net	2,238,859
1300 Inventories	2,034,179
1410 Prepayments	33,053
Capital Assets:	
1510 Land	12,930,009
1520 Buildings, Net	338,180,784
1530 Furniture and Equipment, Net	18,026,141
1580 Construction in Progress	19,743,077
1990 Other Assets	152,013
1000 Total Assets	653,771,922
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	47,716
1705 Deferred Outflow Related to TRS	37,409,038
1700 Total Deferred Outflows of Resources	37,456,754
<b>LIABILITIES</b>	
2110 Accounts Payable	10,530,700
2120 Short Term Debt Payable	658,204
2130 Short Term Capital Leases Payable	(2,781)
2160 Accrued Wages Payable	5,600,376
2180 Due to Other Governments	214,213
2300 Unearned Revenue	34,314
Noncurrent Liabilities	
2501 Due Within One Year	10,459,376
2502 Due in More Than One Year	56,991,442
2540 Net Pension Liability (District's Share)	84,098,018
2000 Total Liabilities	168,583,862
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS	6,258,977
2600 Total Deferred Inflows of Resources	6,258,977
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	334,734,171
3820 Restricted for Federal and State Programs	15,064,694
3850 Restricted for Debt Service	1,579,814
3860 Restricted for Capital Projects	46,278,947
3890 Restricted for Other Purposes	1,983,079
3900 Unrestricted	116,745,132
3000 Total Net Position	\$ 516,385,837

The notes to the financial statements are an integral part of this statement.



KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position <u>Primary Gov. Governmental Activities</u>

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 250,934,636	\$ 395,663	\$ 25,758,430	\$ (224,780,543)
12 Instructional Resources and Media Services	10,784,665	-	645,289	(10,139,376)
13 Curriculum and Staff Development	12,020,271	-	4,170,851	(7,849,420)
21 Instructional Leadership	4,979,844	-	285,677	(4,694,167)
23 School Leadership	24,087,766	-	1,348,795	(22,738,971)
31 Guidance, Counseling and Evaluation Services	16,097,201	-	1,830,375	(14,266,826)
32 Social Work Services	1,650,526	-	278,460	(1,372,066)
33 Health Services	4,346,573	-	226,116	(4,120,457)
34 Student (Pupil) Transportation	14,255,248	-	1,957,583	(12,297,665)
35 Food Services	23,876,939	3,935,898	17,177,355	(2,763,686)
36 Extracurricular Activities	10,582,586	1,767,481	367,721	(8,447,384)
41 General Administration	9,247,770	52,691	376,617	(8,818,462)
51 Facilities Maintenance and Operations	34,151,020	52,691	1,086,907	(33,011,422)
52 Security and Monitoring Services	3,738,461	-	148,435	(3,590,026)
53 Data Processing Services	4,815,343	-	196,284	(4,619,059)
61 Community Services	1,248,317	52,691	575,221	(620,405)
72 Debt Service - Interest on Long Term Debt	2,011,243	-	-	(2,011,243)
99 Other Intergovernmental Charges	781,897	-	-	(781,897)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 429,610,306	\$ 6,257,115	\$ 56,430,116	(366,923,075)

Data  
Control  
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes	67,273,276
DT	Property Taxes, Levied for Debt Service	5,689,987
SF	State Aid - Formula Grants	233,776,942
GC	Grants and Contributions not Restricted	74,217,287
IE	Investment Earnings	1,148,363
MI	Miscellaneous Local and Intermediate Revenue	1,765,984
TR	Total General Revenues	383,871,839
CN	Change in Net Position	16,948,764
NB	Net Position - Beginning	499,437,073
NE	Net Position--Ending	\$ 516,385,837

The notes to the financial statements are an integral part of this statement.



KILLEEN INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2016

Data Control Codes	10 General Fund	School Building Projects	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 5,961,494	\$ 35,969,975	\$ 9,929,852	\$ 51,861,321
1120 Investments - Current	107,059,207	91,243,160	1,895,685	200,198,052
1220 Property Taxes - Delinquent	1,852,502	-	167,054	2,019,556
1230 Allowance for Uncollectible Taxes (Credit)	(277,875)	-	(25,058)	(302,933)
1240 Receivables from Other Governments	1,505,835	-	2,676,029	4,181,864
1260 Due from Other Funds	4,399,857	100	352,867	4,752,824
1290 Other Receivables	2,223,382	562	14,915	2,238,859
1300 Inventories	1,070,477	-	963,702	2,034,179
1410 Prepayments	32,140	-	913	33,053
1900 Other Assets	-	-	199,729	199,729
1000 Total Assets	<u>\$ 123,827,019</u>	<u>\$ 127,213,797</u>	<u>\$ 16,175,688</u>	<u>\$ 267,216,504</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 3,185,289	\$ 6,176,919	\$ 1,168,489	\$ 10,530,697
2120 Short Term Debt Payable - Current	636,521	-	21,683	658,204
2130 Capital Leases Payable - Current	-	-	(2,781)	(2,781)
2160 Accrued Wages Payable	5,296,228	-	304,148	5,600,376
2170 Due to Other Funds	52,671	1,297	2,222,908	2,276,876
2180 Due to Other Governments	71,277	-	142,936	214,213
2300 Unearned Revenues	15,024	-	19,290	34,314
2000 Total Liabilities	<u>9,257,010</u>	<u>6,178,216</u>	<u>3,876,674</u>	<u>19,311,900</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	1,574,627	-	141,996	1,716,623
2600 Total Deferred Inflows of Resources	<u>1,574,627</u>	<u>-</u>	<u>141,996</u>	<u>1,716,623</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	1,070,477	-	963,702	2,034,179
3425 Endowment Principal	-	-	189,714	189,714
3430 Prepaid Items	32,140	-	-	32,140
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	7,504,170	-	7,560,524	15,064,694
3480 Retirement of Long-Term Debt	-	-	1,437,818	1,437,818
3490 Other Restricted Fund Balance	1,650,109	-	22,182	1,672,291
Committed Fund Balance:				
3510 Construction	-	46,278,947	-	46,278,947
3545 Other Committed Fund Balance	-	-	698,812	698,812
Assigned Fund Balance:				
3550 Construction	-	74,756,634	1,284,267	76,040,901
3590 Other Assigned Fund Balance	3,966,710	-	-	3,966,710
3600 Unassigned Fund Balance	98,771,776	-	-	98,771,776
3000 Total Fund Balances	<u>112,995,382</u>	<u>121,035,581</u>	<u>12,157,019</u>	<u>246,187,982</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 123,827,019</u>	<u>\$ 127,213,797</u>	<u>\$ 16,175,688</u>	<u>\$ 267,216,504</u>

The notes to the financial statements are an integral part of this statement.

KILLEEN INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2016

<b>Total Fund Balances - Governmental Funds</b>	\$	246,187,982
<b>1</b> Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$667,157,312 and the accumulated depreciation was (\$283,795,565). In addition, long-term liabilities including bonds payable, are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		306,965,352
<b>2</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2016 capital outlays and debt principal payments is to increase net position.		36,005,360
<b>3</b> Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$84,098,018, a Deferred Resource Inflow related to TRS in the amount of \$6,258,977 and a Deferred Resource Outflow related to TRS in the amount of \$37,409,038. This amounted to a decrease in Net Position in the amount of \$52,947,957.		(52,947,957)
<b>4</b> The 2016 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(21,262,126)
<b>5</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		1,437,226
<b>19 Net Position of Governmental Activities</b>	\$	516,385,837

The notes to the financial statements are an integral part of this statement.

KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	10 General Fund	School Building Projects	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 71,026,150	\$ 428,031	\$ 10,870,980	\$ 82,325,161
5800 State Program Revenues	243,077,158	-	9,559,386	252,636,544
5900 Federal Program Revenues	65,670,967	2,401,941	35,639,084	103,711,992
5020 Total Revenues	<u>379,774,275</u>	<u>2,829,972</u>	<u>56,069,450</u>	<u>438,673,697</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	215,586,343	-	12,189,569	227,775,912
0012 Instructional Resources and Media Services	10,444,963	-	74,112	10,519,075
0013 Curriculum and Instructional Staff Development	6,823,326	-	3,788,344	10,611,670
0021 Instructional Leadership	3,404,638	-	101,468	3,506,106
0023 School Leadership	22,193,774	-	216,017	22,409,791
0031 Guidance, Counseling and Evaluation Services	14,535,892	-	994,758	15,530,650
0032 Social Work Services	1,369,220	-	230,093	1,599,313
0033 Health Services	4,182,427	-	914	4,183,341
0034 Student (Pupil) Transportation	14,037,820	-	1,232,152	15,269,972
0035 Food Services	418,360	-	21,448,920	21,867,280
0036 Extracurricular Activities	9,462,502	-	249,526	9,712,028
0041 General Administration	9,000,762	3,124	12,027	9,015,913
0051 Facilities Maintenance and Operations	30,542,810	1,735,807	2,358,030	34,636,647
0052 Security and Monitoring Services	3,214,272	500,613	13,407	3,728,292
0053 Data Processing Services	4,751,511	-	16,421	4,767,932
0061 Community Services	664,549	-	540,519	1,205,068
<b>Debt Service:</b>				
0071 Principal on Long Term Debt	-	-	9,000,000	9,000,000
0072 Interest on Long Term Debt	-	-	2,978,025	2,978,025
0073 Bond Issuance Cost and Fees	-	-	2,400	2,400
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	20,015,609	2,164,931	22,180,540
<b>Intergovernmental:</b>				
0099 Other Intergovernmental Charges	781,897	-	-	781,897
6030 Total Expenditures	<u>351,415,066</u>	<u>22,255,153</u>	<u>57,611,633</u>	<u>431,281,852</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>28,359,209</u>	<u>(19,425,181)</u>	<u>(1,542,183)</u>	<u>7,391,845</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	60,624	-	-	60,624
7915 Transfers In	1,902,476	22,056,036	4,754,010	28,712,522
8911 Transfers Out (Use)	(26,513,400)	(115,613)	(2,083,509)	(28,712,522)
7080 Total Other Financing Sources (Uses)	<u>(24,550,300)</u>	<u>21,940,423</u>	<u>2,670,501</u>	<u>60,624</u>
1200 Net Change in Fund Balances	3,808,909	2,515,242	1,128,318	7,452,469
0100 Fund Balance - September 1 (Beginning)	<u>109,186,473</u>	<u>118,520,339</u>	<u>11,028,701</u>	<u>238,735,513</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 112,995,382</u>	<u>\$ 121,035,581</u>	<u>\$ 12,157,019</u>	<u>\$ 246,187,982</u>

The notes to the financial statements are an integral part of this statement.

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2016

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	7,452,469
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2016 capital outlays and debt principal payments is to increase net position.		36,005,360
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(21,262,126)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		543,922
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2015 caused the change in the ending net position to increase in the amount of \$7,384,157. Contributions made before the measurement but during the previous fiscal year were also expended and recorded as a reduction in the net pension liability for the District. This caused a decrease in the change in net position in the amount of \$7,091,052. The District's proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$ 6,083,966. The net result is to decrease the change in net position by \$5,790,861.		(5,790,861)
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>16,948,764</u>

The notes to the financial statements are an integral part of this statement.

KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 70,304,039	\$ 71,125,580	\$ 71,026,150	\$ (99,430)
5800	State Program Revenues	238,676,212	243,766,029	243,077,158	(688,871)
5900	Federal Program Revenues	51,555,985	65,730,064	65,670,967	(59,097)
5020	Total Revenues	360,536,236	380,621,673	379,774,275	(847,398)
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	221,225,974	223,315,710	215,586,343	7,729,367
0012	Instructional Resources and Media Services	10,228,673	10,608,797	10,444,963	163,834
0013	Curriculum and Instructional Staff Development	6,457,318	7,234,342	6,823,326	411,016
0021	Instructional Leadership	3,444,854	3,572,937	3,404,638	168,299
0023	School Leadership	21,476,046	22,433,406	22,193,774	239,632
0031	Guidance, Counseling and Evaluation Services	14,282,185	15,525,198	14,535,892	989,306
0032	Social Work Services	1,310,983	1,388,849	1,369,220	19,629
0033	Health Services	4,144,745	4,268,051	4,182,427	85,624
0034	Student (Pupil) Transportation	12,765,140	13,864,528	14,037,820	(173,292)
0035	Food Services	339,402	377,578	418,360	(40,782)
0036	Extracurricular Activities	9,285,161	10,235,275	9,462,502	772,773
0041	General Administration	8,739,916	9,335,265	9,000,762	334,503
0051	Facilities Maintenance and Operations	32,955,906	32,492,703	30,542,810	1,949,893
0052	Security and Monitoring Services	3,146,390	3,350,749	3,214,272	136,477
0053	Data Processing Services	4,788,239	4,844,738	4,751,511	93,227
0061	Community Services	750,254	778,399	664,549	113,850
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	28,850	-	28,850
Intergovernmental:					
0099	Other Intergovernmental Charges	783,488	783,488	781,897	1,591
6030	Total Expenditures	356,124,674	364,438,863	351,415,066	13,023,797
1100	Excess of Revenues Over Expenditures	4,411,562	16,182,810	28,359,209	12,176,399
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	60,624	60,624	-
7915	Transfers In	40,000	1,902,476	1,902,476	-
8911	Transfers Out (Use)	(4,451,562)	(26,509,097)	(26,513,400)	(4,303)
7080	Total Other Financing Sources (Uses)	(4,411,562)	(24,545,997)	(24,550,300)	(4,303)
1200	Net Change in Fund Balances	-	(8,363,187)	3,808,909	12,172,096
0100	Fund Balance - September 1 (Beginning)	109,186,473	109,186,473	109,186,473	-
3000	Fund Balance - August 31 (Ending)	\$ 109,186,473	\$ 100,823,286	\$ 112,995,382	\$ 12,172,096

The notes to the financial statements are an integral part of this statement.

KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2016

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 114,145	\$ 4,970,106
Investments - Current	3,231	44,357
Due from Other Funds	-	484
Long Term Investments	1,803,939	-
Total Assets	<u>1,921,315</u>	<u>\$ 5,014,947</u>
<b>LIABILITIES</b>		
Accounts Payable	12,000	\$ 3,265
Short Term Debt Payable	78,000	-
Due to Other Funds	-	2,476,431
Due to Student Groups	-	690,939
Payable from Restricted Assets	-	1,844,312
Total Liabilities	<u>90,000</u>	<u>\$ 5,014,947</u>
<b>NET POSITION</b>		
Held in Trust for Other Purposes	<u>1,831,315</u>	
Total Net Position	<u>\$ 1,831,315</u>	

The notes to the financial statements are an integral part of this statement.

KILLEEN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

	Private Purpose Trust Funds
<b>ADDITIONS:</b>	
Local and Intermediate Sources	\$ 176,193
Total Additions	<u>176,193</u>
<b>DEDUCTIONS:</b>	
Other Operating Costs	78,650
Total Deductions	<u>78,650</u>
Change in Net Position	97,543
Total Net Position - September 1 (Beginning)	<u>1,733,772</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 1,831,315</u></u>

The notes to the financial statements are an integral part of this statement.

**I. Summary of Significant Accounting Policies**

Killeen Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

**A. Reporting Entity**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 61, "The Financial Reporting Entity." There are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Killeen Independent School District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "operating grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities within governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions within governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and proprietary funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities. Certain indirect costs are included in the program expense reported for individual functions and activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues and expenses are non-operating.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the respective liability has been applied for and is payable as of the fiscal year end. The District considers all revenues available if they are collectible within 60 days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Recognition of grant revenues is dependent upon the related criteria established in the grant's eligibility requirements.

Grant funds are considered earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and

utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. Agency funds do not have a measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

#### D. Fund Accounting

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. Fund accounting segregates funds according to their internal purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which include each fund's assets, liabilities, fund equity, revenues and expenditures or expenses.

The District reports the following major governmental funds:

**General Fund** is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. This is a budgeted fund and any fund balances are considered as resources available for use.

**School Building Projects** is a Capital Projects Fund that accounts for construction projects financed through transfers from the General Fund.

Additionally, the District reports the following fund types:

Governmental Fund Types:

**Special Revenue Funds** account for resources restricted to, or designated for, specific purposes by the District or a grantor. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods. The National Breakfast and Lunch Program fund is the only required budgeted special revenue fund. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds. The following is a list of non-major Special Revenue funds used by the district:

Title X Part C Education for Homeless Children – Funds granted for a variety of staff development and supplemental services, including in service training, counseling, psychological services and tutoring for homeless students.

Title I – Improving Basic Programs – Used to account for funds allocated to improve the teaching of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families.

IDEA B Formula – Used to account, on a project basis, for funds granted to operate educational programs for children with disabilities.

IDEA B Preschool – Used to account, on a project basis, for funds granted for preschool children with disabilities.

IDEA B Discretionary – IDEA-B Discretionary (Deaf) funds are allocated to provide educational services to eligible students in an RDSPD and to support statewide activities that are approved by TEA.

IDEA B Deaf – Used to account, on a project basis, for funds granted to operate educational programs for children with disabilities.

IDEA B Preschool Deaf – Used to account, on a project basis, for funds granted for preschool children with disabilities.

National Breakfast and Lunch Program – Used to account for funds granted by the National School Lunch Program, the National School Breakfast Program and donated commodities received for the Food Distribution Program.

Summer Feeding Program – Used to account, on a project basis, for funds received from the Department of Human Services that are awarded for meals provided to the community based on the average number of daily participants.

Career and Technical Basic Grant – Used to account for PL94-142 funds provided for purposes of vocational-technical education.

Title II Part A Teacher and Principal Training and Recruiting – Used to provide financial assistance to LEAs to (1) Increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement.

Title III Part A English Language Acquisition – Used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

Support for Student Achievement at Military Connected Schools – To strengthen family-school-community relationships and enhance student achievement for military dependent students.

DoDEA Support for Student Achievement at Military Connected Schools- To enhance student learning opportunities, student achievement, educator professional development, and to ease the challenges military students face due to military station transfers or deployments.

Promoting K-12 Student Achievement at Military Connected Schools – To enhance student learning opportunities, student achievement, and educator professional development at military-connected schools significantly impacted by military force structure changes.

Mobilizing National Educator Talent – Used to account for funds designated to encourage the development and expansion of alternative routes to full State teacher certification, as well as the recruitment and retention of highly qualified mid-career professionals and recent college graduates.

Regional Day School for the Deaf – Used to account for funds allocated for staff and activities of the Regional Day School Program for the Deaf.

Advanced Placement Incentives – Used to account for funds designated to assist districts and schools with enhancing their programs for advanced level students.

Student Success Initiative – Used to account, on a project basis, for funds granted for teacher training and allocations to schools to implement scientific, research-based programs for students who have been identified as unlikely to achieve the third grade TAKS reading standard by the end of the third grade.

Instructional Materials Allotment Fund – Used to account, on a project basis, for funds awarded to schools under the textbook allotment.

Read to Succeed – The purpose of these funds are to provide educational materials for the school library.

Campus Activity Funds – Used to account for funds for transactions related to a principal's activity fund if the monies generated are not subject to recall by the District's Board of Trustees.

Gaining Early Awareness and Readiness for Undergraduate Programs – Designed to help more young Americans stay in school, develop good study skills and take the right courses to go to college. A partnership funded by the U.S. Department of Education, the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) college link is administered in Central Texas by ESC Region 12 to give qualifying students the skills, encouragement and preparation to pursue a college education. Focusing on early intervention beginning in middle school, the program serves students as they progress through middle school and high school.

**Debt Service Fund** accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. This is a budgeted fund.

**Capital Projects Funds** (non-major, unbudgeted funds) account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisition. The following is a list of the District's non-major Capital Project Funds:

Capital Improvement Projects – Used to account for costs associated with the care and maintenance of existing district properties.

Impact Aid Section 8007 – Used to account for projects financed through proceeds from Impact Aid Section 8007.

New Schools Furniture & Equipment – These funds are used to account for costs associated with equipping a new facility to include costs of furniture, equipment, technology and curriculum.

**Permanent Fund** accounts for a legally restricted endowment in the amount of \$189,715 to the extent that only earnings and not principal may be used by the District to supplement funding for programs for Shoemaker High School. The net amount of appreciation available for expenditure is \$34,123 and is reflected as restricted on the statement of net position on page 15. State law and District policies regarding the ability to spend net appreciation is addressed below under private purpose trust funds.

Fiduciary Fund Types:

**Private Purpose Trust Funds** account for donations for which the donor has stipulated that both the principal and income may not be used for purposes that benefit parties outside the District. These funds consist of special programs over which the school District acts as fiscal manager in a Trustee capacity. The local memorial fund accounts for the revenues and expenditures used in teacher training at a local university. Fund 820 accounts for scholarships donated to the district where the recipient(s) is chosen by the donor. Fund 821 accounts for scholarships donated to the district where the donor has chosen for a specific campus or the school board to choose the recipient(s).

The Haynes, Wood, Pratt, Cross, Alt and Ware scholarship funds are accounted for in fund 823 entitled “Endowed Scholarships” which account for unbudgeted revenues and expenses used in paying scholarships for former students. Below is a listing of the endowed scholarships, their original endowment and the funds held in each scholarship at year-end. These funds are held in the depository bank and in four Vanguard investment funds.

Scholarship account:	Endowment	Current Balance	Net Appreciation Available for Expenditure
Cross	\$ 724,896	\$ 1,079,255	\$ 354,359
Haynes	\$ 100,000	142,290	42,290
Wood	\$ 209,530	306,426	96,896
Pratt	\$ 83,195	126,527	43,332
Ware	\$ 100,000	139,790	39,790
Alt	\$ 9,394	9,651	257
		<u>\$ 1,803,939</u>	<u>\$ 576,924</u>

Amounts available for expenditure are included in the statement of fiduciary net position on page 24 and are considered unrestricted net assets.

In 1989, Texas adopted the Uniform Management of Institutional Funds Act. This act authorizes the use of net realized and unrealized capital gains to meet current obligations, subject to a standard of business care and prudence. Killeen Independent School District endowments primarily follow a total-return policy. However, certain endowments are invested in a manner to try to maintain the purchasing power that the spending would have allowed for at the time of the original endowment.

**Agency Funds** (unbudgeted funds) are used to account for activities of student groups and other types of activities. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the school district.

Employee Flexible Benefits – This fund accounts for the accumulation of resources to be used in payment of employee MDV (medical, dental, vision) and insurance payments.

Student Activity – This fund accounts for receipts and disbursements from various student organizations. The fund account reflects the District's custodial relationship with the student organizations.

**E. Other Accounting Policies**Encumbrances

Purchase orders or contracts document encumbrances for goods or purchased services. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Inventories and prepaid items

Inventories include school nutrition, plant maintenance, administrative supplies, and instructional supplies. Such inventories are valued at cost, determined on a weighted average method, and are offset with a corresponding fund equity reserve. These inventories are accounted for on the consumption method whereby expenditures are recorded when inventories are consumed. Since title to USDA donated commodities does not pass to the District until consumed, donated commodities inventory at the balance sheet date is reported as deferred revenue. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Investments

Investments are recorded at fair value. The District adjusts investments to fair value on a quarterly basis.

Bonds Payable

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable, net of the applicable bond premium or discount, are disclosed in exhibit J-4 at page 94.

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

Inter-fund Receivables and Payables

Short-term transactions between funds are accounted for in the appropriate inter-fund receivable and payable accounts in the fund financial statements. All ending balances in the current year represent short-term financing of related activity that the District intends to settle within one year.

Capital Assets

Capital assets, which include land, buildings, construction in progress and furniture and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress are not depreciated. Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	37
Building Improvements	37
Portable Buildings	9
Vehicles	10
Equipment	5-10
Computer Equipment	5-10

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. The District has two items that qualify for reporting in this category. The first item is the deferred amount on refunding of debt. 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. The second item is a combination of de-expended contributions made to TRS after the measurement date of August 31, 2015 and the district's share of the unrecognized deferred resource outflows used by TRS to calculate net pension liability in the Statement of Net Position.

In addition, to liabilities, the financial statements will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time. The District has two items that qualify for reporting in this category. The first item arises under the modified accrual basis of accounting and is reported in the Governmental Funds Balance Sheet as unavailable revenue – property taxes. The second item is presented on the Statement of Net Position as deferred inflows related to TRS under the full accrual basis of accounting. This is the district's share of the unrecognized deferred resource inflows used by TRS to calculate net pension liability in the Statement of Net Position.

Fund Balance Classifications

The difference between assets and liabilities in the governmental fund balance sheets shall be organized into the following classifications:

Nonspendable – Not in a spendable form, such as inventory, or required to be maintained intact such as the principal of a permanent fund

Restricted – Resources that are subject to constraints that are either imposed by law through constitutional provisions or enabling legislation, or externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – Amounts that can only be used for specific purposes determined by formal approval; majority vote, or resolution of the Board. These amounts shall not be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it used to commit the amounts.

Assigned – Amounts that the District intends to use for a specific purpose and are neither restricted nor committed. The intent to assign amounts for a specific purpose shall be expressed by either the Board, by resolution, or the Superintendent.

Unassigned – The residual classification for the general fund balance, including amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance that is not obligated or specifically designated and is available for any purpose. Other governmental funds may report a negative fund balance if expenditures incurred for specific purposes exceeds the amounts restricted, committed, or assigned to those purposes.

#### Use of Restricted, Committed, Assigned, and Unassigned Assets

When the District incurs an expense for which it may use either restricted, committed, assigned, or unassigned assets, the District shall reduce restricted, committed, and assigned assets first, in that order, unless unassigned assets would have to be returned because they were not used.

#### Minimum Fund Balance

According to the District's policy, CE (Local), the unassigned fund balance of the general fund shall not be less than three months audited expenditures. The District's general fund unassigned balance of \$98,771,776 exceeds the required minimum fund balance of \$87,853,766.

#### Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency in the *Financial Accountability System Resource Guide*. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

Cash and Cash Equivalents

Cash equivalents include demand deposits as well as short-term, highly liquid investments readily convertible to known amounts of cash with a maturity date within three months of the date acquired by the District. Cash equivalents are reported as cash and temporary investments.

Compensated Absences

The State of Texas has created a minimum personal leave program consisting of five days per year personal leave with no limit on accumulation and transferability among districts for every teacher regularly employed in Texas Public Schools. This leave is funded by the State of Texas. Each District's local board is required to establish a personal leave plan. Local school districts may provide additional personal leave beyond the state minimum. The District's policy provides five additional sick leave days.

Governmental Accounting Standards Board Statement No. 16 requires the District to accrue compensated absences as a liability to the extent it is earned but not used during the current period or prior periods for which employees can receive compensation in a future period. The District does not reimburse employees for unused sick days or personal days remaining upon termination of employment. Therefore, no liability for compensated absences is reported at the balance sheet date in the fund financial statements. However, all vacation and flex pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to / deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	\$ 12,930,009	\$ -	\$ 12,930,009	
Buildings & Improvements	576,632,332	223,396,435	353,235,897	
Furniture & Equipment	76,764,638	60,399,130	16,365,508	
Construction in Progress	830,333	-	830,333	
Change in Net Position				\$ 383,361,747
<u>Long-term Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			\$ (69,295,000)	
Less Unamortized Premiums			(7,101,395)	
Change in Net Position				<u>(76,396,395)</u>
Net Adjustment to Net Position				<u>\$ 306,965,352</u>

**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**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Buildings & Improvements	\$ 310,470		
Furniture & Equipment	7,734,430		
Construction in Progress	18,912,744		
Total Capital Outlay	<u>\$ 26,957,644</u>	<u>\$ 26,957,644</u>	<u>\$ 26,957,644</u>
<u>Debt Principal Payments</u>			
Bond Principal	\$ 9,000,000		
Total Principal Payments	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>
<u>Current Year Issuance and Refunding of Debt</u>			
Refunded Premium of Old Debt	\$ 47,716		
Total Issuance and Refunding	<u>\$ 47,716</u>	<u>\$ 47,716</u>	<u>\$ 47,716</u>
Total Adjustment to Net Position		<u>\$ 36,005,360</u>	<u>\$ 36,005,360</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change In Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>		
Adjustments required for tax revenues for prior and current years collections adjusted for full accrual.	\$ (73,806)	\$ (73,806)
<u>Reclassifications related to Bonds</u>		
Discount (Premium) on Issuance of Bonds	999,951	999,951
Amount Deferred on Refunding	(95,428)	(95,428)
Bond Issuance Cost	2,400	2,400
<u>Reclassify Liabilities Incurred but not Liquidated this Year</u>		
Unused Vacation Pay	(126,488)	(126,488)
<u>Adjustments to Expenditures and Accrued Liabilities</u>		
Bond Interest Accrual Adjustment	14,547	14,547
<u>Adjustments to Other Sources and Revenues for Loss on Sale of Assets</u>		
	<u>(177,254)</u>	<u>(177,254)</u>
Total		<u>\$ 543,922</u>

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

#### **A. Budgetary Data**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the National Breakfast and Lunch Program Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended GAAP basis budget to actual revenues and expenditures. The General Fund Budget report appears in exhibit C-5 and the other two reports are in Exhibit J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2016*

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made prior to overspending in a functional category, reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, two amendments were necessary during the year. The following amendments were significant.

<u>General Fund</u>	<u>Original School Budget</u>	<u>Final Amended Budget</u>	<u>Amendment Increase (Decrease)</u>	<u>Explanation Number</u>
199-11-6XXX	\$ 221,225,974	\$ 223,315,710	\$ 2,089,736	1
199-13-6XXX	\$ 6,457,318	\$ 7,234,342	\$ 777,024	2
199-23-6XXX	\$ 21,476,046	\$ 22,433,406	\$ 957,360	3
199-31-6XXX	\$ 14,282,185	\$ 15,525,198	\$ 1,243,013	4
199-34-6XXX	\$ 12,765,140	\$ 13,864,528	\$ 1,099,388	5
199-36-6XXX	\$ 9,285,161	\$ 10,235,275	\$ 950,114	6
199-00-8911	\$ 4,451,561	\$ 26,509,097	\$ 22,057,536	7

- (1.) The amended increase in expenditures is due to a \$0.9 million increase in TRS On-Behalf, \$0.1 million increase to purchase musical instruments and a \$1.1 million increase for Career Center technology items.
- (2.) The amended increase in expenditures is due to a \$0.7 million increase in supplemental pay, reading material, and travel for instructional staff development.
- (3.) The amended increase in expenditures is due to a \$0.9 million increase in supplemental pay, temporary salaries for principal/assistant principal vacancies, technology lifecycle replacements, controlled items, capital outlay and TRS On-Behalf costs.

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2016*

- (4.) The amended increase in expenditures includes \$0.5 million for supplemental pay, temporary employees, associated employer expenses and TRS On-Behalf as well as \$0.4 million for contracted professional services, and \$0.2 million for testing materials.
  - (5.) The amended increase in expenditures includes \$1.6 million for 12 buses and other vehicles, \$1.0 million in auxiliary employee salary costs and supplemental pay costs as well as a reduction of \$0.8 million in fuel and a reduction of \$0.8 million in parts.
  - (6.) The amended increase in expenditures includes \$0.4 million for capital outlay purchases for Athletics and the Career Center as well as an increase of \$0.2 million for yellow bus transportation for students athletes and an increase of \$0.3 for extra-curricular student travel.
  - (7.) A \$5.8 million transfer was made to the school building projects fund in an attempt to lower general fund unassigned balance to three months operating expenditures in accordance with board policy. An additional \$13.9 million of unanticipated Impact Aid funding was subsequently transferred also.
4. Each budget is controlled at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

Budgeted Fund - School Nutrition	\$	3,259,305
Unbudgeted Funds:		
Summer Feeding Program		104,064
Advanced Placement Incentives		121,456
Instructional Materials Allotment		67,200
Read to Succeed		1,307
Campus Activity Funds		698,812
	\$	<u>4,252,144</u>

**B. Excess of Actual Expenditures over Appropriations by Functional Categories**

The District's actual expenditures exceeded budgeted expenditures by \$40,782 in function 35 (food services) and \$173,292 in function 34 (student transportation) for the fiscal year ended August 31, 2016. These overages were caused by the allocation of the Teacher Retirement System state on-behalf payments budgeted estimates being below the actual calculation allocating the cost.

**IV. Detailed Notes on All Funds****A. Deposits, Securities, and Investments**Contracted Depository Bank:

The funds of the District must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law. The amounts held in the depository bank include cash that is not reported in the governmental funds including: Private purpose trust funds and Agency funds. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. 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 August 31, 2016, the carrying amount of the District's deposits was \$56,945,572 and the bank balance was \$60,145,989. The District's cash deposits were entirely covered by FDIC insurance and by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of bank: BBVA Bank
- b) The market value of bond and/or security pledged as of the date of the highest combined balance on deposit was \$115,000,000.
- c) Largest cash, savings and time deposit combined account balance amounted to \$102,330,140 and occurred on December 10, 2015.
- d) Total amount of FDIC coverage at the time of largest combined balance was \$250,000.

The Public Funds Investment Act requires an annual independent audit of investment practices. Audit procedures in this area, conducted as a part of the Single Audit, disclosed that in the areas of investment practices, the District's management reports and establishment of appropriate policies was in compliance with the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The District is in compliance with the requirements of the Act and with local policies.

Deposit and Investment Risk:

In compliance with the Public Funds Investment Act, the District has adopted policies relating to deposit and investments. These policies address the following risks:

**Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements are mentioned in the previous paragraphs. As noted above, the District is not exposed to custodial credit risk due to deposits being covered by FDIC insurance.

**Custodial Credit Risk – Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments that are held by an outside party are fully insured and backed by the U.S. Government and, registered in the name of the District. It is the District's policy to ensure that potential brokers/dealers are in good standing with the National Association of Securities Dealers, registered with the Texas State Securities Board and have a membership in the Securities Investor Protection Corporation. The ratings of investment pools used by the district are disclosed in the "external investment pool" section of the footnotes. Therefore, the District is not exposed to custodial credit risk.

**Interest Rate Risk –** Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The District's investment policy limits the maximum maturity of investments to no more than two years and a maximum dollar weighted average maturity that shall not exceed 360 days for the general fund and 540 days for capital projects funds. Limiting investment maturities and purchasing government securities are the District's means for limiting its exposure to fair value losses arising from interest rate increases.

**Concentration Risk –** Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. All of the District'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.

**Credit Risk –** This is the risk that a security issuer may default on an interest or principal payment. It is the District's policy to limit investments to those authorized by the Public Funds Investment Act and to purchase quality rated investments that have been evaluated by agencies such as Standard and Poor's or Moody's Investor Service.

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Notes To The Financial Statements (Continued)

Year Ended August 31, 2016

The District's investments at August 31, 2016, are shown below:

		Weighted- Average Maturity	Fair Value
<u>U.S. Agency Securities - short-term:</u>			
Federal Home Loan Mortgage Corporation	\$ 50,000,000	647	\$ 49,947,300
Federal Home Mortgage Corporation	<u>10,000,000</u>	299	<u>10,023,800</u>
			59,971,100
<u>Investments in Investment Pools and Money Markets:</u>			
TexStar	16,555,134	48	
Texas CLASS	70,426,545	52	
Lone Star	52,834,399	37	
Invesco Short-Term Investments Trust	<u>458,462</u>	47	
Total Investments in Investment Pools and Money Markets:			<u>140,274,540</u>
<b>Total Current Investments</b>			<b>200,245,640</b>
<u>Long-term and Other Assets:</u>			
Vanguard Group	1,803,939		<u>1,803,939</u>
<b>Total Investments</b>			<b><u>\$ 202,049,579</u></b>

Market values of U.S. Treasury and U.S. Agencies securities are based on quoted market values. In accordance with Governmental Accounting Standards Board Statement (GASB) No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, these securities are reported at fair value. All unrealized gains/losses are reported as part of portfolio income. The District has elected to report short-term as well as long-term U.S. Treasury and Agency securities at fair value. The District adjusts investments to fair value on a monthly basis. The District's investments in U.S. Agency debt securities were rated AA+ by Standard & Poor's.

External Investment Pools:

The District uses the following 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 under an agreement with the TexSTAR Board.

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 an AAAM rating from Standard & Poor's which monitors weekly the fund's compliance with its rating requirements. TexSTAR operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The TexSTAR Cash Reserve Fund seeks to maintain a net asset value of \$1.00 per unit and provides participants with the investment of funds that require daily liquidity availability. All investments are stated at amortized cost, which closely approximates the market value of the securities. All TexSTAR securities are marked to market on a daily basis.

*Texas CLASS.* Texas CLASS uses Public Trust Advisors, LLC as their Program Administrator. Public Trust Advisors, LLC is an SEC registered investment advisor specializing in the full-service administration of local government investment pools. Texas CLASS is rated AAAM by Standard & Poor's. Texas CLASS was created specifically for the use of Texas local government entities and seeks to provide safety, liquidity, convenience, and competitive rates of return. The program is designed to meet the needs of Texas public sector investors. It purchases securities that are legally permissible under state statute and available for investment by Texas counties, cities, school districts, municipal utility districts, college districts, and other public agencies. Texas CLASS is a full-service cash management investment program designed specifically to make the function of managing public funds safer and simpler. Public Trust Advisors, LLC serves the pool's administrator and investment adviser. Marketing and operations functions are also provided by Public Trust Advisors, LLC. Well Fargo Bank, N.A. serves as the custodian for the pool. The portfolio's weighted average maturity (WAM) is kept under 60 days to enhance liquidity. Portfolio securities are priced to market on a weekly basis. Public Trust Advisors, LLC will insure that only permitted assets are purchased and must comply with SEC Rule 2a-7.

*Lone Star.* The Lone Star Investment Pool was created by an inter-local contract under the laws of the State of Texas and is governed by the Public Funds Investments Act, Chapter 2256, Texas Government Code. Lone Star is governed by a board of trustees consisting of eleven local government participants. Pursuant to the interlocal investment agreement, the business and affairs of the Pool are required to be managed by the Board and the Board is authorized and directed to adopt and maintain bylaws. The bylaws set forth procedures governing the selection of and action taken by members of the Board. The Pool is required by the Public Funds Investment Act to maintain an AAA rating. It has a AAAM rating from Standard & Poors, which monitors the fund's compliance with its rating requirements. The Lone Star Investment Pool's objective is to maintain safety of principal while providing participating entities (members) with the highest possible rate of return for invested funds. Participants in the Pool own pro rata interests in the underlying assets of the fund in which they participate. A member's sole source of payment from its investment in the Pool is the fair market value of such assets. Lone Star Investment Pool strives to maintain a net asset value of \$1.00 and its dollar-weighted average maturity at 60 days or fewer. In addition to investing only in securities authorized by the Public Funds Investment Act, the Board of Directors at Lone Star further restrict investments so no investment greater than 5% can be made in any one nongovernmental entity and any A-1 or P-1 investment placed on the watch list with negative implications by a rating agency must be sold within one week.

Vanguard Group:

Most of the money available for endowed scholarships has been invested within Vanguard Group. Approximately .53% of the endowed funds are invested in the Vanguard Intermediate-Term Treasury Fund Investor Shares (VFITX). This fund invests in debt issued directly by the government in the form of intermediate-term Treasuries. Approximately 6.38% of the endowed funds are invested in the Vanguard Treasury Money Market Fund (VUSXX). This is a fund that seeks to provide current income while maintaining liquidity and a stable share price of \$1. Approximately 16.33% of the endowed funds are invested in the Vanguard Intermediate-Term Bond Index Fund Admiral Shares (VBILX). This investment seeks to track the performance of a market-weighted bond index with an intermediate-term dollar-weighted average maturity ranging between 5 and 10 years. Approximately 67.04% of the endowed funds are invested in the Vanguard 500 index Fund Admiral Shares (VFIAX). This fund seeks to track the performance of a benchmark index that measures the investment return of

large-capitalization stocks. Approximately 9.72% of the endowed funds are invested in the Vanguard International Growth Fund Investor Shares (VWILX). This fund seeks to provide long-term capital appreciation.

### **B. Property Taxes Receivable (Delinquent)**

The District's property tax is levied by October 1, on the basis of assessed value as of January 1 of the current year in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60 day period after the close of the school fiscal year.

Property tax calendar information is as follows:

January 31	Taxes become a lien on property.
September 1 - August 31	Fiscal year covered by tax levies.
October 1	Taxes are levied.
October 1 - January 31	Collection period (current taxes).
January 31	Due date for payment without penalty for delinquency.
February 1 - June 30	Collection period (current delinquent taxes).
June 30	Due date for payment with penalty and interest for delinquency.
July 1 and thereafter	Collection period (delinquent taxes). Upon payment, penalty, interest charges, and legal fees are added for delinquency.

As of August 31, any receivables related to property taxes on the Balance Sheet are considered "Delinquent" as indicated in the above property tax calendar. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**C. Receivables from Other Governments**

Amounts are aggregated into a single receivable from other governments. Below is the detail of receivable from other governments for the general, school building and nonmajor governmental funds in the aggregate.

	General Fund	School Building Projects Fund	Nonmajor Governmental Funds	Total
Meal Reimbursement	\$ -	\$ -	\$ 627,502	\$ 627,502
Grant Programs	-	-	2,038,665	2,038,665
Miscellaneous	185,631	-	-	185,631
State Aid	1,320,204	-	9,862	1,330,066
Total Due from State Government	<u>\$ 1,505,835</u>	<u>\$ -</u>	<u>\$ 2,676,029</u>	<u>\$ 4,181,864</u>

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

The District uses a pooled cash account that is used by multiple funds. Inter-fund balances are created when there are transactions that span more than one fund and cash is not transferred between the funds at that time. Inter-fund balances are summarized in the governmental fund financial statements and labeled as due from/to other funds. Inter-fund balances at August 31, 2016 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund:		
School Building Projects Fund	\$ 68	\$ 540
Non-Major Governmental Funds	1,923,358	51,648
Fiduciary Funds	2,476,431	484
Total General Fund	<u>4,399,857</u>	<u>52,672</u>
School Building Projects Fund		
General Fund	100	1,296
Total School Building Projects	<u>100</u>	<u>1,296</u>
Non-Major Governmental Funds		
General Fund	64,518	2,222,909
School Building Projects Fund	567	-
Non-Major Governmental Funds	287,782	-
Total Non-Major Governmental Funds	<u>352,867</u>	<u>2,222,909</u>
Fiduciary Funds		
General Fund	484	2,476,431
Totals	<u>\$ 4,753,308</u>	<u>\$ 4,753,308</u>

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Notes To The Financial Statements (Continued)

Year Ended August 31, 2016

**E. Capital Asset Activity**

Capital asset activity for the year ended August 31, 2016 was as follows:

	<b>Primary Government</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 12,930,009	\$ -	\$ -	\$ 12,930,009
Construction in Progress	830,333	18,912,744	-	19,743,077
Total non-depreciable assets	<u>13,760,342</u>	<u>18,912,744</u>	<u>-</u>	<u>32,673,086</u>
Capital assets, being depreciated				
Buildings and Improvements	576,632,332	310,470		576,942,802
Furniture and Equipment	76,764,638	7,734,430	(11,328,222)	73,170,846
Total depreciable assets	<u>653,396,970</u>	<u>8,044,900</u>	<u>(11,328,222)</u>	<u>650,113,648</u>
Less accumulated depreciation for:				
Buildings and Improvements	(223,396,435)	(15,365,583)	-	(238,762,018)
Furniture and Equipment	(60,399,130)	(5,896,543)	11,150,968	(55,144,705)
Total accumulated depreciation	<u>(283,795,565)</u>	<u>(21,262,126)</u>	<u>11,150,968</u>	<u>(293,906,723)</u>
Governmental activities capital assets, net	<u>\$ 383,361,747</u>	<u>\$ 5,695,518</u>	<u>\$ (177,254)</u>	<u>\$ 388,880,011</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 14,565,905
Instructional Resources and Media	135,274
Curriculum Development	1,112,124
Instructional Administration	1,348,903
School Leadership	757,188
Guidance, Counseling & Evaluation	409
Student Transportation	468,424
Food Services	1,556,149
Extracurricular Activities	920,085
General Administrative	1,532
Plant Maintenance and Operations	350,231
Security and Monitoring Services	26,218
Data Processing Services	19,684
Total depreciation expense	<u>\$ 21,262,126</u>

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2016***F. Bonds Payable**

Bonds payable by the District are reflected in the Statement of Net Position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

In addition, general obligation bonds have been issued to refund general obligation debt. These bonds are direct obligations and pledge the full faith and credit of the District. Long-term debt activity for the year ended August 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
School Refunding Bond Series Series 2008	\$ 2,420,000	\$ -	\$ 1,045,000	\$ 1,375,000	\$ 1,085,000
School Refunding Bond Series Series 2010	33,250,000	-	4,200,000	29,050,000	4,415,000
School Refunding Bond Series Series 2012	23,675,000	-	325,000	23,350,000	330,000
School Refunding Bond Series Series 2015	9,950,000	-	3,430,000	6,520,000	3,575,000
Total Bonds and notes payable	<u>\$ 69,295,000</u>	<u>\$ -</u>	<u>\$ 9,000,000</u>	<u>\$ 60,295,000</u>	<u>\$ 9,405,000</u>

Debt service requirements are as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2017	\$ 9,405,000	\$ 2,575,800	\$ 11,980,800
2018	8,200,000	2,158,775	10,358,775
2019	3,965,000	1,872,550	5,837,550
2020	4,150,000	1,685,100	5,835,100
2021	4,350,000	1,486,450	5,836,450
2022-2026	23,895,000	4,221,500	28,116,500
2027-2028	6,330,000	178,350	6,508,350
	<u>\$ 60,295,000</u>	<u>\$ 14,178,525</u>	<u>\$ 74,473,525</u>

On February 8, 2005, the District issued \$34,610,000 in Unlimited Tax Refunding Bonds with an average interest rate of 4.7% to refund \$36,040,000 of the Series 1998, Unlimited Tax School Building and Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities

were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 1998 Series bonds. As a result, this portion of the 1998 Series bonds are considered under Texas State law, Article 717K, V.A.T.C.S., as amended to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$34,610,000 and the sales price of \$37,833,862 of the Series 2005 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. These bonds were refunded on February 15, 2015.

The advanced refunding of the 1998 Series bonds resulted in a \$1,671,569 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the Series 2005 debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$2,444,574 through 2018 and an economic gain (difference between the present value of the old and new debt service payments) of \$1,929,085.

On June 1, 2008, the District issued \$8,960,000 in Unlimited Tax Refunding Bonds with an average interest rate of 4.0%, along with additional funds of the District, to refund \$9,100,000 of the Series 1998, Unlimited Tax School Building and Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 1998 Series bonds. As a result, this portion of the 1998 Series bonds are considered under Texas State law, Article 717K, V.A.T.C.S., as amended to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$8,960,000 and the sales price of \$9,288,538 of the Series 2008 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. Amortization of this premium for the year ended August 31, 2016 was \$27,610.

The advanced refunding of the 1998 Series bonds resulted in a \$183,826 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the Series 2008 debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$850,350 through 2018 and an economic gain (difference between the present value of the old and new debt service payments) of \$621,293.

On July 1, 2010, the District issued \$41,895,000 in Unlimited Tax Refunding Bonds with an interest rate between 2.0% to 5.0%, along with additional funds of the district, to refund \$44,920,000 of the 2002 Unlimited Tax School Building and Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2002 Series bonds. As a result, this portion of the 2002 Series bonds are considered under Texas State law, Article 717K, V.A.T.C.S., as amended to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$41,895,000 and the sales price of \$48,218,727 of the Series 2010 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended August 31, 2016 was \$502,320.

The advanced refunding of the 2010 Series bonds resulted in a \$1,784,189 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the Series 2010 debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$6,138,250 through 2023 and an economic gain (difference between the present value of the old and new debt service payments) of \$4,711,057.

On February 15, 2012, the District issued \$28,290,000 in Unlimited Tax Refunding Bonds with an interest rate between 2.0% to 5.0%, along with additional funds of the district, to refund \$31,175,000 of the 2002 Unlimited Tax School Building and Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2002 Series bonds. As a result, this portion of the 2002 Series bonds are considered under Texas State law, Article 717K, V.A.T.C.S., as amended to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$28,290,000 and the sales price of \$31,690,383 of the Series 2012 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended August 31, 2016 was \$213,035.

The advanced refunding of the 2002 Series bonds resulted in a \$710,477 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the Series 2012 debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$5,065,788 through 2028 and an economic gain (difference between the present value of the old and new debt service payments) of \$3,284,106.

On January 14, 2015, the District issued \$10,255,000 in Unlimited Tax Refunding Bonds with an interest rate between 2.0% to 5.0%, along with additional funds of the district, to refund \$10,620,000 of the 2005 Unlimited Tax School Building and Refunding Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2005 Series bonds. As a result, this portion of the 2005 Series bonds are considered under Texas State law, Article 717K, V.A.T.C.S., as amended to be defeased in-substance and the liability for those bonds has been removed from the Statement of Net Position.

The difference between the principal amount of \$10,255,000 and the sales price of \$11,028,775 of the Series 2015 bonds represents the unamortized premium. The premium is being amortized over the life of the bonds using the interest method and is presented as an addition to the face value of the bonds. The amortization for the year ended August 31, 2016 was \$256,986.

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2016*

The advanced refunding of the 2005 Series bonds resulted in a \$589,906 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the Series 2015 debt in accordance with GASB 7 entitled Advanced Refundings Resulting in Defeasance of Debt. This transaction resulted in future cash flow savings of \$798,758 through 2018 and an economic gain (difference between the present value of the old and new debt service payments) of \$784,098.

Changes in bonds payable for the year ended August 31, 2016 are as follows:

Description	Balance September 1, 2015	Additions	Reductions	Balance August 31, 2016
General Obligation Bonds	\$ 69,295,000	\$ -	\$ 9,000,000	\$ 60,295,000
Unamortized (Discount)/Premium on Current Interest Term Bonds	7,101,395	-	999,951	6,101,444
Outstanding Bonds Payable	<u>\$ 76,396,395</u>	<u>\$ -</u>	<u>\$ 9,999,951</u>	<u>\$ 66,396,444</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2016.

In prior years, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Statement of Net Position.

The defeased bonds outstanding at August 31, 2016 are as follows:

	Outstanding Balances
Unlimited Tax School Building and Refunding Bonds, Series 1998	\$ 9,760,000
Unlimited Tax School Building and Refunding Bonds, Series 2002	61,600,000
Unlimited Tax School Building and Refunding Bonds, Series 2005	7,255,000
Total Defeased	<u>\$ 78,615,000</u>

**G. Compensated Absences**

Upon retirement or death of certain employees, the District, typically from the General Fund, pays any accumulated unpaid vacation benefits to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments. There is no liability for unpaid accumulated sick leave since the district does not have a policy to pay any amounts when employees separate from service with the district. A summary of changes in the accumulated vacation liability deemed due within one year is as follows:

Balance September 1, 2015	\$ 815,511
Additions - New Entrants and Salary Increments	128,332
Deductions - Payments to and Uses by Participants	<u>(1,844)</u>
Balance August 31, 2016	<u>\$ 941,999</u>

## H. Employee Benefit Plan

### *Plan Description*

The Killeen Independent School District participates in a cost-sharing, multiple employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

### *Pension Plan Fiduciary Net Position*

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	<u>(128,538,706,212)</u>
Net Pension Liability	<u>\$ 35,348,668,960</u>
Net Position as percentage of Total Pension Liability	78.43%

*Benefits Provided*

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

*Contributions*

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2015 and 2016.

Contribution Rates

	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Killeen ISD 2015 Employer Contributions		\$ 7,384,157
Killeen ISD 2015 Member Contributions		\$ 18,024,390
Killeen ISD 2015 NECE On-Behalf Contributions		\$ 12,226,801

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

#### *Actuarial Assumptions*

The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Discount Rate	8.00%
Investment Rate of Return*	8.00%
Projected Salary Increases*	3.50%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*\*Includes Inflation of 2.5%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted in September 2015. The active mortality rates were based on 90% of the RP 2014 Employee Mortality Tables for males and females. The Post-retirement mortality rates were based on the 2015 TRS Healthy Pensioner Mortality Tables.

#### *Discount Rate*

A single discount rate of 8.0% was used to measure the total pension liability. There was no change in the discount rate since the previous fiscal year. This single discount rate was based on the expected rate of return on pension plan investments of 8.0%. The projection of cash flows used to determine this single discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2013 legislative session and continued in the 2015 session. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability with no cross-over point to a municipal bond rate. The long-term expected rate of return on pension plan investments is 8.0%. 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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return

KILLEEN INDEPENDENT SCHOOL DISTRICT

Notes To The Financial Statements (Continued)

Year Ended August 31, 2016

by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return*
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Killeen ISD's proportionate share of the net pension liability	\$ 131,765,744	\$ 84,098,018	\$ 44,393,765

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

At August 31, 2016, Killeen Independent School district reported a liability of \$84,098,018 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 84,098,018
State's proportionate share that is associated with the District	<u>145,919,195</u>
Total	<u>\$ 230,017,213</u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.2379100% which was an increase of 0.0721813% from its proportion measured as of August 31, 2014.

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

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, Killeen Independent School District recognized pension expense of \$ 20,791,137 and revenue of \$ 20,791,137 for support provided by the State.

At August 31, 2015, Killeen Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Notes To The Financial Statements (Continued)*

*Year Ended August 31, 2016*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 569,381	\$ 3,231,962
Changes in actuarial assumptions	\$ 2,393,119	\$ 3,000,249
Differences between projected and actual investment earnings	\$ 10,563,790	\$ -
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$ 16,498,591	\$ 26,766
Contributions paid to TRS subsequent to the measurement date	\$ 7,384,157	\$ -
<b>Total</b>	<b>\$ 37,409,038</b>	<b>\$ 6,258,977</b>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,	Pension Expense Amount
2017	\$ 4,129,288
2018	\$ 4,129,288
2019	\$ 4,129,289
2020	\$ 7,511,849
2021	\$ 2,298,480
Thereafter	\$ 1,567,710

At August 31, 2016, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total net amounts as of August 31, 2015 Measurement Date	\$ 30,024,881	\$ 6,258,977
Contributions made subsequent to the Measurement Date	7,384,157	-
<b>Total</b>	<b>\$ 37,409,038</b>	<b>\$ 6,258,977</b>

*Funding Policy – Retirement Plan*

Contribution rates and contributions for fiscal years 2016-2014 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the District is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceed statutory minimum.

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2016*

Year	Member		State		Statutory
	Rate	Amount	Rate	Amount	Minimum Amount
2016	7.20%	\$18,024,390	6.80%	\$12,226,801	\$2,836,455
2015	6.70%	\$15,975,578	6.80%	\$12,243,577	\$2,655,338
2014	6.40%	\$14,906,488	6.80%	\$11,584,167	\$2,518,369

The District recognized contributions made by the State on behalf of the District as revenues and expenditures in the general fund in the current period and are reported in the financial statements in accordance with GASB Statement 24.

The total payroll for employees covered by TRS for the years ended August 31, 2014, 2015 and 2016 was \$233,634,443, \$238,448,597 and \$ 250,349,801 respectively, and total District payroll for these years was \$241,552,430, \$247,617,829 and \$265,595,435 respectively.

*Funding Policy – Retiree Health Plan*

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us) or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, TX 78701-2698, or by calling (800)-223-8778.

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2016-2014.

**KILLEEN INDEPENDENT SCHOOL DISTRICT***Notes To The Financial Statements (Continued)**Year Ended August 31, 2016***Contribution Rates**

<u>Year</u>	<u>Active Member</u>		<u>State</u>		<u>School District</u>	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
2016	0.65%	\$1,627,201	1.00%	\$2,503,498	0.55%	\$1,376,879
2015	0.65%	\$1,549,869	1.00%	\$2,476,178	0.55%	\$1,311,420
2014	0.65%	\$1,518,520	1.00%	\$2,415,524	0.55%	\$1,284,995

The Medicare Prescription Drug Improvement and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years 2014, 2015 and 2016, the subsidy payment received by TRS-Care on behalf of Killeen Independent School District was \$633,710, \$978,211 and \$969,783 respectively.

*Contributions Made*

Contributions made by the State, the District and its employees, and the District's covered payroll for the fiscal years 2016, 2015, and 2014 are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Covered payroll	\$ 250,349,801	\$ 238,448,597	\$ 233,634,443
Contributions made by the State	\$ 12,226,801	\$ 12,243,577	\$ 11,584,167
Retirement plan rate	6.80%	6.80%	6.80%
Retiree health care rate	1.00%	1.00%	1.00%
Medicare Part D	\$ 969,783	\$ 978,211	\$ 633,710
District required and actual contributions to TRS & TRS-Care	\$ 5,857,036	\$ 5,681,820	\$ 5,621,177
Employee contributions to TRS & TRS-Care	\$ 18,400,710	\$ 17,525,447	\$ 16,425,008

**I. Health Care Coverage**

During the year ended August 31, 2016, employees of the Killeen Independent School District were covered by a Cafeteria Plan (the Plan). The District contributes \$325 per month plus the state contributes an additional \$75 to the benefit spending account of each full time employee with health care coverage, and \$200 per month for full time employees without health care coverage. Employees can authorize payroll withholdings to pay for benefits for themselves and their dependents.

The employees of the Killeen Independent School District are able to use the benefit contribution to purchase various types of insurance coverage, such as health, dependent dental, life, or long-term disability, or use the money to cover unreimbursed medical/dental/vision expenses or dependent child care expenses under the Flexible Benefits Plan established under Section 125 of the Internal Revenue Code of 1986. All employer and employee contributions are paid to a third party administrator, acting on behalf of the District. The Benefits Plan currently includes Humana Health Plan of Texas Incorporated and United Concordia Dental Plan. Killeen Independent School District and Aetna

entered into a new contract for benefit year 2016; the contract between the District and United Concordia expires December 31, 2016. The health plan and dental plan contracts include a renewal option for the District.

**J. Risk Management**

State law allows school districts to retain risk through its own risk management program (i.e., a self-insurance program), insure through a commercial carrier, or insure through a public entity risk pool. The District has insurable risks in various areas, including property, casualty, automobile, professional liability and workers' compensation. During 2016, the District obtained insurance against risks through commercial carriers, with some degree of self-insurance through the use of large deductibles. Management believes the amount and types of coverage are adequate to protect the District from losses that could reasonably be expected to occur. There have been no insurance settlements exceeding the District's insurance coverage for any of the past three years.

Beginning September 1, 1998, and ending August 31, 2000, the District purchased fully insured Worker's Compensation coverage through Liberty Mutual Insurance Company. On September 1, 2000, the District began purchasing insurance as a member of the Deep East Texas Self Insurance Fund. The Fund, operating with a level of self-insurance retention and stop-loss protection for excess losses, offers a slightly different form of no recourse Worker's Compensation protection to the District. Fund reserves are considered adequate for outstanding liabilities and anticipated losses. Since September 1, 2004, the District has entered an Inter-local Participation Agreement with the Texas Association of School Boards (TASB) Risk Management Fund for disbursement of workers' compensation claims. The District has chosen the "fully funded" option of coverage, in which the fund assumes all risk of loss.

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Notes To The Financial Statements (Continued)

Year Ended August 31, 2016

**K. Fund Equity**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

<u>Fund Balances</u>	<u>School Building</u>			<u>Total</u>
	<u>General</u>	<u>Projects</u>	<u>Other Funds</u>	
<b><u>Nonspendable:</u></b>				
Inventories	\$ 1,070,477	\$ -	\$ 963,702	\$ 2,034,179
Endowments	-	-	189,714	189,714
Prepaid Items	32,140	-	-	32,140
<b>Total Nonspendable</b>	<b>1,102,617</b>	<b>-</b>	<b>1,153,416</b>	<b>2,256,033</b>
<b><u>Restricted:</u></b>				
Federal or State Funds Grant Restriction	7,504,170	-	7,560,524	15,064,694
Retirement of Long-Term Debt	-	-	1,437,818	1,437,818
Other Restricted Fund Balance	-	-	-	-
Investment Earnings on Endowment	-	-	22,182	22,182
Army Youth Programs in Your Neighborhood	1,650,109	-	-	1,650,109
<b>Total Restricted</b>	<b>9,154,279</b>	<b>-</b>	<b>9,020,524</b>	<b>18,174,803</b>
<b><u>Committed:</u></b>				
Construction	-	46,278,947	-	46,278,947
Other Committed Fund Balance	-	-	698,812	698,812
<b>Total Committed</b>	<b>-</b>	<b>46,278,947</b>	<b>698,812</b>	<b>46,977,759</b>
<b><u>Assigned:</u></b>				
Construction	-	74,756,634	1,284,267	76,040,901
Other Assigned Fund Balance				
Boys & Girls Club Natatorium	150,000	-	-	150,000
ASYMCA Natatorium	2,000,000	-	-	2,000,000
Software Conversion	1,816,710	-	-	1,816,710
<b>Total Assigned</b>	<b>3,966,710</b>	<b>74,756,634</b>	<b>1,284,267</b>	<b>80,007,611</b>
Unassigned	98,771,776	-	-	98,771,776
<b>Total Fund Balances</b>	<b>\$ 112,995,382</b>	<b>\$ 121,035,581</b>	<b>\$ 12,157,019</b>	<b>\$ 246,187,982</b>

**L. Federal Source Revenues**

For the year ended August 31, 2016, revenues from Federal programs included in the General Fund consisted of the following:

Federally Distributed:	CFDA Number	Amount
PL 103-382 (Impact Aid)	84.041	\$ 61,570,290
ROTC Salaries	12.00	353,669
Academic Expansion Program	N/A	27,778
Army Youth Programs in Your Neighborhood	N/A	484,000
		62,435,737
Other State Distributed -- Federal Program		
Shars Reimbursement	N/A	3,165,915
Indirect Cost Revenue	N/A	69,315
		3,235,230
Total Federal Source Revenues		\$ 65,670,967

Revenues from Federal Programs included in the major Capital Projects Fund are as follows:

Federally Distributed	CFDA Number	Amount
PL 81.874 (Impact Aid)	84.041	2,401,941
Total Federal Sources Revenues		\$ 2,401,941

**M. Transfers**

During the year \$8,124,491 was transferred from the General fund to the Capital Improvement Projects fund for future capital improvement expenditures. In addition, \$4,451,561 was transferred to the School Building Projects Fund to lower the general fund unassigned fund balance to three months operating expenditures in accordance with board policy. \$13,931,544 of additional Impact Aid funding was also transferred. These transfers fund future building and capital outlay expenditures. A transfer of \$1,902,476 was transferred from the Instructional Materials Allotment fund for texts purchased in previous year from the General Fund. Transfers for new school furniture and equipment in the amount of \$117,113 was made from the Strategic Facilities fund to the New Schools fund. The audited fund balance for the summer feeding program of \$ 181,033 was made to School Nutrition fund. Lastly, an additional transfer of \$4,304 was made from the General fund to the National Breakfast and Lunch Program fund to pay for unpaid lunch charges at year end.

**N. Significant Commitments and Contingencies**

The District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at August 31, 2016 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies. The assigned funds in the Capital Projects Funds will be used for future school construction and renovation.

At August 31, 2016, the District had the following uncompleted construction and architectural contracts in progress:

Description	Contract Amount	To Date	Committed
New Middle School #13	\$ 40,543,554	\$ 14,332,530	\$ 26,211,024
New Elementary School #34	\$ 23,563,745	\$ 4,369,395	\$ 19,194,350
Auditorium Projects	\$ 3,833,000	\$ 1,041,152	\$ 2,791,848
Total Construction in Progress	\$ 67,940,299	\$ 19,743,077	\$ 48,197,222

Encumbrances – Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 551,249
School Building Projects	50,188,138
Nonmajor Governmental Funds	114,656
Total	<u>\$ 50,854,043</u>

**O. Short-Term Debt Payable**

Short-term debt includes payroll liabilities paid from the payroll bank account that are owed back to that account and amounts owed to the state for unclaimed property. A summary of changes in the short-term debt payables is as follows:

Balance, September 1, 2015	\$ 2,692,741
Increases	9,169,295
Decreases	(11,203,832)
Balance, August 31, 2016	<u>\$ 658,204</u>

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Notes To The Financial Statements (Continued)

Year Ended August 31, 2016

**P. Unearned Revenue**

Unearned revenue for the Statement of Net Position at August 31, 2016 consisted of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Child Nutrition Receipts	\$ -	\$ 19,290	\$ -	\$ 19,290
Other Unearned Revenue	15,024	-	-	15,024
<b>Total Unearned Revenue</b>	<b>\$ 15,024</b>	<b>\$ 19,290</b>	<b>\$ -</b>	<b>\$ 34,314</b>

**Q. Changes in Long-term Liabilities**

Long-term liability activity for the year ended August 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds and Lease Payable:					
General Obligation Bonds	\$ 69,295,000	\$ -	\$ 9,000,000	\$ 60,295,000	\$ 9,405,000
Unamortized Premiums on Bonds	7,101,395	-	999,951	6,101,442	-
Total Bonds and Lease Payable	76,396,395	-	9,999,951	66,396,442	9,405,000
Other Liabilities:					
Net Pension Liability	44,268,428	46,874,208	7,044,618	84,098,018	-
Accrued Interest	129,324	-	16,947	112,377	112,377
Compensated Absences	815,511	126,488	-	941,999	941,999
Total Other Liabilities	45,213,263	47,000,696	7,061,565	85,152,394	1,054,376
<b>Total Governmental Activities</b>	<b>\$ 121,609,658</b>	<b>\$ 47,000,696</b>	<b>\$ 17,061,516</b>	<b>\$ 151,548,836</b>	<b>\$ 10,459,376</b>

(Concluded)



KILLEEN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT G-1

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.23791%	0.1657287%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 84,098,018	\$ 44,268,428
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	145,919,195	126,018,907
Total	<u>\$ 230,017,213</u>	<u>\$ 170,287,335</u>
District's Covered-Employee Payroll	\$ 238,448,597	\$ 233,634,443
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	35.27%	18.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

KILLEEN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2016

EXHIBIT G-2

	2016	2015
Contractually Required Contribution	\$ 7,384,157	\$ 7,091,052
Contribution in Relation to the Contractually Required Contribution	(7,384,157)	(7,091,052)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered-Employee Payroll	\$ 250,349,801	\$ 238,448,597
Contributions as a Percentage of Covered-Employee Payroll	2.95%	2.97%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015 and August 31, 2015 for Fiscal Year 2016.

Note: In accordance with GASB 68, Paragraph 138, only two years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

KILLEEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2016

*Changes of benefit terms.*

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

*Changes of assumptions.*

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





KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2016

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 358,637	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	13,793	801,012	526,356	6,678
1260	Due from Other Funds	129	3,258	9	4
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1900	Other Assets	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 13,922</u>	<u>\$ 804,270</u>	<u>\$ 885,002</u>	<u>\$ 6,682</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 377	\$ 5,000	\$ -
2120	Short Term Debt Payable - Current	2	6,125	5,549	74
2160	Accrued Wages Payable	800	88,666	53,578	763
2170	Due to Other Funds	12,991	705,843	820,866	5,841
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>13,793</u>	<u>801,011</u>	<u>884,993</u>	<u>6,678</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	129	3,259	9	4
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3550	Construction	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>129</u>	<u>3,259</u>	<u>9</u>	<u>4</u>
4000	<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 13,922</u>	<u>\$ 804,270</u>	<u>\$ 885,002</u>	<u>\$ 6,682</u>

226 IDEA - Part B Discretionary	227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition
\$ -	\$ -	\$ -	\$ 834,357	\$ 32,560	\$ -	\$ -	\$ -
-	-	-	1,099,440	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,633	409	-	627,504	218,152	31,235	96,525	33,563
-	-	-	333,433	-	-	27	327
-	-	-	14,915	-	-	-	-
-	-	-	963,702	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,633</u>	<u>\$ 409</u>	<u>\$ -</u>	<u>\$ 3,873,351</u>	<u>\$ 250,712</u>	<u>\$ 31,235</u>	<u>\$ 96,552</u>	<u>\$ 33,890</u>
\$ -	\$ -	\$ -	\$ 449,964	\$ 20,997	\$ -	\$ -	\$ 725
-	-	-	7,732	768	169	1,010	9
-	-	-	60,037	14,146	(2,781)	6,165	-
2,633	409	-	77,023	110,737	33,847	89,350	32,829
-	-	-	-	-	-	-	-
-	-	-	19,290	-	-	-	-
<u>2,633</u>	<u>409</u>	<u>-</u>	<u>614,046</u>	<u>146,648</u>	<u>31,235</u>	<u>96,525</u>	<u>33,563</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	963,702	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,295,603	104,064	-	27	327
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,259,305</u>	<u>104,064</u>	<u>-</u>	<u>27</u>	<u>327</u>
<u>\$ 2,633</u>	<u>\$ 409</u>	<u>\$ -</u>	<u>\$ 3,873,351</u>	<u>\$ 250,712</u>	<u>\$ 31,235</u>	<u>\$ 96,552</u>	<u>\$ 33,890</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2016

Data Control Codes	286 Student Achievement Military Conn	287 Support for Military Connected Sch	288 Achievement at Military Connected Sch	289 Mobilizing Nat'l Educator Talent	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 91,057	\$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	6,689	17,839	204,930	-
1260	Due from Other Funds	-	21	169	34
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1900	Other Assets	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 6,689</u>	<u>\$ 17,860</u>	<u>\$ 296,156</u>	<u>\$ 34</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ 55	\$ -
2120	Short Term Debt Payable - Current	-	-	-	-
2130	Capital Leases Payable - Current	-	-	-	-
2160	Accrued Wages Payable	-	7,589	-	-
2170	Due to Other Funds	6,689	10,250	295,932	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>6,689</u>	<u>17,839</u>	<u>295,987</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	21	169	34
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3550	Construction	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>21</u>	<u>169</u>	<u>34</u>
4000	<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 6,689</u>	<u>\$ 17,860</u>	<u>\$ 296,156</u>	<u>\$ 34</u>

386 Regional Day School for the Deaf	397 Advanced Placement Incentives	404 Student Success Initiative	410 Instructional Materials Allotment	429 Read to Succeed	461 Campus Activity Funds	499 GEAR UP	Total Nonmajor Special Revenue Funds
\$ 11,922	\$ 121,456	\$ -	\$ 105,000	\$ -	\$ 699,642	\$ 509	\$ 2,255,140
-	-	-	-	-	-	-	1,099,440
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	77,991	-	859	2,666,167
-	-	-	-	-	-	-	337,411
-	-	-	-	-	-	-	14,915
-	-	-	-	-	-	-	963,702
-	-	913	-	-	-	-	913
-	-	-	-	-	-	-	-
<u>\$ 11,922</u>	<u>\$ 121,456</u>	<u>\$ 913</u>	<u>\$ 105,000</u>	<u>\$ 77,991</u>	<u>\$ 699,642</u>	<u>\$ 1,368</u>	<u>\$ 7,337,688</u>
\$ -	\$ -	\$ -	\$ 1,099	\$ -	\$ -	\$ 1,368	\$ 479,585
122	-	-	-	96	-	-	21,656
1,547	-	913	-	69,944	-	-	301,367
10,253	-	-	-	6,644	703	-	2,222,840
-	-	-	36,701	-	127	-	36,828
-	-	-	-	-	-	-	19,290
<u>11,922</u>	<u>-</u>	<u>913</u>	<u>37,800</u>	<u>76,684</u>	<u>830</u>	<u>1,368</u>	<u>3,081,566</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	963,702
-	-	-	-	-	-	-	-
-	121,456	-	67,200	1,307	-	-	2,593,609
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	698,812	-	698,812
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>121,456</u>	<u>-</u>	<u>67,200</u>	<u>1,307</u>	<u>698,812</u>	<u>-</u>	<u>4,256,123</u>
<u>\$ 11,922</u>	<u>\$ 121,456</u>	<u>\$ 913</u>	<u>\$ 105,000</u>	<u>\$ 77,991</u>	<u>\$ 699,642</u>	<u>\$ 1,368</u>	<u>\$ 7,337,688</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2016

Data Control Codes	599 Debt Service	645 Capital Improvement Projects	687 Impact Aid Section 8007	696 New School Furniture & Equipment	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 723,505	\$ 1,962,055	\$ 4,966,915	\$ 9,575
1120	Investments - Current	796,137	-	-	-
1220	Property Taxes - Delinquent	167,054	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	(25,058)	-	-	-
1240	Receivables from Other Governments	9,862	-	-	-
1260	Due from Other Funds	14,422	-	-	1,007
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1900	Other Assets	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 1,685,922</u>	<u>\$ 1,962,055</u>	<u>\$ 4,966,915</u>	<u>\$ 10,582</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ 677,788	\$ -	\$ 10,487
2120	Short Term Debt Payable - Current	-	-	-	27
2130	Capital Leases Payable - Current	-	-	-	-
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	68
2180	Due to Other Governments	106,108	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>106,108</u>	<u>677,788</u>	<u>-</u>	<u>10,582</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	141,996	-	-	-
2600	<b>Total Deferred Inflows of Resources</b>	<u>141,996</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
3425	Endowment Principal	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	4,966,915	-
3480	Retirement of Long-Term Debt	1,437,818	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
Assigned Fund Balance:					
3550	Construction	-	1,284,267	-	-
3000	<b>Total Fund Balances</b>	<u>1,437,818</u>	<u>1,284,267</u>	<u>4,966,915</u>	<u>-</u>
4000	<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<u>\$ 1,685,922</u>	<u>\$ 1,962,055</u>	<u>\$ 4,966,915</u>	<u>\$ 10,582</u>

Total Nonmajor Capital Project Funds	479 Permanent Fund	Total Nonmajor Governmental Funds
\$ 6,938,545	\$ 12,662	\$ 9,929,852
-	108	1,895,685
-	-	167,054
-	-	(25,058)
-	-	2,676,029
1,007	27	352,867
-	-	14,915
-	-	963,702
-	-	913
-	199,729	199,729
<u>\$ 6,939,552</u>	<u>\$ 212,526</u>	<u>\$ 16,175,688</u>
\$ 688,275	\$ 630	\$ 1,168,489
27	-	21,683
-	-	(2,781)
-	-	304,148
68	-	2,222,908
-	-	142,936
-	-	19,290
<u>688,370</u>	<u>630</u>	<u>3,876,674</u>
-	-	141,996
<u>-</u>	<u>-</u>	<u>141,996</u>
-	-	963,702
-	189,714	189,714
4,966,915	-	7,560,524
-	-	1,437,818
-	22,182	22,182
-	-	698,812
1,284,267	-	1,284,267
<u>6,251,182</u>	<u>211,896</u>	<u>12,157,019</u>
<u>\$ 6,939,552</u>	<u>\$ 212,526</u>	<u>\$ 16,175,688</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 129	\$ 3,258	\$ 9	\$ 4
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	103,732	8,054,309	5,932,427	117,855
5020 Total Revenues	<u>103,861</u>	<u>8,057,567</u>	<u>5,932,436</u>	<u>117,859</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	100,682	5,546,302	4,346,552	117,855
0012 Instructional Resources and Media Services	-	65,537	-	-
0013 Curriculum and Instructional Staff Development	1,565	1,901,588	47,328	-
0021 Instructional Leadership	-	15,103	35,415	-
0023 School Leadership	-	10,980	27,103	-
0031 Guidance, Counseling and Evaluation Services	-	4,876	13,828	-
0032 Social Work Services	-	-	230,093	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	1,232,108	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	1,485	509,922	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>103,732</u>	<u>8,054,308</u>	<u>5,932,427</u>	<u>117,855</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>129</u>	<u>3,259</u>	<u>9</u>	<u>4</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	129	3,259	9	4
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 129</u>	<u>\$ 3,259</u>	<u>\$ 9</u>	<u>\$ 4</u>

226 IDEA - Part B Discretionary	227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ 3,963,864	\$ 776	\$ -	\$ 27	\$ 327
-	-	-	121,022	-	-	-	-
2,633	8,894	1,270	16,155,178	548,091	445,711	1,054,183	432,943
2,633	8,894	1,270	20,240,064	548,867	445,711	1,054,210	433,270
2,633	8,894	1,270	-	-	292,008	-	256,249
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,053,883	158,097
-	-	-	-	-	-	-	-
-	-	-	-	-	-	300	1,207
-	-	-	-	-	124,357	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	20,996,077	444,803	-	-	-
-	-	-	-	-	29,346	-	-
-	-	-	-	-	-	-	-
-	-	-	185,957	-	-	-	-
-	-	-	13,407	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	17,390
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,633	8,894	1,270	21,195,441	444,803	445,711	1,054,183	432,943
-	-	-	(955,377)	104,064	-	27	327
-	-	-	185,336	-	-	-	-
-	-	-	-	(181,033)	-	-	-
-	-	-	185,336	(181,033)	-	-	-
-	-	-	(770,041)	(76,969)	-	27	327
-	-	-	4,029,346	181,033	-	-	-
\$ -	\$ -	\$ -	\$ 3,259,305	\$ 104,064	\$ -	\$ 27	\$ 327

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	286 Student Achievement Military Conn	287 Support for Military Connected Sch	288 Achievement at Military Connected Sch	289 Mobilizing Nat'l Educator Talent
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 21	\$ 169	\$ 34
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	12,967	386,857	586,782	116,000
5020 Total Revenues	<u>12,967</u>	<u>386,878</u>	<u>586,951</u>	<u>116,034</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	-	21,421	-	116,000
0012 Instructional Resources and Media Services	-	-	8,575	-
0013 Curriculum and Instructional Staff Development	-	357,936	7,105	-
0021 Instructional Leadership	12,967	7,500	30,483	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	502,290	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	11,285	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	16,421	-
0061 Community Services	-	-	10,623	-
<b>Debt Service:</b>				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>12,967</u>	<u>386,857</u>	<u>586,782</u>	<u>116,000</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>21</u>	<u>169</u>	<u>34</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	21	169	34
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 169</u>	<u>\$ 34</u>

386 Regional Day School for the Deaf	397 Advanced Placement Incentives	404 Student Success Initiative	410 Instructional Materials Allotment	429 Read to Succeed	461 Campus Activity Funds	499 GEAR UP	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,082,477	\$ -	\$ 5,051,095
189,378	22,820	-	2,858,511	78,079	-	4,347	3,274,157
-	-	-	-	-	-	-	33,959,832
<u>189,378</u>	<u>22,820</u>	<u>-</u>	<u>2,858,511</u>	<u>78,079</u>	<u>1,082,477</u>	<u>4,347</u>	<u>42,285,084</u>
189,378	-	-	410,421	8,341	683,007	4,347	12,105,360
-	-	-	-	-	-	-	74,112
-	-	-	190,138	68,950	-	-	3,786,590
-	-	-	-	-	-	-	101,468
-	-	-	-	-	163,248	-	202,838
-	2,730	-	344,160	-	-	-	992,241
-	-	-	-	-	-	-	230,093
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,232,108
-	-	-	-	-	-	-	21,440,880
-	-	-	-	-	220,180	-	249,526
-	-	-	-	-	-	-	11,285
-	-	-	-	-	-	-	185,957
-	-	-	-	-	-	-	13,407
-	-	-	-	-	-	-	16,421
-	-	-	-	-	-	-	539,420
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>189,378</u>	<u>2,730</u>	<u>-</u>	<u>944,719</u>	<u>77,291</u>	<u>1,066,435</u>	<u>4,347</u>	<u>41,181,706</u>
-	20,090	-	1,913,792	788	16,042	-	1,103,378
-	-	-	-	-	1,500	-	186,836
-	-	-	(1,902,476)	-	-	-	(2,083,509)
-	-	-	(1,902,476)	-	1,500	-	(1,896,673)
-	20,090	-	11,316	788	17,542	-	(793,295)
-	101,366	-	55,884	519	681,270	-	5,049,418
<u>\$ -</u>	<u>\$ 121,456</u>	<u>\$ -</u>	<u>\$ 67,200</u>	<u>\$ 1,307</u>	<u>\$ 698,812</u>	<u>\$ -</u>	<u>\$ 4,256,123</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	599 Debt Service	645 Capital Improvement Projects	687 Impact Aid Section 8007	696 New School Furniture & Equipment
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 5,819,418	\$ -	\$ -	\$ 440
5800 State Program Revenues	6,285,229	-	-	-
5900 Federal Program Revenues	-	-	1,679,252	-
5020 Total Revenues	<u>12,104,647</u>	<u>-</u>	<u>1,679,252</u>	<u>440</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	-	-	-	80,507
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	1,754
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	7,183
0031 Guidance, Counseling and Evaluation Services	-	-	-	2,517
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	914
0034 Student (Pupil) Transportation	-	-	-	44
0035 Food Services	-	-	-	8,040
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	742
0051 Facilities Maintenance and Operations	-	2,156,551	-	14,352
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
<b>Debt Service:</b>				
0071 Principal on Long Term Debt	9,000,000	-	-	-
0072 Interest on Long Term Debt	2,978,025	-	-	-
0073 Bond Issuance Cost and Fees	2,400	-	-	-
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	2,164,931	-	-
6030 Total Expenditures	<u>11,980,425</u>	<u>4,321,482</u>	<u>-</u>	<u>116,053</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>124,222</u>	<u>(4,321,482)</u>	<u>1,679,252</u>	<u>(115,613)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	4,451,561	-	115,613
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>4,451,561</u>	<u>-</u>	<u>115,613</u>
1200 Net Change in Fund Balance	124,222	130,079	1,679,252	-
0100 Fund Balance - September 1 (Beginning)	<u>1,313,595</u>	<u>1,154,189</u>	<u>3,287,663</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 1,437,817</u>	<u>\$ 1,284,268</u>	<u>\$ 4,966,915</u>	<u>\$ -</u>

Total Nonmajor Capital Project Funds	479 Permanent Fund	Total Nonmajor Governmental Funds
\$ 440	\$ 27	\$ 10,870,980
-	-	9,559,386
<u>1,679,252</u>	<u>-</u>	<u>35,639,084</u>
<u>1,679,692</u>	<u>27</u>	<u>56,069,450</u>
80,507	3,702	12,189,569
-	-	74,112
1,754	-	3,788,344
-	-	101,468
7,183	5,996	216,017
2,517	-	994,758
-	-	230,093
914	-	914
44	-	1,232,152
8,040	-	21,448,920
-	-	249,526
742	-	12,027
2,170,903	1,170	2,358,030
-	-	13,407
-	-	16,421
-	1,099	540,519
-	-	9,000,000
-	-	2,978,025
-	-	2,400
<u>2,164,931</u>	<u>-</u>	<u>2,164,931</u>
<u>4,437,535</u>	<u>11,967</u>	<u>57,611,633</u>
<u>(2,757,843)</u>	<u>(11,940)</u>	<u>(1,542,183)</u>
4,567,174	-	4,754,010
-	-	(2,083,509)
<u>4,567,174</u>	<u>-</u>	<u>2,670,501</u>
1,809,331	(11,940)	1,128,318
<u>4,441,852</u>	<u>223,836</u>	<u>11,028,701</u>
<u>\$ 6,251,183</u>	<u>\$ 211,896</u>	<u>\$ 12,157,019</u>



KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

	BALANCE SEPTEMBER 1 2015		ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2016
<b>EMPLOYEE FLEXIBLE BENEFITS</b>					
Assets:					
Cash and Cash Equivalents	\$ 551,124	\$ 4,465,022	\$ 739,760	\$ 4,276,386	\$ 4,276,386
Investments - Current	144,226	121	99,990	44,357	44,357
Other Receivables	586	-	586	-	-
Total Assets	<u>\$ 695,936</u>	<u>\$ 4,465,143</u>	<u>\$ 840,336</u>	<u>\$ 4,320,743</u>	<u>\$ 4,320,743</u>
Liabilities:					
Payable from Restricted Assets	\$ 695,936	\$ 1,148,376	\$ -	\$ 1,844,312	\$ 1,844,312
Due to Other Funds	-	2,476,431	-	2,476,431	2,476,431
Total Liabilities	<u>\$ 695,936</u>	<u>\$ 3,624,807</u>	<u>\$ -</u>	<u>\$ 4,320,743</u>	<u>\$ 4,320,743</u>
<b>STUDENT ACTIVITY ACCOUNT</b>					
Assets:					
Cash and Cash Equivalents	\$ 669,212	\$ 24,508	\$ -	\$ 693,720	\$ 693,720
Due From Other Funds	-	484	-	484	484
Total Assets	<u>\$ 669,212</u>	<u>\$ 24,992</u>	<u>\$ -</u>	<u>\$ 694,204</u>	<u>\$ 694,204</u>
Liabilities:					
Accounts Payable	\$ 3,533	\$ -	\$ 268	\$ 3,265	\$ 3,265
Due to Student Groups	665,679	25,260	-	690,939	690,939
Total Liabilities	<u>\$ 669,212</u>	<u>\$ 25,260</u>	<u>\$ 268</u>	<u>\$ 694,204</u>	<u>\$ 694,204</u>
<b>TOTAL AGENCY FUNDS</b>					
Assets:					
Cash and Cash Equivalents	\$ 1,220,336	\$ 4,489,530	\$ 739,760	\$ 4,970,106	\$ 4,970,106
Investments	144,226	121	99,990	44,357	44,357
Due From Other Funds	-	484	-	484	484
Other Receivables	586	-	586	-	-
Total Assets	<u>\$ 1,365,148</u>	<u>\$ 4,490,135</u>	<u>\$ 840,336</u>	<u>\$ 5,014,947</u>	<u>\$ 5,014,947</u>
Liabilities:					
Accounts Payable	\$ 3,533	\$ -	\$ 268	\$ 3,265	\$ 3,265
Payable form Restricted Assets	695,936	1,148,376	-	1,844,312	1,844,312
Due to Other Funds	-	2,476,431	-	2,476,431	2,476,431
Due to Student Groups	665,679	25,260	-	690,939	690,939
Total Liabilities	<u>\$ 1,365,148</u>	<u>\$ 3,650,067</u>	<u>\$ 268</u>	<u>\$ 5,014,947</u>	<u>\$ 5,014,947</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2016

	816 Memorial Funds	820 Campus Scholarships	821 Miscellaneous Scholarships	823 Various Scholarships	Total Private Purpose Trust Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,000	\$ 10,133	\$ 8,206	\$ 91,806	\$ 114,145
Investments - Current	-	-	3,231	-	3,231
Long Term Investments	-	-	-	1,803,939	1,803,939
Total Assets	<u>4,000</u>	<u>10,133</u>	<u>11,437</u>	<u>1,895,745</u>	<u>1,921,315</u>
<b>LIABILITIES</b>					
Accounts Payable	-	-	-	12,000	12,000
Short Term Debt Payable	-	-	-	78,000	78,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,000</u>	<u>90,000</u>
<b>NET POSITION</b>					
Held in Trust for Other Purposes	\$ 4,000	\$ 10,133	\$ 11,437	\$ 1,805,745	\$ 1,831,315
Total Net Position	<u>\$ 4,000</u>	<u>\$ 10,133</u>	<u>\$ 11,437</u>	<u>\$ 1,805,745</u>	<u>\$ 1,831,315</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

	816 Memorial Funds	820 Campus Scholarships	821 Miscellaneous Scholarships	823 Various Scholarships	Total Private Purpose Trust Funds
ADDITIONS:					
Local and Intermediate Sources	\$ -	\$ -	\$ 9	\$ 176,184	\$ 176,193
Total Additions	<u>-</u>	<u>-</u>	<u>9</u>	<u>176,184</u>	<u>176,193</u>
DEDUCTIONS:					
Other Operating Costs	-	500	150	78,000	78,650
Total Deductions	<u>-</u>	<u>500</u>	<u>150</u>	<u>78,000</u>	<u>78,650</u>
Change in Net Position	-	(500)	(141)	98,184	97,543
Net Position - September 1 (Beginning)	<u>4,000</u>	<u>10,633</u>	<u>11,578</u>	<u>1,707,561</u>	<u>1,733,772</u>
Net Position - August 31 (Ending)	<u>\$ 4,000</u>	<u>\$ 10,133</u>	<u>\$ 11,437</u>	<u>\$ 1,805,745</u>	<u>\$ 1,831,315</u>





KILLEEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2016

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2007 and prior years	\$ 1.299100	\$ 0.120000	\$ 4,611,170,393
2008	1.031190	0.110000	5,299,887,356
2009	1.031190	0.110000	5,897,396,511
2010	1.031190	0.110000	6,089,438,929
2011	1.031190	0.110000	6,141,950,251
2012	1.031190	0.110000	6,308,031,607
2013	1.040000	0.091000	6,425,421,436
2014	1.040000	0.088000	6,752,661,759
2015	1.040000	0.088000	6,874,498,077
2016 (School year under audit)	1.040000	0.088000	6,875,938,224
1000 TOTALS			

(10) Beginning Balance 9/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2016
\$ 403,448	\$ -	\$ 5,210	\$ 481	\$ (164,765)	\$ 232,992
87,599	-	1,913	204	(388)	85,094
101,947	-	1,800	192	(287)	99,668
106,100	-	3,822	408	(867)	101,003
130,792	-	18,997	2,027	(1,886)	107,882
148,728	-	22,566	2,407	(1,599)	122,156
192,295	-	37,394	3,272	(5,546)	146,083
304,262	-	102,477	8,671	(8,130)	184,984
631,216	-	259,542	21,961	(81,801)	267,913
-	76,791,859	69,636,289	5,892,301	(591,485)	671,784
<u>\$ 2,106,387</u>	<u>\$ 76,791,859</u>	<u>\$ 70,090,010</u>	<u>\$ 5,931,924</u>	<u>\$ (856,754)</u>	<u>\$ 2,019,558</u>

KILLEEN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL -NATIONAL BREAKFAST AND LUNCH PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 4,154,882	\$ 3,944,895	\$ 3,963,864	\$ 18,969
5800	State Program Revenues	151,845	127,746	121,022	(6,724)
5900	Federal Program Revenues	18,473,956	16,056,147	16,155,178	99,031
5020	Total Revenues	22,780,683	20,128,788	20,240,064	111,276
<b>EXPENDITURES:</b>					
0035	Food Services	20,528,736	20,632,347	20,996,077	(363,730)
0051	Facilities Maintenance and Operations	211,603	222,678	185,957	36,721
0052	Security and Monitoring Services	-	14,626	13,407	1,219
<b>Capital Outlay:</b>					
0081	Facilities Acquisition and Construction	-	500	-	500
6030	Total Expenditures	20,740,339	20,870,151	21,195,441	(325,290)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	2,040,344	(741,363)	(955,377)	(214,014)
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	181,081	185,336	4,255
1200	Net Change in Fund Balances	2,040,344	(560,282)	(770,041)	(209,759)
0100	Fund Balance - September 1 (Beginning)	-	4,029,346	4,029,346	-
3000	Fund Balance - August 31 (Ending)	\$ 2,040,344	\$ 3,469,064	\$ 3,259,305	\$ (209,759)

KILLEEN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 5,865,084	\$ 5,865,084	\$ 5,819,418	\$ (45,666)
5800	State Program Revenues	6,197,026	6,303,214	6,285,229	(17,985)
5020	Total Revenues	12,062,110	12,168,298	12,104,647	(63,651)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	11,981,025	9,000,000	9,000,000	-
0072	Interest on Long Term Debt	-	2,978,025	2,978,025	-
0073	Bond Issuance Cost and Fees	-	3,000	2,400	600
6030	Total Expenditures	11,981,025	11,981,025	11,980,425	600
1200	Net Change in Fund Balances	81,085	187,273	124,222	(63,051)
0100	Fund Balance - September 1 (Beginning)	-	1,313,595	1,313,595	-
3000	Fund Balance - August 31 (Ending)	\$ 81,085	\$ 1,500,868	\$ 1,437,817	\$ (63,051)

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

*Bond Schedule*

*Fiscal Year Ended August 31, 2016*

Date of Issue	Description	Interest Rate Payable	Amounts Original Issue	10 Amounts Outstanding 9/1/15	20 Issued Current Year
6/1/2008	Unlimited Tax Refunding Bond, Series 2008	4.00%	**** \$ 8,960,000	\$ 2,420,000	\$ -
7/1/2010	Unlimited Tax Refunding Bond, Series 2010	2.0 to 5.0%	***** 41,895,000	33,250,000	-
2/15/2012	Unlimited Tax Refunding Bond, Series 2012	2.0 to 5.0%	***** 28,290,000	23,675,000	-
1/14/2015	Unlimited Tax Refunding Bond, Series 2015	2.0 to 5.0%	***** 10,255,000	9,950,000	-
	Sub-total:		89,400,000	69,295,000	-
	Unamortized Premiums (discount)		-	7,101,395	-
1000	TOTAL		<u>\$ 89,400,000</u>	<u>\$ 76,396,395</u>	<u>\$ -</u>

\*\*\*\*Bonds payable Series 2008

Principal amount of Capital Interest Bonds \$ 8,960,000

\*\*\*\*\*Bonds payable Series 2010

Principal amount of Capital Interest Bonds \$ 41,895,000

\*\*\*\*\*Bonds payable Series 2012

Principal amount of Capital Interest Bonds \$ 28,290,000

\*\*\*\*\*Bonds payable Series 2015

Principal amount of Capital Interest Bonds \$ 10,255,000

30 Retired Current Year	40 Amounts Outstanding 8/31/16	50 Interest Current Year	Requirements				I 9/1/18 To Maturity Interest
			Year Ending - 8/31/17		Year Ending - 8/31/18		
			Principal	Interest	Principal	Interest	
\$ 1,045,000	\$ 1,375,000	\$ 75,900	\$ 1,085,000	\$ 33,300	\$ 290,000	\$ 5,800	-
4,200,000	29,050,000	1,531,875	4,415,000	1,319,625	4,630,000	1,099,750	2,583,625
325,000	23,350,000	992,800	330,000	986,250	335,000	979,600	6,860,325
3,430,000	6,520,000	377,450	3,575,000	236,625	2,945,000	73,625	-
9,000,000	60,295,000	2,978,025	9,405,000	2,575,800	8,200,000	2,158,775	9,443,950
999,951	6,101,444	-	-	-	-	-	-
<u>\$ 9,999,951</u>	<u>\$ 66,396,444</u>	<u>\$ 2,978,025</u>	<u>\$ 9,405,000</u>	<u>\$ 2,575,800</u>	<u>\$ 8,200,000</u>	<u>\$ 2,158,775</u>	<u>\$ 9,443,950</u>

Other debt service expenditures:

6599 - Fees:

2008	750
2010	750
2012	500
2015	400
	<u>\$ 2,400</u>

**KILLEEN INDEPENDENT SCHOOL DISTRICT**

Mandated Programs Schedule  
General Fund

Fiscal Year Ended August 31, 2016

Data Control Codes	11 Basic Educational Services	21 Gifted and Talented	22 Career and Technology	23 Special Education	24 Accelerated Education	25 Bilingual/ ESL	26 Non-Disciplinary Alternative Education	28 Disciplinary Alternative Education
<b>EXPENDITURES:</b>								
11 INSTRUCTION-								
6100 Payroll costs	\$ 144,918,540	\$ 498,729	\$ 3,405,186	\$ 22,728,242	\$ 5,945,583	\$ 260,168	\$ 1,262,019	\$ 1,740,762
6200 Contract services	2,683,565	4,685	159,048	1,857,505	44,019	16,214	889	529
6300 Supplies and materials	7,581,293	134,253	2,426,198	25,670	304,858	356,846	35,544	10,707
6400 Other operating	573,246	38,708	20,718	39,952	8,167	4,927	7,223	-
6500 Debt service	-	-	-	-	-	-	-	-
6600 Capital outlay	210,470	-	861,344	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Instruction	155,967,114	676,375	6,872,494	24,651,369	6,302,627	638,155	1,305,675	1,751,998
12-99 ALL OTHER FUNCTIONS-								
6100 Payroll costs	413	8,138	407,700	4,358,547	100,584	406	532,312	586,433
6200 Contract services	-	35,158	32,780	481,801	447,973	22,395	-	-
6300 Supplies and materials	4,479	4,646	79,398	204,894	57,259	41,160	17,344	17,192
6400 Other operating	-	112,058	252,721	55,096	157,576	27,690	9,049	1,496
6500 Debt service	-	-	-	-	-	-	-	-
6600 Capital outlay	-	-	296,440	-	-	-	-	-
6900 Facilities Acquisition & Construction	-	-	-	-	-	-	-	-
Total Other Functions	4,892	160,000	1,069,039	5,100,338	763,392	91,651	558,705	605,121
Total Expenditures	\$ 155,972,006	\$ 836,375	\$ 7,941,533	\$ 29,751,707	\$ 7,066,019	\$ 729,806	\$ 1,864,380	\$ 2,357,119

29	30	31	32	33	35	91	99	TOTALS
Disciplinary Alternative Education	Title I, Part A School Wide Campuses	High School Allotment	Prekindergarten	Prekindergarten Special Education	Pre-K Bilingual	Athletics	Other Expenditures	August 31, 2016
\$ -	\$ 1,324,957	\$ 996,886	\$ 11,165,415	\$ 1,560,544	\$ 359,898	\$ -	\$ -	\$ 196,166,929
-	97,481	883,584	-	-	-	-	-	5,747,519
-	521,044	389,941	-	4,403	-	-	4,834	11,795,591
-	73,212	34,456	-	2,374	-	-	1,507	804,490
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,071,814
-	-	-	-	-	-	-	-	-
-	2,016,694	2,304,867	11,165,415	1,567,321	359,898	-	6,341	215,586,343
-	37,664	28,271	-	85	-	4,025,398	85,905,956	95,991,907
-	50,723	118,194	-	-	-	624,864	17,000,042	18,813,930
-	22,772	41,281	-	-	-	972,444	8,269,023	9,731,892
-	49,946	120,451	-	-	-	1,219,889	2,382,824	4,388,796
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	501,426	6,104,332	6,902,198
-	-	-	-	-	-	-	-	-
-	161,105	308,197	-	85	-	7,344,021	119,662,177	135,828,723
\$ -	\$ 2,177,799	\$ 2,613,064	11,165,415	\$ 1,567,406	\$ 359,898	\$ 7,344,021	\$ 119,668,518	\$ 351,415,066



# STATISTICAL SECTION

This part of the Killeen Independent School District'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 government's overall financial health.

## Contents

### Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

### Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

### Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

**Schedule 1**  
**Killeen Independent School District**  
**Net Position by Component, Last Ten Fiscal Years**  
 (accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net Investment in Capital Assets	\$ 184,173,068	\$ 201,012,191	\$ 225,696,488	\$ 239,842,774
Restricted	6,946,620	28,890,816	7,029,108	17,372,878
Unrestricted	190,426,394	182,779,898	195,151,510	196,397,818
Total primary government net position	<u>\$ 381,546,082</u>	<u>\$ 412,682,905</u>	<u>\$ 427,877,106</u>	<u>\$ 453,613,470</u>

Fiscal Year

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 270,059,372	\$ 296,593,114	\$ 306,200,701	\$ 321,814,494	\$ 321,215,852	329,712,403
15,184,153	13,943,286	22,819,760	18,618,614	19,898,271	62,931,188
<u>195,791,730</u>	<u>188,997,779</u>	<u>180,349,773</u>	<u>183,203,050</u>	<u>158,322,950</u>	<u>123,742,246</u>
<u>\$ 481,035,255</u>	<u>\$ 499,534,179</u>	<u>\$ 509,370,234</u>	<u>\$ 523,636,158</u>	<u>\$ 499,437,073</u>	<u>516,385,837</u>

**Schedule 2**  
**Killeen Independent School District**  
**Expenses, Program Revenues, and Net (Expense)/Revenue**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 180,754,743	\$ 197,779,993	\$ 205,517,330	\$ 214,709,865
Instructional resources and media services	8,732,038	9,740,123	8,218,128	9,041,084
Curriculum development/instructional staff development	8,169,592	8,739,196	8,035,658	11,318,271
Instructional leadership	2,951,054	3,046,864	3,172,009	4,175,727
School leadership	15,871,229	16,711,693	18,251,621	19,001,724
Guidance, counseling and evaluation services	10,763,166	12,125,826	12,862,413	13,567,081
Social work services	1,279,205	1,439,844	1,508,820	1,667,300
Health services	2,512,156	2,654,147	3,006,361	3,043,647
Student (pupil) transportation	7,245,984	8,708,500	9,300,363	10,113,200
Food services	15,616,023	17,421,240	17,860,193	18,095,490
Extracurricular activities	7,220,543	7,789,348	7,432,759	7,513,834
General administration	6,762,635	6,808,811	6,958,795	6,556,997
Plant maintenance and operations	31,121,948	31,789,806	33,594,466	33,569,957
Security and monitoring services	2,096,822	2,512,659	2,718,538	3,418,640
Data processing services	4,075,847	6,424,144	4,761,535	5,361,789
Community services	1,160,805	1,261,207	1,171,155	1,081,761
Debt service	6,944,420	6,461,892	6,081,023	5,891,516
Bond issuance cost and fees	12,527	52,894	20,120	123,195
Facilities acquisition and construction	-	-	-	-
Payments to fiscal agent/member districts of SSA	-	-	-	-
Payments to JJAEP	229,574	258,505	398,515	469,194
Other Intergovernmental Charges	-	-	498,391	538,491
Total primary government expenses	<u>313,520,311</u>	<u>341,726,692</u>	<u>351,368,193</u>	<u>369,258,763</u>
<b>Program Revenues</b>				
Charges for services				
Instruction	4,096,256	655,784	517,465	992,659
Curriculum development/instructional staff development	-	8,842	-	-
Instructional leadership	-	9,879	11,719	-
School leadership	42,150	-	-	-
Food services	5,005,922	5,373,829	5,763,505	5,794,035
Extracurricular activities	1,594,876	1,749,417	1,696,923	1,629,589
General administration	-	-	-	-
Plant maintenance and operations	42,150	298,786	64,455	-
Security and monitoring services	42,150	5,550	5,860	-
Community services	79,236	52,750	33,639	64,100
Capital Outlay	-	-	-	-
Juvenile justice alternative education program	735,546	711,607	1,070,372	1,082,151
Operating grants and contributions	<u>42,366,728</u>	<u>43,475,142</u>	<u>44,810,981</u>	<u>61,261,124</u>
Total primary government program revenues	<u>54,005,014</u>	<u>52,341,586</u>	<u>53,974,919</u>	<u>70,823,658</u>
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	<u>\$ (259,515,297)</u>	<u>\$ (289,385,106)</u>	<u>\$ (297,393,274)</u>	<u>\$ (298,435,105)</u>

**Fiscal Year**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 216,292,883	\$ 206,705,132	\$ 212,883,076	\$ 219,653,770	\$ 228,071,692	\$ 250,934,636
9,554,349	8,699,637	8,843,440	9,830,820	10,268,629	10,784,665
11,459,567	10,149,414	10,657,196	12,384,948	11,614,326	12,020,271
3,601,090	2,609,858	2,733,025	3,334,539	3,750,220	4,979,844
19,749,158	19,623,731	20,308,569	20,489,121	21,118,474	24,087,766
13,787,485	12,306,051	12,435,594	13,481,571	13,970,302	16,097,201
1,579,518	1,219,964	1,309,873	1,343,423	1,454,180	1,650,526
3,280,158	3,338,749	3,591,656	3,680,693	3,910,343	4,346,573
10,926,652	10,413,483	12,221,430	11,710,173	12,005,357	14,255,248
18,621,362	19,134,181	20,604,127	20,865,230	20,350,881	23,876,939
7,689,267	7,269,839	7,601,665	8,316,108	9,302,440	10,582,586
6,619,935	6,830,014	6,648,991	6,868,667	7,356,181	9,247,770
34,136,285	30,739,183	28,192,049	32,747,412	36,860,862	34,151,020
2,883,182	2,762,881	3,182,865	3,104,059	3,020,471	3,738,461
6,209,988	4,829,066	4,787,836	4,838,653	4,675,761	4,815,343
1,224,852	1,196,690	1,114,516	1,238,953	1,152,262	1,248,317
4,718,231	2,983,682	4,262,432	3,040,300	2,690,706	2,011,243
48,114	51,169	1,800	2,050	142,598	-
-	394,953	-	-	-	-
-	-	-	-	-	-
129,830	378,193	-	-	-	-
550,794	550,450	739,937	754,102	773,730	781,897
<u>373,062,700</u>	<u>352,186,320</u>	<u>362,120,077</u>	<u>377,684,592</u>	<u>392,489,415</u>	<u>429,610,306</u>
864,707	1,781,493	1,437,176	1,568,456	427,396	395,663
-	11,264	-	-	-	-
-	-	-	-	-	-
-	148,198	-	-	-	-
5,653,082	5,484,268	5,096,832	5,030,240	4,821,777	3,935,898
1,648,734	716,203	1,518,143	1,539,570	1,745,741	1,767,481
98,212	11,264	48,326	46,319	41,357	52,691
87,299	45,057	954,844	30,880	41,357	52,691
10,912	11,264	4,957	-	-	-
71,585	141,009	148,868	30,880	41,357	52,691
-	22,528	-	-	-	-
306,331	823,154	-	-	-	-
57,662,938	48,141,320	45,840,845	46,734,614	47,029,247	56,430,116
<u>66,403,800</u>	<u>57,337,022</u>	<u>55,049,991</u>	<u>54,980,959</u>	<u>54,148,232</u>	<u>62,687,231</u>
<u>\$ (306,658,900)</u>	<u>\$ (294,849,298)</u>	<u>\$ (307,070,086)</u>	<u>\$ (322,703,633)</u>	<u>\$ (338,341,183)</u>	<u>\$ (366,923,075)</u>

**Schedule 3**  
**Killeen Independent School District**  
**General Revenues and Total Change in Net Position,**  
**Last Ten Fiscal Years**  
(accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	\$ (259,515,297)	\$ (289,385,106)	\$ (297,393,274)	\$ (298,435,105)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	56,813,288	51,520,833	57,410,120	59,296,399
Property taxes levied for debt service	5,254,474	5,512,064	6,127,255	6,334,808
State Aid - formula grants	178,129,505	200,699,397	195,686,511	191,470,512
Grants and contributions not restricted	47,611,235	53,292,369	49,070,114	65,181,243
Investment earnings	11,072,348	8,606,366	3,136,843	629,293
Miscellaneous	1,149,168	890,900	1,156,632	1,259,214
Total primary government	<u>300,030,018</u>	<u>320,521,929</u>	<u>312,587,475</u>	<u>324,171,469</u>
<b>Change in Net Position</b>				
Total primary government	<u>\$ 40,514,721</u>	<u>\$ 31,136,823</u>	<u>\$ 15,194,201</u>	<u>\$ 25,736,364</u>

Fiscal Year

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ (306,658,900)	\$ (294,849,298)	\$ (307,070,086)	\$ (322,703,633)	\$ (338,341,183)	\$ (366,923,075)
60,011,527	61,048,573	62,872,968	65,963,530	67,180,493	67,273,276
6,407,804	6,518,522	5,492,532	5,575,030	5,682,338	5,689,987
195,922,441	192,717,006	192,837,128	207,448,819	216,884,667	233,776,942
70,036,517	50,508,209	54,388,504	55,592,180	69,680,229	74,217,287
432,508	377,267	549,981	336,491	261,972	1,148,363
1,269,888	2,178,645	1,609,962	2,053,507	4,608,713	1,765,984
<u>334,080,685</u>	<u>313,348,222</u>	<u>317,751,075</u>	<u>336,969,557</u>	<u>364,298,412</u>	<u>383,871,839</u>
<u>\$ 27,421,785</u>	<u>\$ 18,498,924</u>	<u>\$ 10,680,989</u>	<u>\$ 14,265,924</u>	<u>\$ 25,957,229</u>	<u>\$ 16,948,764</u>

**Schedule 4**  
**Killeen Independent School District**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Reserved	\$ 5,821,599	\$ 7,865,995	\$ 7,850,443	\$ 7,913,640
Unreserved	87,367,069	92,041,863	95,612,167	72,121,597
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 93,188,668</u>	<u>\$ 99,907,858</u>	<u>\$ 103,462,610</u>	<u>\$ 80,035,237</u>
All Other Governmental Funds				
Reserved	\$ 1,147,218	\$ 2,277,517	\$ 2,505,435	\$ 2,534,634
Unreserved, reported in:				
Special revenue funds	4,192,265	3,675,503	10,080,428	9,337,613
Capital projects funds	93,116,739	105,371,240	85,922,197	120,157,566
Permanent funds	197,902	178,529	138,615	151,902
Debt service funds	1,373,633	-	-	-
Nonspendable, reported in:				
Special revenue funds	-	-	-	-
Permanent funds	-	-	-	-
Restricted, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
Debt service funds	-	-	-	-
Committed, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Assigned, reported in:				
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 100,027,757</u>	<u>\$ 111,502,789</u>	<u>\$ 98,646,675</u>	<u>\$ 132,181,715</u>

The district began reporting fund balance in accordance with GASB 54 - Fund Balance Reporting in fiscal year 2011

**Fiscal Year**

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
1,911,172	4,348,666	4,866,605	4,575,275	3,826,566	1,102,617
3,757,127	4,558,481	6,281,016	6,553,517	9,496,601	9,154,279
-	-	-	-	-	-
4,236,364	3,456,194	3,270,965	4,984,664	4,451,711	3,966,710
83,281,649	90,466,078	94,710,097	84,503,633	91,411,595	98,771,776
<u>\$ 93,186,312</u>	<u>\$ 102,829,419</u>	<u>\$ 109,128,683</u>	<u>\$ 100,617,089</u>	<u>\$ 109,186,473</u>	<u>\$ 112,995,382</u>
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
530,399	1,122,149	634,897	977,403	691,042	963,702
189,715	189,715	189,715	189,715	189,715	189,714
4,481,545	4,752,235	3,142,256	2,968,592	3,677,106	2,593,609
6,661,891	5,206,412	1,561,734	1,230,451	3,287,663	3,287,663
24,807	36,698	29,980	34,418	34,121	22,182
2,288,897	1,760,992	1,707,213	1,659,815	1,313,597	1,437,818
4,630,979	1,099,220	2,827,789	629,613	681,270	698,812
15,506,349	14,714,826	20,598,281	6,226,068	2,773,041	46,278,947
85,741,539	87,795,673	80,753,750	102,645,745	116,901,486	77,720,153
<u>\$ 120,056,121</u>	<u>\$ 116,677,920</u>	<u>\$ 111,445,615</u>	<u>\$ 116,561,820</u>	<u>\$ 129,549,041</u>	<u>\$ 133,192,600</u>

**Schedule 5**  
**Killeen Independent School District**  
**Governmental Funds Revenues,**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Federal sources:				
Distributed through governmental entities	\$ -	\$ -	\$ -	\$ -
Distributed by TEA	24,552,777	25,238,801	25,514,384	47,296,387
Distributed by other State of Texas Government Agencies	340,599	693,713	1,366,628	2,915,094
Distributed directly from the Federal Government	50,125,961	54,225,037	52,074,576	64,256,932
Shared services arrangements	-	-	-	-
Total federal sources	<u>75,019,337</u>	<u>80,157,551</u>	<u>78,955,588</u>	<u>114,468,413</u>
State sources:				
Per capital and foundation school program act revenues	169,255,565	193,650,641	188,120,939	181,223,026
Program revenues distributed by TEA	13,026,874	12,527,621	10,352,622	10,054,304
Revenues from State of Texas Government Agencies	10,045,974	11,096,768	12,105,118	12,078,845
Shared services arrangements	34,718	34,327	33,339	88,291
Total state sources	<u>192,363,131</u>	<u>217,309,357</u>	<u>210,612,018</u>	<u>203,444,466</u>
Local and intermediate sources:				
Real and personal property taxes	62,913,673	58,281,227	64,499,507	66,709,002
Services rendered to other school districts	780,159	756,146	1,070,372	1,082,151
Tuition and fees	51,531	67,576	78,001	14,510
Other revenues	15,460,786	9,516,934	3,750,702	1,828,016
Cocurricular, enterprising services or activities	6,558,648	7,067,751	7,401,832	7,382,438
Intermediate sources	-	-	-	59,542
Total local and intermediate sources	<u>85,764,797</u>	<u>75,689,634</u>	<u>76,800,414</u>	<u>77,075,659</u>
Total revenues	<u>\$ 353,147,265</u>	<u>\$ 373,156,542</u>	<u>\$ 366,368,020</u>	<u>\$ 394,988,538</u>

**Fiscal Year**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	-	\$ -	\$ -	\$ -	\$ -	
	44,259,775	35,770,592	32,896,927	33,359,786	30,361,069	32,926,542
	2,321,198	1,418,060	2,630,062	3,886,513	4,961,289	3,793,693
	64,060,240	50,922,491	53,084,329	51,292,229	65,963,676	66,991,757
	-	-	-	-	-	-
	<u>110,641,213</u>	<u>88,111,143</u>	<u>88,611,318</u>	<u>88,538,528</u>	<u>101,286,034</u>	<u>103,711,992</u>
	185,679,439	183,773,170	185,078,088	201,671,615	211,910,115	229,236,893
	15,627,792	7,856,203	8,159,049	7,144,870	7,152,677	9,886,094
	11,583,264	11,571,514	11,218,021	12,420,600	13,245,317	13,513,457
	90,188	54,505	-	-	-	-
	<u>212,980,683</u>	<u>203,255,392</u>	<u>204,455,158</u>	<u>221,237,085</u>	<u>232,308,109</u>	<u>252,636,444</u>
	67,419,249	69,761,855	70,000,019	73,398,051	74,692,255	72,963,263
	306,331	823,155	-	-	-	-
	2,625	31,744	960	2,000	1,880	-
	1,686,203	1,982,422	3,171,495	2,338,126	3,421,943	2,009,383
	7,279,991	7,032,660	6,590,813	6,521,491	6,535,560	7,352,515
	55,064	-	-	-	-	-
	<u>76,749,463</u>	<u>79,631,836</u>	<u>79,763,287</u>	<u>82,259,668</u>	<u>84,651,638</u>	<u>82,325,161</u>
\$	<u>400,371,359</u>	<u>\$ 370,998,371</u>	<u>\$ 372,829,763</u>	<u>\$ 392,035,281</u>	<u>\$ 418,245,781</u>	<u>\$ 438,673,597</u>

**Schedule 6**  
**Killeen Independent School District**  
**Governmental Funds Expenditures and Debt Service Ratio,**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction	\$ 173,779,206	\$ 188,520,576	\$ 195,504,878	\$ 205,200,017
Instructional resources and media services	9,247,298	9,356,417	8,517,651	8,733,528
Curriculum development/instructional staff development	7,508,328	7,632,289	6,786,896	9,008,294
Instructional leadership	2,970,423	3,093,458	3,296,669	4,455,430
School leadership	15,281,680	16,103,694	17,656,954	18,382,033
Guidance, counseling and evaluation services	10,763,166	12,126,212	12,862,555	13,570,470
Social work services	1,279,205	1,439,844	1,508,492	1,666,969
Health services	2,512,156	2,657,229	3,005,402	3,045,169
Student (pupil) transportation	7,611,115	7,889,340	11,759,227	9,573,704
Food services	14,375,521	16,225,981	16,657,428	16,752,954
Extracurricular activities	6,884,765	7,458,119	7,095,062	7,149,402
General administration	6,775,179	6,788,760	6,968,981	6,584,346
Facilities maintenance and operations	32,619,542	31,687,544	33,240,917	36,721,660
Security and monitoring services	2,278,364	2,578,375	2,719,181	3,441,367
Data processing services	4,330,220	6,958,427	4,899,755	6,294,647
Community services	1,160,805	1,261,325	1,171,905	1,073,692
Debt service:				
Principal	8,705,000	10,689,295	9,169,295	9,484,295
Interest	7,228,418	6,665,667	6,379,268	6,246,474
Bond issuance cost and fees	600	110,119	1,100	453,172
Facilities acquisition and construction	8,356,197	19,145,994	27,163,533	16,546,135
Payments to fiscal agent/member districts of SSA	-	-	-	-
Payments to JJAEP	229,574	258,505	398,515	469,194
Other Intergovernmental Charges	-	-	498,391	538,491
Total expenditures	<u>\$ 323,896,762</u>	<u>\$ 358,647,170</u>	<u>\$ 377,262,055</u>	<u>\$ 385,391,443</u>
Debt service as a percentage of noncapital expenditures	5.19%	5.07%	4.31%	4.27%

Fiscal Year

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	204,972,902	\$ 196,689,116	\$ 201,626,059	\$ 204,760,286	\$ 215,299,368	227,775,912
	8,812,481	8,269,075	8,159,885	9,900,213	10,443,520	10,519,075
	8,743,744	7,713,184	8,220,125	10,044,774	10,289,246	10,611,670
	3,595,405	2,614,074	2,729,858	3,334,971	3,780,972	3,506,106
	19,044,822	18,914,539	19,525,190	20,477,342	21,357,493	22,409,791
	13,789,608	12,308,098	12,437,747	13,477,688	14,087,689	15,530,650
	1,580,314	1,220,046	1,309,625	1,346,852	1,467,253	1,599,313
	3,280,123	3,337,830	3,591,864	3,680,296	3,941,271	4,183,341
	9,932,901	9,735,768	11,354,655	12,582,534	12,401,323	15,269,972
	17,098,161	17,929,048	19,188,346	20,848,980	20,279,084	21,867,280
	7,328,739	7,058,935	7,370,227	8,340,390	9,335,627	9,712,028
	6,612,441	6,831,647	6,644,716	6,882,657	7,397,209	9,015,913
	33,809,532	30,896,266	27,683,922	33,783,186	35,781,749	34,636,647
	2,873,286	2,763,303	3,161,865	3,095,529	3,019,210	3,728,292
	6,190,297	4,939,332	4,753,874	4,955,560	4,681,864	4,767,932
	1,234,929	1,195,950	1,116,242	1,237,944	1,163,669	1,205,068
	8,725,000	9,685,000	7,850,000	8,180,000	8,845,000	9,000,000
	5,353,062	4,569,660	4,125,875	3,800,525	3,133,742	2,978,025
	1,900	323,668	1,800	2,050	142,598	2,400
	35,747,287	17,200,939	20,195,403	23,964,398	9,402,258	22,180,540
	-	-	-	-	-	-
	129,830	378,193	-	-	-	-
	550,794	551,494	739,937	754,102	773,730	781,897
	<u>\$ 399,407,558</u>	<u>\$ 365,125,165</u>	<u>\$ 371,787,215</u>	<u>\$ 395,450,277</u>	<u>\$ 397,023,875</u>	<u>\$ 431,281,852</u>
	3.87%	4.09%	3.41%	3.28%	3.12%	2.87%

**Schedule 7**  
**Killeen Independent School District**  
**Other Financing Sources and Uses and Net Change in Fund Balances,**  
**Governmental Funds,**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Excess of revenues over (under) expenditures</b>	\$ 29,250,503	\$ 14,509,372	\$ (10,894,035)	\$ 9,597,095
<b>Other Financing Sources (Uses)</b>				
General long-term debt issued	-	8,960,000	-	41,895,000
Bond Refunding Escrow Agent	-	(9,288,539)	-	(47,759,040)
Premium on Bond Issue	-	268,157	-	6,323,727
Sale of capital assets	138,521	54,249	98,833	50,885
Capital Leases	-	3,690,983	-	-
Contributed capital	725,000	-	-	-
Transfers in	43,305,792	32,355,216	28,759,099	54,253,644
Transfers out	(43,305,792)	(32,355,216)	(27,265,259)	(54,253,644)
Total other financing sources (uses)	<u>863,521</u>	<u>3,684,850</u>	<u>1,592,673</u>	<u>510,572</u>
<b>Net change in fund balances</b>	<u>\$ 30,114,024</u>	<u>\$ 18,194,222</u>	<u>\$ (9,301,362)</u>	<u>\$ 10,107,667</u>

Fiscal Year

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 963,801	\$ 5,873,206	\$ 1,042,548	\$ (3,414,996)	\$ 21,221,906	\$ 7,391,845
-	28,290,000	-	-	10,255,000	
-	(31,357,014)	-	-	(10,885,500)	
-	3,400,383	-	-	773,775	
61,680	58,331	24,411	19,607	191,424	60,624
-	-	-	-	-	-
-	-	-	-	-	-
19,712,546	23,244,492	11,819,889	31,605,046	18,034,498	28,712,522
(19,712,546)	(23,244,492)	(11,819,889)	(31,605,046)	(18,034,498)	(28,712,522)
<u>61,680</u>	<u>391,700</u>	<u>24,411</u>	<u>19,607</u>	<u>334,699</u>	<u>60,624</u>
<u>\$ 1,025,481</u>	<u>\$ 6,264,906</u>	<u>\$ 1,066,959</u>	<u>\$ (3,395,389)</u>	<u>\$ 21,556,605</u>	<u>\$ 7,452,469</u>

**Schedule 8**  
**Killeen Independent School District**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**

Fiscal Year	Assessed Value		Less: Tax-Exempt Property	Total Taxable Assessed <sup>a</sup> Value
	Real Property	Personal Property		
2007	4,932,073,851	488,607,999	809,511,457	4,611,170,393
2008	5,655,918,103	490,936,492	846,967,239	5,299,887,356
2009	6,266,679,790	511,276,693	880,559,972	5,897,396,511
2010	6,613,550,157	520,539,862	1,044,651,090	6,089,438,929
2011	6,739,445,518	514,563,260	1,112,058,527	6,141,950,251
2012	6,944,217,120	511,992,486	1,148,177,999	6,308,031,607
2013	7,125,103,190	512,350,466	1,212,032,220	6,425,421,436
2014	7,457,079,389	576,774,352	1,281,191,982	6,752,661,759
2015	7,674,451,745	605,574,568	1,405,528,236	6,874,498,077
2016	8,011,967,463	651,426,723	1,787,455,962	6,875,938,224

**Source:** Bell County Tax Appraisal District

**Notes:**

<sup>a</sup>Market value less exemptions

<sup>b</sup>Per \$100 of assessed valuation

<sup>c</sup>Assessed value

<u>Total Direct Tax Rate<sup>b</sup></u>	<u>Estimated Actual Taxable<sup>c</sup> Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
1.4191	5,420,681,850	85.07%
1.1412	6,146,854,595	86.22%
1.1412	6,777,956,483	87.01%
1.1412	7,134,090,019	85.36%
1.1412	7,254,008,778	84.67%
1.1412	7,456,209,606	84.60%
1.1310	7,637,453,656	84.13%
1.1280	8,033,853,741	84.05%
1.1280	8,280,023,313	83.03%
1.1280	8,663,394,186	79.35%

**Schedule 9**  
**Killeen Independent School District**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

*(rate per \$100 of assessed value)*

Fiscal Year	District Direct Rates			Overlapping Rates <sup>a</sup>				
	Operating	Debt Service	Total	Bell County	Central Texas College	City of Killeen	City of Harker Heights	City of Nolanville
2007	1.2991	0.1200	1.4191	0.3815	0.1420	0.6950	0.6796	0.5288
2008	1.0312	0.1100	1.1412	0.3779	0.1410	0.6950	0.6796	0.5077
2009	1.0312	0.1100	1.1412	0.4074	0.1410	0.6950	0.6796	0.5077
2010	1.0312	0.1100	1.1412	0.4054	0.1410	0.6950	0.6770	0.5077
2011	1.0312	0.1100	1.1412	0.4119	0.1409	0.7428	0.6770	0.4460
2012	1.0312	0.1100	1.1412	0.4395	0.1409	0.7428	0.6770	0.4694
2013	1.0400	0.0910	1.1310	0.4511	0.1400	0.7428	0.6770	0.5195
2014	1.0400	0.0880	1.1280	0.4212	0.1370	0.7428	0.6770	0.5118
2015	1.0400	0.0880	1.1280	0.4212	0.1348	0.7498	0.6770	0.5054
2016	1.0400	0.0880	1.1280	0.4511	0.1366	0.7498	0.6770	0.5054

**Source:** Bell County Tax Appraisal District rate table.

**Note:**

<sup>a</sup>Includes levies for operating, debt service costs and other (Road District) levies.

Schedule 10  
 Killeen Independent School District  
 Principal Property Tax Payers  
 Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Taxable Value	Taxable Assessed Value	Rank	Percentage of Taxable Value
ONCOR Electric Delivery Company	\$ 121,985,163	1	1.77%			
HH/Killeen Health System LLC - Seton Medical Center	50,341,144	2	0.73%			
Cole Mt Harker Heights TX LLC	33,490,429	3	0.49%			
Wal-Mart Real Estate Business	31,616,299	4	0.46%	35,696,607	3	0.77%
HH/Killeen Health System LLC	28,500,000	5	0.41%			
HEB Grocery Company	18,549,616	6	0.27%			
Central Telephone Company	18,473,516	7	0.27%	40,184,160	2	0.87%
Killeen Mall LLC	16,190,357	8	0.24%			
Stone Creek Investment LLC	14,778,440	9	0.21%			
Watercrest Place LP	11,825,894	10	0.17%			
TXU Electric Delivery Company				61,522,580	1	1.33%
TWE Advance/Newhouse "Waco"				20,040,560	4	0.43%
CG&A Killeen Mall Partners LP				16,976,285	5	0.37%
Sallie Mae Inc				12,787,822	6	0.28%
Feiga/Sierra Creek LP				9,952,274	7	0.22%
SPRM Killeen LP				8,975,733	8	0.19%
Automax				8,869,224	9	0.19%
KC-Copeer Mountain LP				8,693,703	10	0.19%
Subtotal	\$ 345,750,858		5.03%	\$ 223,698,948		4.85%
All other taxpayers	6,530,187,366		94.97%	4,387,471,445		95.15%
	<u>\$ 6,875,938,224</u>		<u>100.00%</u>	<u>\$ 4,611,170,393</u>		<u>100.00%</u>

**Schedule 11**  
**Killeen Independent School District**  
**Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	64,444,634	63,482,453	98.51%	729,189	64,211,642	99.64%
2008	59,365,027	58,291,853	98.19%	988,079	59,279,932	99.86%
2009	65,968,263	65,102,970	98.69%	765,626	65,868,596	99.85%
2010	68,295,492	67,412,328	98.71%	782,161	68,194,489	99.85%
2011	68,995,097	67,992,566	98.55%	894,649	68,887,215	99.84%
2012	70,938,241	70,279,728	99.07%	536,357	70,816,085	99.83%
2013	71,741,042	71,076,277	99.07%	518,682	71,594,959	99.80%
2014	75,361,893	74,690,031	99.11%	486,878	75,176,909	99.75%
2015	76,828,096	76,196,881	99.18%	363,303	76,560,184	99.65%
2016	76,791,859	75,528,591	98.35%		75,528,591	98.35%

**Source:** Bell County Tax Appraisal District

**Notes:** This schedule includes operating and debt service tax revenues.  
<sup>a</sup>Tax collections reduced by prompt payment discounts allowed.

**Schedule 12  
Killeen Independent School District  
Outstanding Debt by Type,  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Unlimited Tax School Building and/or Refunding Bonds</b>	<b>Percentage of Personal Income<sup>a</sup></b>	<b>Per Capita<sup>a</sup></b>	<b>Unlimited Tax School Building and/or Refunding Bonds (Net)<sup>b</sup></b>	<b>Percentage of Estimated Actual Taxable Value<sup>c</sup> of Property</b>	<b>Per Capita<sup>a</sup></b>
2007	149,735,978	13.44%	4,722	147,775,272	2.73%	4,660
2008	140,090,582	10.91%	4,035	138,299,537	2.25%	3,984
2009	131,717,421	9.68%	3,670	129,980,247	1.92%	3,621
2010	125,196,765	8.52%	3,230	123,339,213	1.73%	3,182
2011	115,585,010	7.62%	3,112	113,296,113	1.56%	3,050
2012	103,691,068	6.29%	2,590	101,930,076	1.37%	2,546
2013	95,743,386	5.77%	2,426	94,036,173	1.23%	2,382
2014	86,573,213	5.18%	2,191	84,913,398	1.06%	2,149
2015	76,396,395	4.61%	1,958	75,082,798	0.91%	1,924
2016	66,396,444	3.83%	1,650	65,082,847	0.79%	1,617

**Notes:**

<sup>a</sup>See Schedule 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

<sup>b</sup>Unlimited tax school building and/or refunding bonds reduced by net assets available in debt service fund. See Schedule 14.

<sup>c</sup>See Schedule 8 Assessed Value and Actual Value of Taxable Property for property value data.



**Schedule 13**  
**Killeen Independent School District**  
**Direct and Overlapping Governmental Activities Debt**  
**As of August 31, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>b</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Bell County	\$ 137,430,000	43.95%	\$ 60,400,485
Central Texas College	\$ -	0.00%	-
Coryell County <sup>a</sup>	\$ -	0.00%	-
City of Killeen	\$ 252,880,000	100.00%	252,880,000
City of Harker Heights	\$ 45,815,001	100.00%	45,815,001
City of Nolanville	\$ 1,925,000	100.00%	1,925,000
Subtotal, overlapping debt			\$ 361,020,486
<b>District direct debt</b>			<u>66,396,444</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 427,416,930</u></u>

**Source:** confirmations received from the above listed entities.

**Notes:**

<sup>a</sup>The portion of Killeen ISD that lies in Coryell County is a military base; therefore, it has no taxable value.

<sup>b</sup>The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**Schedule 14**  
**Killeen Independent School District**  
**Legal Debt Margin Information,**  
**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assessed value <sup>a</sup>	\$ 4,611,170,393	\$ 5,299,887,356	\$ 5,897,396,511	\$ 6,089,438,929
Debt Limit <sup>b</sup>	461,117,039	529,988,736	589,739,651	608,943,893
Amount of debt applicable to debt limit:				
Total bonded debt	149,735,978	140,090,582	131,717,421	125,196,765
Less: Net assets available in debt service fund	1,960,706	1,791,045	1,737,174	1,857,552
Total net debt applicable to limit	<u>147,775,272</u>	<u>138,299,537</u>	<u>129,980,247</u>	<u>123,339,213</u>
Legal debt margin	<u>\$ 313,341,767</u>	<u>\$ 391,689,199</u>	<u>\$ 459,759,404</u>	<u>\$ 485,604,680</u>
Total net debt applicable to the limit as a percentage of debt limit.	32.05%	26.09%	22.04%	20.25%

**Notes:**

<sup>a</sup>Market value less exemptions per Bell County Appraisal District

<sup>b</sup>This percentage is in accordance with the recommendations of the Texas Education Agency as stated in the Texas Education Code, Bulletin 721, Sec. 20.04.

Fiscal Year						
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	6,141,950,251	\$ 6,308,031,607	\$ 6,425,421,436	\$ 6,752,661,759	\$ 6,874,498,077	\$ 6,875,938,224
	614,195,025	630,803,161	642,542,144	675,266,176	687,449,808	687,593,822
	115,585,010	103,691,068	95,743,386	86,573,213	76,396,395	66,396,444
	2,288,897	1,760,992	1,707,213	1,659,815	1,313,597	1,313,595
	<u>113,296,113</u>	<u>101,930,076</u>	<u>94,036,173</u>	<u>84,913,398</u>	<u>75,082,798</u>	<u>65,082,849</u>
\$	<u>500,898,912</u>	<u>\$ 528,873,085</u>	<u>\$ 548,505,971</u>	<u>\$ 590,352,778</u>	<u>\$ 612,367,010</u>	<u>\$ 622,510,973</u>
	18.45%	16.16%	14.64%	12.57%	10.92%	9.47%

**Schedule 15**  
**Killeen Independent School District**  
**Demographic and Economic Statistics,**  
**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population<sup>a</sup></b>	<b>Personal Income<sup>b</sup></b> <i>(thousands of dollars)</i>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate<sup>c</sup></b>
2006	351,322	11,140,000	31,709	4.90
2007	370,008	12,845,443	34,717	5.20
2008	378,935	13,601,991	35,895	7.00
2009	379,231	14,697,693	38,757	7.90
2010	408,366	15,167,523	37,142	8.60
2011	411,595	16,475,894	40,029	7.70
2012	420,375	16,592,415	39,471	7.10
2013	423,257	16,727,204	39,520	7.20
2014	424,858	16,576,889	39,017	5.40
2015	431,032	17,343,479	40,237	4.50

**Notes:**

All information above is for the Killeen-Temple-Fort Hood Metropolitan Statistical Area.

**Sources:**

<sup>a</sup>U.S. Census Bureau.

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

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

**Schedule 16**  
**Killeen Independent School District**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<u>Employer</u>	2016			2007		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
III Corps & Fort Hood	38,567	1	56.05%	42,322	1	56.77%
Military Defense Contractors	12,187	2	17.71%			0.00%
Killeen ISD	6,000	3	8.72%	6,000	2	8.05%
Civilian Personnel Office	5,488	4	7.98%	3,187	3	4.27%
Teleperformance	1,700	5	2.47%			
Central Texas College	1,487	6	2.16%	1,360	4	1.82%
Metroplex Hospital	1,200	7	1.74%	1,300	5	1.74%
City of Killeen	1,100	8	1.60%			0.00%
Z-Systems	660	9	0.96%			0.00%
ESP Incorporated	420	10	0.61%			0.00%
Fort Hood Exchange			0.00%	1,218	6	1.63%
Westar Aerospace & Defense			0.00%	1,050	7	1.41%
First National Bank			0.00%	1,000	8	1.34%
Science Applications International			0.00%	1,000	9	1.34%
Sallie Mae			0.00%	966	10	1.30%
Subtotal	68,809		100.00%	59,403		79.68%
All other employers	N/A		N/A	15,152		20.32%
Total employment	<u>68,809</u>		<u>100.00%</u>	<u>74,555</u>		<u>100.00%</u>

**Source:** Greater Killeen Chamber of Commerce and Killeen Independent School District Data Warehouse

**Notes:** N/A = information not available.

**Schedule 17**  
**Killeen Independent School District**  
**Full-Time-Equivalent District Employees by Type,**  
**Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Supervisory</b>				
Instructional administrators	42	41	39	40
Noninstructional administrators	34	38	39	39
Consultants/supervisors of instruction	58	64	69	68
Principals	45	45	46	49
Assistant Principals	95	101	101	105
Total supervisory	<u>274</u>	<u>289</u>	<u>294</u>	<u>301</u>
<b>Instruction</b>				
Elementary classroom teachers	1,450	1,539	1,567	1,531
Secondary classroom teachers	1,212	1,307	1,266	1,198
ESL teachers	16	30	21	24
Other professionals (instructional)	109	153	58	59
Aides	856	899	864	932
Total Instruction	<u>3,643</u>	<u>3,928</u>	<u>3,776</u>	<u>3,744</u>
<b>Student Services</b>				
Guidance counselors	84	102	116	127
Visiting teacher/social workers	16	16	13	13
Librarians	47	49	43	48
Other professionals (noninstructional)	101	120	165	171
Technicians	16	17	19	20
Total student services	<u>264</u>	<u>304</u>	<u>356</u>	<u>379</u>
<b>Support and Administration</b>				
Clerical/secretarial	309	347	303	319
Service workers	663	888	327	335
Skilled crafts	114	114	107	108
Unskilled Laborers	297	339	655	681
Total support and administration	<u>1,383</u>	<u>1,688</u>	<u>1,392</u>	<u>1,443</u>
<b>Total</b>	<u><u>5,564</u></u>	<u><u>6,209</u></u>	<u><u>5,818</u></u>	<u><u>5,867</u></u>

**Source:** Killeen Independent School District data warehouse department.

\* Killeen Independent School District Authorized FTE report beginning 8/31/12

<u>2011</u>	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>	<b>Percentage Change 2007-2016</b>
38	41	42	41	42	35	-17%
35	35	37	36	37	45	32%
62	58	59	58	60	62	7%
48	51	53	50	51	51	13%
<u>103</u>	<u>113</u>	<u>120</u>	<u>117</u>	<u>120</u>	<u>125</u>	<u>32%</u>
<u>286</u>	<u>298</u>	<u>311</u>	<u>302</u>	<u>310</u>	<u>318</u>	<u>16%</u>
1,538	1,525	1,425	1,381	1,425	1,477	2%
1,170	1,173	1,471	1,358	1,388	1,371	13%
16	49	68	56	59	59	269%
54	56	75	71	70	76	-30%
<u>878</u>	<u>953</u>	<u>1,055</u>	<u>976</u>	<u>996</u>	<u>984</u>	<u>15%</u>
<u>3,656</u>	<u>3,756</u>	<u>4,094</u>	<u>3,842</u>	<u>3,938</u>	<u>3,967</u>	<u>9%</u>
107	105	115	113	116	120	43%
4	4	4	4	4	6	-63%
46	48	49	47	46	46	-2%
168	196	217	207	203	219	117%
<u>18</u>	<u>15</u>	<u>13</u>	<u>13</u>	<u>13</u>	<u>35</u>	<u>119%</u>
<u>343</u>	<u>368</u>	<u>398</u>	<u>384</u>	<u>382</u>	<u>426</u>	<u>61%</u>
284	300	311	304	309	321	4%
339	503	512	526	533	530	-20%
107	104	115	116	119	173	52%
<u>624</u>	<u>680</u>	<u>671</u>	<u>671</u>	<u>701</u>	<u>665</u>	<u>124%</u>
<u>1,354</u>	<u>1,587</u>	<u>1,609</u>	<u>1,617</u>	<u>1,662</u>	<u>1,689</u>	<u>22%</u>
<u><u>5,639</u></u>	<u><u>6,009</u></u>	<u><u>6,412</u></u>	<u><u>6,145</u></u>	<u><u>6,292</u></u>	<u><u>6,400</u></u>	<u><u>15%</u></u>



**Schedule 18**  
**Killeen Independent School District**  
**Operating Statistics,**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Peak Enrollment</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced-Price Meals</b>
2007	36,895	\$ 323,896,762	\$ 8,779	2,743	13.5	52%
2008	38,761	\$ 358,647,170	\$ 9,253	2,832	13.7	52%
2009	39,964	\$ 377,262,055	\$ 9,440	2,698	14.8	51%
2010	40,463	\$ 385,391,443	\$ 9,525	2,762	14.6	52%
2011	40,609	\$ 399,407,558	\$ 9,835	2,839	14.3	55%
2012	41,172	\$ 365,125,165	\$ 8,868	2,776	14.8	53%
2013	41,969	\$ 371,787,215	\$ 8,859	2,805	15.0	58%
2014	41,414	\$ 395,450,277	\$ 9,549	2,824	14.7	57%
2015	42,929	\$ 397,023,875	\$ 9,248	2,872	14.9	61%
2016	43,486	\$ 431,281,852	\$ 9,918	2,905	15.0	61%

**Source:** Nonfinancial information from district records.

**Schedule 19  
Killeen Independent School District  
Capital Asset Information,  
Last Ten Fiscal Years**

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b><u>Schools</u></b>				
<b>Elementary</b>				
Buildings	30	30	31	31
Square feet	2,447,465	2,453,417	2,700,972	2,723,077
Capacity	20,912	21,134	25,022	22,317
Enrollment	20,635	21,753	22,450	22,680
<b>Middle</b>				
Buildings	11	11	12	11
Square feet	1,286,013	1,293,693	1,417,629	1,312,257
Capacity	8,586	8,950	9,079	9,300
Enrollment	7,558	7,746	7,974	8,019
<b>High</b>				
Buildings	4	4	4	4
Square feet	1,303,653	1,315,901	1,314,597	1,324,632
Capacity	7,356	7,356	8,898	8,476
Enrollment	8,225	8,785	9,127	9,063
<b>9th Grade Center</b>				
Buildings	-	-	-	-
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
<b>Other</b>				
<b>CATE, Pathways</b>				
<b>Gateway School,</b>				
Buildings	2	2	2	2
Square feet	95,569	95,569	148,696	154,072
Enrollment	477	477	413	672
<b><u>Administrative</u></b>				
Buildings	6	6	6	6
Square feet	242,795	242,795	242,795	256,706
<b><u>Transportation</u></b>				
Garages	1	1	1	1
Buses	236	235	261	269
<b><u>Athletics</u></b>				
Warehouse	1	1	1	1
Square feet	31,608	31,608	31,608	31,608
Stadium	1	1	1	1
Football/soccer fields	40	40	40	40
Running tracks	4	4	4	4
Baseball/softball	8	8	8	8
Swimming pools	-	-	-	-

**Source:** Killeen Independent School District data warehouse department.

Fiscal Year

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
32	32	32	32	32	32
2,749,377	2,783,044	2,783,044	2,874,837	2,884,299	2,884,299
23,543	23,568	23,568	25,051	25,051	25,051
23,391	23,814	23,579	24,210	24,284	24,365
11	11	11	11	11	11
1,320,705	1,323,777	1,323,777	1,329,153	1,336,065	1,336,065
9,300	9,300	9,300	9,300	9,300	8,500
8,525	8,445	8,409	8,660	8,653	8,693
4	4	4	4	4	4
1,325,400	1,358,040	1,358,040	1,366,680	1,369,752	1,369,752
8,476	8,476	8,476	8,476	8,476	8,476
9,002	9,093	9,269	9,482	9,768	8,759
-	-	-	-	-	-
3	4	3	3	3	3
185,159	332,509	266,720	266,720	266,720	266,720
658	617	494	577	1335	2,015
7	8	9	9	10	10
296,706	309,476	424,266	424,266	531,359	531,359
1	1	1	1	2	2
269	266	278	294	309	364
1	1	1	1	1	1
31,608	31,608	31,608	31,608	31,608	31,608
1	1	1	1	1	1
40	46	46	47	47	47
4	4	4	4	4	4
8	8	8	8	8	8
-	-	-	-	-	-



SCHOOLS FIRST QUESTIONNAIRE

KILLEEN INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2016

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	0
SF11	Net Pension Assets (1920) at fiscal year-end.	0
SF12	Net Pension Liabilities (2540) at fiscal year-end.	84,098,018
SF13	Pension Expense (6147) at fiscal year-end.	5,790,861